WCB SASKATCHEWAN WORKERS' COMPENSATION BOARD

2012 ANNUAL REPORT

Seeing is believing

The safety glass campaign really rang true with young workers, and especially with high school students. The glasses became a symbol of a bigger safety message – something that would remind them to be safe not only at work, but in everything they do.

We are planting a ‘safety seed’ that will grow into a way of life.

— Chris Ryder, Vice President, External Affairs, BHP Billiton

Any time we can come together to change safety culture, we can change the future of safety in Saskatchewan.

— Craig McAuley, District Manager, PCL Construction

We believe that all injuries are preventable.

— Doug Kelln, President and CEO, SaskEnergy

This unique program takes safety out to the broader community, to students and their families. It will start people thinking about safety earlier in their lives and earlier in their careers.

— Bill Boyce, Executive Director, Safety and Graphics Business Group, 3M

Seeing is believing.

WorkSafe Saskatchewan and Mission: Zero have created an educational platform that should be adopted by all of Canada.

— Dan Amatruda, Senior Vice President, Weber Supply

Our goal is zero. Our target is zero.

— Deb Sinnett, Executive Director, Pioneer Village Care Home

Through partnerships, we can promote and develop a culture of safety, now and into the future.

— Darlene Clarke, Fall Injury Prevention Coordinator, Prairie North Health Region

Safety is a value worth promoting to our children and protecting for our future.

— Joanne Harpauer-Dignean, General Manager, Welldone Mechanical

Vision

In serving injured workers and employers, we excel in the development and delivery of workers' compensation programs and services. In serving all workers and employers, we develop and deliver injury prevention programs and services that move Saskatchewan quickly to zero workplace injuries.

Mission

In support of our vision, our mission is to:

1. Provide the right service, at the right time, and be cost effective in our processes.
2. Build positive relationships with workers, employers, and others affected by the workers' compensation system.
3. Build positive relationships and implement programs that move Saskatchewan to zero workplace injuries.
4. Ensure the health and safety of our employees is considered in all of our decisions and actions.
5. Communicate clearly our distinct identity, benefits, and beliefs.
6. Ensure the organizational and financial integrity of the Workers' Compensation Board.
7. Be accountable for our results.

Contents

Year at a Glance

	2012	2011	2010	2009	2008
Number of workers covered [1]	**385,856**	377,004	370,659	353,384	354,295
Time Loss injury rate (per 100 workers) [2]	**2.79**	3.05	3.12	3.44	3.70
Total injury rate (per 100 workers) [2]	**8.65**	8.73	8.70	9.32	10.21
Number of claims reported	**39,343**	39,689	38,773	39,558	43,303
Number of Time Loss claims accepted [2]	**10,774**	11,516	11,574	12,141	13,093
Fatal claims accepted [3]	**56**	36	44	32	31
Average duration in days [4]	**38.89**	34.44	34.67	34.10	33.11
Active employer accounts [5]	**43,611**	41,972	40,365	38,354	35,946
Average premium rate [6]					
(per $100 of insurable earnings)	**1.60**	1.61	1.63	1.66	1.69
Number of appeals filed					
Appeals Department	**841**	940	1,150	951	1,064
Board Appeal Tribunal	**267**	190	239	232	219
Claims costs ($ millions)	**196.1**	199.7	228.3	222.8	205.8
Premium revenue ($ millions)	**296.2**	282.0	251.0	255.2	245.2
Investment income ($ millions) [7]	**127.3**	(33.5)	147.2	27.0	22.0
Benefits liabilities ($ millions)	**1,005.4**	1,013.9	1,021.3	995.7	969.5
Funded position ($ millions)					
Injury Fund [7]	**295.6**	229.3	235.9	111.0	109.0
Reserves	**150.4**	60.8	61.3	59.7	58.2
AOCI [8]				6.3	(146.5)
Funding percentage [9]	**116.8**	119.0	111.5	111.2	111.2

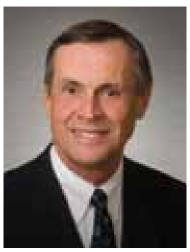
1 Full-time equivalent workers based on Statistics Canada average wage and WCB payroll information as of December 31st. Does not include workers for self-insured employers.
2 Based on new claims reported to, and accepted by, the WCB in the year. Does not include claims for self-insured employers.
3 In the self-insured employer category, there were 4 fatalities in 2012, 1 in 2011, 1 in 2010, 2 in 2009 and 0 in 2008.
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 All years are Board-approved rates.
7 For the years 2010-2012, unrealized gains and losses on investments are recorded in investment income when incurred.
8 Accumulated Other Comprehensive Income (unrealized gains and losses on investments), is combined with the Injury Fund beginning in 2010.
9 Beginning in 2010, the calculation of Funding Percentage was changed to be consistent with prior years. The calculation now excludes the unrealized gains and losses on investments included in the Injury Fund.

Letters of Transmittal

The Honourable Vaughn Solomon Schofield

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 2012.



THE HONOURABLE DONALD MORGAN, Q.C.
Minister Responsible for the Workers' Compensation Board

The Lieutenant Governor in Council:

We are pleased to submit the eighty-third Annual Report of the Workers' Compensation Board for the year ending December 31, 2012.

Respectfully submitted,

DAVID R. EBERLE
Chairperson

WALTER EBERLE
Board Member

KAREN SMITH
Board Member

DAVID R. EBERLE, Chairperson **KAREN SMITH**, Board Member **WALTER EBERLE**, Board Member

Message from the Board

We have often said through our annual message that it is an honour to serve as your Board. By design, both workers and employers are represented on the Boards of Canadian worker compensation systems. We have learned that this model serves you well, because when we work towards a common purpose, we produce a better compensation system.

Serving as your Board is also a responsibility — one that we are reminded of each day. Whether we are considering policy, deciding appeals, meeting with stakeholders, or ensuring your WCB is responsibly managed, we know that we do not succeed until we meet your highest standard of trust and confidence.

We aim to meet your standards in several ways. First, we apply a corporate governance policy that guides us in our decision making and actions, and keeps us focused on the best interests of your WCB. Another way that we strive to meet your standards is by placing importance on continuous improvement in service and programs. The direction we give to senior management is that they seek opportunities to improve on past performance in all areas of our operations.

We believe that our passion to eliminate workplace injuries and illnesses also merits your trust and confidence. Our intent is that prevention and safety become part of the culture in every Saskatchewan workplace. Sadly, 2012 reminded us of how important our goal is. We recorded 60 fatalities in 2012, the highest number in more than three decades. It's a heart wrenching, sobering statistic, and one that we must turn around. Zero injuries, zero fatalities, and zero suffering must remain our focus and everyone's call to action.

In this annual report, you will learn that 2012 was both a challenging and a successful year at your WCB. We extend our thanks and appreciation to your WCB employees. Because of their professionalism and dedication, your WCB met the challenges and kept the focus on improving service.

We extend our appreciation to you as well. Together, we are fashioning a workers' compensation system that consistently delivers service excellence. We are grateful for the opportunity to contribute.

DAVID R. EBERLE
Chairperson

KAREN SMITH
Board Member

WALTER EBERLE
Board Member

The WCB Board: Structure, Mandate and Role

The WCB is an independent tribunal that administers *The Workers' Compensation Act, 1979* (the Act).

The WCB operates like an insurance company. It protects registered employers from lawsuits when a workplace injury happens. It provides guaranteed benefits and programs to injured workers in industries covered by the Act. Its costs are funded entirely by premiums paid by employers in covered industries. The premiums are based on injury frequency and costs. Any injured worker in an industry covered by the Act can claim benefits and programs. Any employer in an industry covered by the Act must register with the WCB and pay invoiced premiums.

Over 43,000 firms with more than 385,000 workers registered with the WCB in 2012. The WCB accepts about 32,000 injury claims each year. About one-third will be for Time Loss injuries. This means that the injured worker missed work for longer than the day he or she was injured. Over $196 million was spent on worker benefits and programs in 2012.

Board Structure

The WCB has a three-person Board: a Chairperson and two Board Members. The Board Members are appointed by the provincial government after consulting with business and labour organizations.

David Eberle was appointed Chairperson of the WCB in March 2008. Mr. Eberle was born and raised in Saskatchewan. He practiced law in Melfort and Humboldt, and was General Counsel and a member of the Senior Management Team at Humboldt Flour Mills until it was sold in 1998. David and his wife live in Humboldt where they have a family business. David is an active community volunteer. He has been a school trustee and a board member for local service and sports clubs, and has chaired many fundraising projects. David is a former board member of the St. Elizabeth's Hospital Foundation.

Karen Smith represents employers on the WCB Board. She was first appointed in June 2005. Her professional background includes Director of Employee Benefit Plans for the Saskatchewan School Boards Association. Ms. Smith is active in the business community. She represented employers on the WCB's former Early Intervention Program Advisory Committee. She also was a member of the Human Resources Committee for the Saskatchewan Chamber of Commerce. Karen was on the board for the Saskatchewan Assessment Management Agency and several community organizations. She is a former member of council for the Village of Buena Vista and is a life member of the Provincial Association of Resort Communities of Saskatchewan.

Walter Eberle represents labour on the WCB Board. He was first appointed in December 2001. Walter was a member of the 2001 Workers' Compensation Act Committee of Review. He spent 22 years as a staff representative at the Regina-based Grain Services Union and served on committees with the Canadian Labour Congress and the Saskatchewan Federation of Labour. Walter spent four years in the Royal Canadian Navy, two years with SaskPower, and 15 years with the former Saskatchewan Wheat Pool. He also coordinated the development of an occupational health and safety research centre in Mozambique. The centre continues to operate today.

Board Mandate and Responsibilities

The Board decides the WCB's broad strategic imperatives. It also makes certain that WCB operations and financial performance have the proper oversight. This requires Board Members to:

1. Provide long-range objectives and policies.
2. Recommend legislative change to the provincial government.
3. Safeguard the WCB's resources and assets.
4. Monitor the WCB's performance.
5. Report to stakeholders.

6. Hear and decide final appeals on employer classifications or injured worker compensation and benefit decisions.

Saskatchewan is the only province with a full-time WCB Board. The Chairperson and Board Members meet their responsibilities through:

- Committees of the Board.
- Regular and formal meetings of the Board and between the Board and the WCB's Chief Executive Officer (CEO).
- Requiring and receiving regular formal reports that monitor the WCB's financial and operational performance.
- Decisions on final level appeals.
- Approval of new or amended policies.

Their duties require that the Board maintain skills and knowledge appropriate to their tasks. Board Members:

- Attend industry congresses and symposiums organized by the Association of Workers' Compensation Boards of Canada.
- Attend courses and events from the Canadian Council of Administrative Tribunals that focus on topics like best practices for administrative tribunals.
- Take training offered through the Foundation of Administrative Justice on best and leading practices, and topics like interpreting legislation, decision writing, and effective hearings.
- Participate in The Directors' Series offered by Deloitte which focuses on market reforms, financial reporting requirements, and governance challenges.
- Attend educational conferences organized by the International Association of Industrial Accident Boards and Commissions.
- Attend professional development programs and workshops through the Directors' College, a joint venture of McMaster University and The Conference Board of Canada.
- Attend professional development programs through the Institute of Corporate Directors, a joint venture with the Rotman School of Management.

A Governance Framework That Defines Accountability

The Board recognizes the importance of a clearly defined governance framework to support their accountabilities as stewards of the workers' compensation system. The Board's first governance policy was approved in 2000. The policy is reviewed periodically by the Board.

Elements within the Board's governance framework that define and chart how accountabilities will be met include:

1. **WCB Investment Committee**
   Fundamental to Saskatchewan's workers' compensation system is the guarantee to workers 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 liability,* the amount needed at the end of 2012 to meet future costs was $1.005 billion. Investment assets, the financial resources that back up the funding guarantee to workers, were valued at $1.508 billion at the end of 2012.

   The WCB Investment Committee, comprised of the three Board Members, with the WCB's CEO and Chief Financial Officer serving in *ex officio* roles, oversees the WCB's financial policies and investments. The Investment Committee is prudent in its policies, goals and objectives to ensure the stability of the WCB. The Committee recommends to the Board the approval of the WCB's Investment Policy and Guidelines and the appointment of the investment managers, and 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, engages a financial consultant to monitor and advise on the performance of investment managers, and participates in ongoing training of investing and investment management.

2. **WCB Audit Committee**
The Board, with the WCB's CEO serving in an *ex officio* capacity, serves as the WCB Audit Committee. The role of the Committee is oversight.

The Committee:

- Annually reviews the Committee mandate and conducts ongoing training in financial literacy.
- Monitors the auditing, accounting and financial reporting processes.
- Reviews the annual audited financial statements and related disclosures, including the Management Discussion and Analysis.
- Ensures compliance with legal and regulatory requirements; also ensures and periodically reviews internal controls on finance, accounting and legal compliance.
- Reviews and monitors the independent auditors appointed by the Board.
- Ensures the independence and performance of the Internal Audit Department and external auditors.
- Ensures communication among WCB Board Members, WCB management, the Internal Audit Department, and external auditors.
- Meets privately with WCB executive management, the Internal Audit Department, the Provincial Auditor, the external auditor and the external actuary.

Through the Committee, the Board also 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 responsibilities for preparing financial statements that accurately and fairly present the WCB's financial results and condition or the responsibilities of the independent accountants relating to the audit or review of financial statements.

3. **Setting Strategy, Monitoring Performance**
The WCB's Strategic Plan and broad organizational goals and objectives are set out by the Board. This includes an annual review of the WCB's vision, mission, principles and beliefs, values and strategy statements.

Annually the CEO must submit an Operating 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 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.

4. **Budget and Employer Rate Approvals**
The CEO prepares an annual budget 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 rigourous process that includes the advice and oversight of an external actuary. Once the proposed rates have been presented to stakeholder groups, and those groups have had an opportunity to address concerns to the Board, the rates are approved by the Board.

5. **Code of Conduct**
Effective governance recognizes that boards of directors have a responsibility to influence the culture of the organizations they govern. The WCB's Board adopted a Code of Conduct in 2000 that serves as a guideline when conducting the business of the WCB.

The Code of Conduct established a set of principles, foremost among them being an obligation of accountability to *'… workers, employers, the general public and government. This obligation includes* *the competent, conscientious and effective accomplishment of the duties of the Board.'*

Other principles include a focus on strategic direction, decisions that serve the best interests of all stakeholders, monitoring and reporting on the WCB's performance, and ensuring the capability of governance through the continuing development and education of Board Members.

At the direction of the Board, WCB management developed a corporate Code of Conduct and Ethics that reflects the Board's own Code of Conduct, and that is intended to guide employees in their decisions and actions. Management monitors and reports on employee compliance with the corporate 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 stakeholders.

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 part of regular stakeholder events like 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 Balanced Scorecard that tracks the WCB's achievement of the Strategic Plan set by the Board. The WCB has been publishing its Balanced Scorecard as part of its annual reports since 1999. Metrics include worker and employer service satisfaction measures, time to first payment after an injury, time to process appeals, stability of employer premium rates, fully funded status, the injury rate, and program metrics like cost per Time Loss claim, and the percentage of injured workers who return to work.

Another initiative implemented by the Board 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.

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 front-line teams administering claims and include file reviews by Team Leaders for completeness and accuracy. The WCB's Team Support unit provides another element of quality assurance through random file reviews of short-term and long-term injury claims, payments and vocational rehabilitation files.
- An Internal Audit Department that provides independent, objective assurance and consulting to the Audit Committee of the Board and to management, and that evaluates processes for risk management, internal control and governance.
- An appeals process that provides injured workers and employers with an objective review of WCB decisions and actions. Appeals are first considered by the Appeals Department and, if not resolved, then by the Board Appeal Tribunal.
- A Fair Practices Office that receives concerns related to the fairness of WCB actions and decisions, and where appropriate, forwards recommendations to WCB managers to resolve concerns.

Please visit the WCB's website at wcbsask.com for more information on Board governance, the WCB's operations and performance, and to view the WCB's 2012 Stakeholder Report and the 2012 Annual Report of the WCB's Fair Practices Office.

From left: **DONNA KANE**, Vice-President, Human Resources and Communications **MICK WILLIAMS**, Vice-President, Administration **GRAHAM TOPP**, Vice-President, Operations **PETER FEDERKO**, Chief Executive Officer **PHIL GERMAIN**, Vice-President, Prevention and Employer Services **ANN SCHULTZ**, Chief Financial Officer

Message from the Executive

We are pleased to report on our 2012 operating and financial results.

Four significant events received priority focus in the past year:

1. We completed a reorganization of our corporate structure that puts greater strategic and administrative emphasis on continuous improvement and on workplace safety and injury prevention. Our new executive team now has the structure it needs to meet its mandate, and to take advantage of the opportunities and challenges that are always present in our industry.
2. Working with our Board Members, we revised our corporate Balanced Scorecard so that it better reflects the strategic objectives that we must achieve. We are cascading the scorecard throughout our organization so that every employee has 'line of sight' to the results we have committed to realize. We also are adjusting administrative processes, like strategic and operational planning and enterprise risk management, so they are aligned to the corporate scorecard.
3. Early in 2012, we launched a claims management system to replace an aged and cumbersome legacy system. The new system is expected to meet our needs of improving customer service, managing claim durations, and capturing opportunities for administrative efficiencies well into the future.
4. From a financial perspective, 2012 reflected our province's continuing boom and a rebound in our investments. Our investment revenue grew from a negative $33.5 million in 2011, to $127.3 million; a turnaround of more than $160 million. We also saw growth in premium revenue, driven by a higher assessable payroll base and nearly 1,500 more employer accounts than the year prior. And we had a surplus to establish a reserve to cover the costs of a higher maximum wage rate expected with passage of Bill 58, while maintaining the WCB's funded position.

Though we provided coverage to more workers and employers in 2012, we were pleased to see that we received and accepted fewer Time Loss injury claims. This contributed to a drop in the Time Loss injury rate to 2.79 per cent, surpassing our target and the tenth straight year that we have seen a decline. This indicates to us that our Mission: Zero efforts are producing results for the compensation system and, more importantly, for the working men and women and business owners in our province.

The launch of the new claims management system meant adjustments for our employees and customers. In the Management Discussion and Analysis, you will see that our service metrics did not reach targets and, in some instances, dropped. We thank our staff for the dedication to customer service that they brought to their work during and after the launch of the new system, and we thank our customers and vendors for their understanding and patience. The system is now stabilized and our service is returning to pre-launch levels.

The past year presented us with challenges and opportunities that we believe position us well to better achieve our strategic and operational objectives. We look forward to working with you on those goals.

DONNA KANE
Vice-President, Human Resources and Communications

MICK WILLIAMS
Vice-President, Administration

GRAHAM TOPP
Vice-President, Operations

PETER FEDERKO
Chief Executive Officer

PHIL GERMAIN
Vice-President, Prevention and Employer Services

ANN SCHULTZ
Chief Financial Officer

Work2Live

WorkSafe Saskatchewan sets its sights on Zero

WorkSafe Saskatchewan (WSS) has an important message for you. Before you grab a hammer, scoop leaves from your eaves, pull a starter cord or pry a chemical cap, ask yourself – "Is this the safest way I could be working?"

Based on 2012 statistics, Saskatchewan holds the frightening position of being second worst in Canada for workplace injuries and has the highest number of overall injuries outside the workplace.

In 2011, WSS and Magna Electric Corporation (MEC) piloted an initiative to try to change this.

Kerry Heid, CEO of MEC equipped all of his employees with safety glasses and gave them extra pairs to pass on to their neighbours and friends. He then stocked MEC trucks with glasses for his employees to pass out at gas stations, restaurants and to clients.

WSS staff also handed out the safety glasses in schools. The requests for glasses continued after the supply ran out and other companies asked if they could partner with WSS on a similar project. The 2012 safety glasses initiative was born.

> *"I'm proud of all these companies helping make Saskatchewan a safer place. It shows that they care and they want us to be safe."*
>
> – Mason Sliva, Miller High School

On May 3, at Miller High School in Regina, WSS and almost forty corporate and community partners launched a new initiative to spread the injury prevention message and to try and make a change in Saskatchewan. The partners set out to distribute 35,000 pairs of safety glasses throughout the province.

Thank You

The safety glasses initiative is endorsed by the CNIB-Saskatchewan Region. The CNIB is conducting hands-on workshops in Saskatchewan schools and workplaces in coordination with the safety glasses distribution.

Partners handed out glasses through their employees and hosted special community events. WSS is distributing the safety glasses through presentations at schools and to young workers. At the school presentations, students are commissioned as safety ambassadors. They are given two pairs of safety glasses: one to use and one to pass on to a friend, relative or neighbour.

> *"Taking part in this initiative and educating students about safety will prevent incidents and associated losses in the future."*
>
> — Mike Court, Graham Group Ltd.

The students accept the glasses with excitement. Mason Sliva, a Miller High School student said, "I'm proud of all these companies helping make Saskatchewan a safer place. It shows that they care and they want us to be safe."

Graham Construction Vice President, Health, Safety and Environment Mike Court sees the partnership as an investment. He says, "Taking part in this initiative and educating students about safety will prevent incidents and associated losses in the future. Informing students about safety and looking out for each other in the workplace and at home needs to be a top priority."

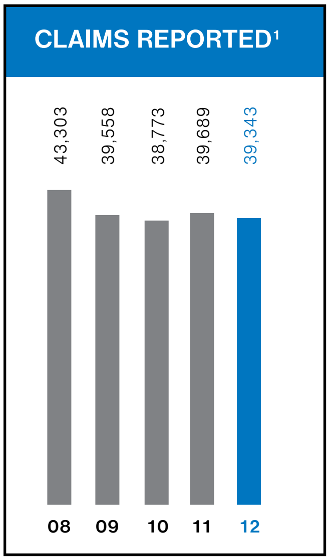
For more information about WorkSafe Saskatchewan visit worksafesask.ca. For information about the safety glasses initiative, contact prevention@wcbsask.com.

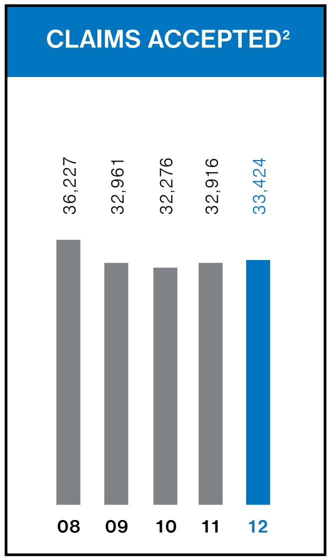
MISSION: ZERO

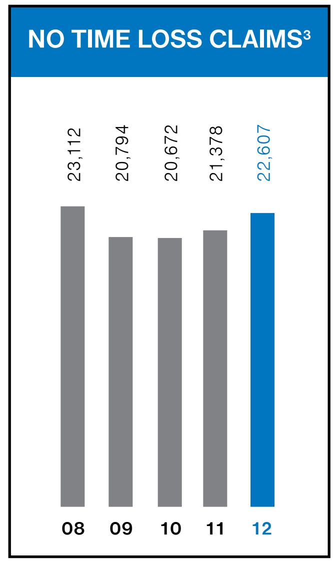
WorkSafe™ SASKATCHEWAN

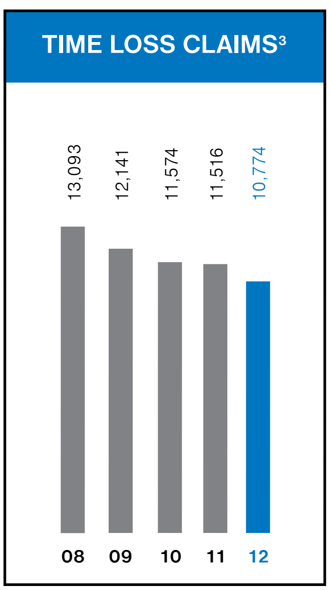
Work to live.

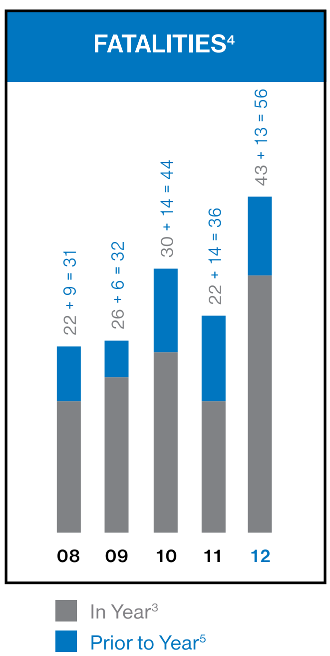
Statistical Summary

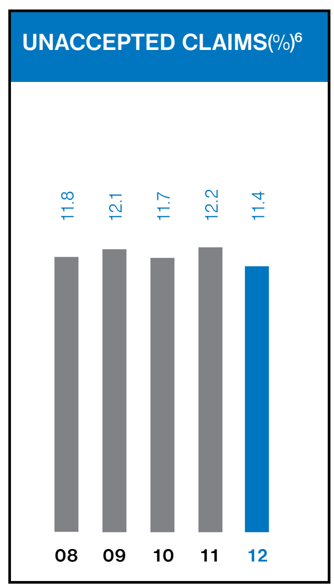












1 Claims Reported: New claims reported to the WCB in the current year, both accepted and unaccepted. Includes claims for self-insured employers. Additional claims reported information can be found on the WCB's website, wcbsask.com

2 Claims Accepted 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, not covered under the Act, not work related, still pending, and/or duplicated within the system.

4 Excludes claims for self-insured employers. There were 4 fatalities in 2012, 1 in 2011, 1 in 2010, 2 in 2009 and 0 in 2008.

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

6 Unaccepted claims are reported as a percentage of the total entitlement decisions for claims reported for the year. Entitlement decision status is at January 31, 2013 for 2012 claims reported. Claims are not accepted when the industry is not covered by *The Workers' Compensation Act, 1979,* a claim is not work related, or no further information is received following the initial report of the injury. Breakdowns by type of unaccepted claims currently are not generated by the claims management system.

2012 TOP FIVE RATE CODES WITH INJURIES*

Rate Code	Number of Claims Reported
G22 Health Authority, Hospitals, Care Homes	4,895
T42 Transportation, Courier, Commercial Bus	1,772
B13 Commercial, Industrial Construction	1,670
C32 Grocery, Department Store, Hardware	1,498
B12 Residential Construction	1,360

* All claims reported and accepted in 2012.

2012 TOP FIVE OCCUPATIONS WITH INJURIES*

Occupation	Number of Claims Reported
Nurse aides, orderlies and patient service associates	1,562
Truck drivers	1,278
Welders and related machine operators	1,093
Construction trades helpers and labourers	1,062
Material handlers	1,020

* All claims reported and accepted in 2012.

2012 TOP FIVE AREAS OF INJURY*

Body Part	Number of Claims Reported
Back	5,414
Fingers	4,610
Eyes	2,192
Shoulder	2,033
Head	2,008

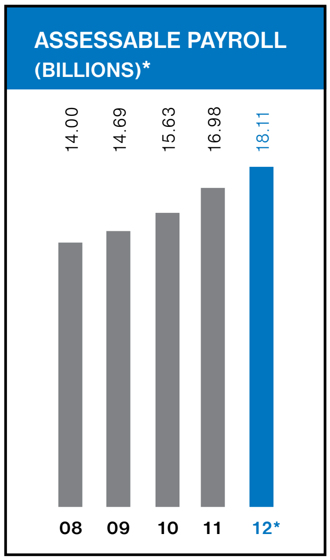
* All claims reported and accepted in 2012.

2012 INJURIES BY AGE & GENDER*

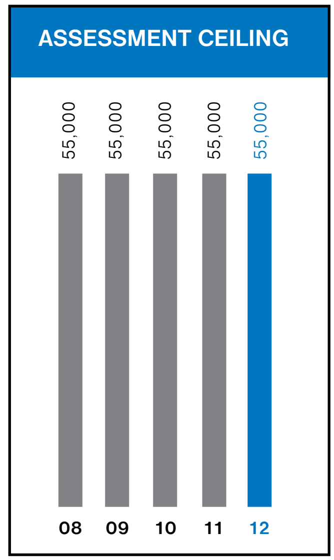
Age	Male	Female	Unknown Gender**	Total
Under 25	5,072	1,741	1	6,814
25 – 34	5,754	2,257	1	8,012
35 – 44	4,254	2,302	3	6,559
45 – 54	4,278	3,002		7,280
55 – 64	2,439	1,592		4,031
65 & Over	517	199		716
Unknown Age**	5	7		12
Total	**22,319**	**11,100**	**5**	**33,424**

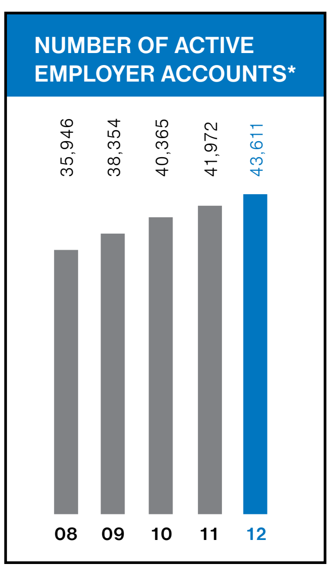
* All claims reported and accepted in 2012.
** At time of publication there were 5 claims with unknown gender and 12 claims with unknown ages.

STATISTICAL SUMMARY

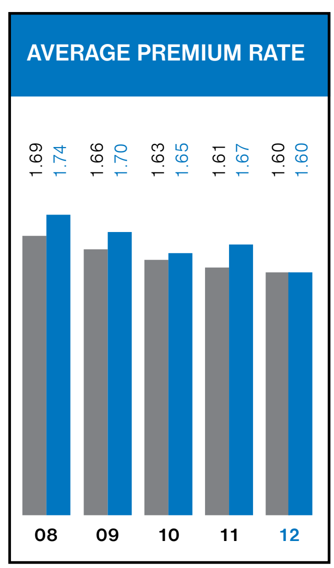


* Payroll provisional as at December 31st.
Previous year's figures have been updated
to reflect actual assessment payroll.





* Active employers excludes employers whose
assessment accounts were closed 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.
2012 rate was the Board-approved rate at time of publication.
2011 rate is restated to reflect actual 2011 experience.

Injury Rates

RATE CODE	DESCRIPTION	% OF WORKERS INJURED WITH TIME LOSS					% OF WORKERS INJURED				
		2012	2011	2010	2009	2008	2012	2011	2010	2009	2008
All Class*		2.79%	3.05%	3.12%	3.44%	3.70%	8.65%	8.73%	8.70%	9.32%	10.21%
A11**	Light Agricultural Operations	9.31%	6.96%	8.77%	8.20%	9.74%	20.00%	16.07%	18.96%	20.28%	22.12%
A21	Farming & Ranching	2.33%	2.73%	2.59%	4.12%	2.79%	5.39%	6.14%	6.76%	7.79%	7.66%
A31	Grain Elevators & Inland Terminals	0.75%	1.01%	1.36%	1.23%	1.34%	3.58%	4.00%	4.52%	4.75%	4.09%
B11	Construction Trades	3.29%	3.54%	4.60%	5.75%	6.46%	13.19%	15.02%	15.66%	17.64%	20.33%
B12	Residential Construction	4.98%	4.84%	5.52%	5.84%	8.23%	16.28%	14.60%	16.02%	16.12%	23.98%
B13	Commercial, Industrial Construction	2.27%	2.96%	3.31%	4.37%	7.38%	10.95%	13.05%	14.56%	16.62%	24.40%
C12	Light Commodity Marketing	1.47%	1.45%	1.19%	1.88%	1.44%	3.81%	3.67%	3.33%	4.36%	3.81%
C32	Grocery, Department Stores, Hardware	2.38%	2.56%	2.93%	2.82%	2.87%	7.39%	7.27%	7.75%	7.77%	8.13%
C33	Wholesale, Chain Stores	3.80%	4.00%	4.41%	4.83%	5.33%	10.76%	9.65%	10.40%	11.77%	12.69%
C41	Co-operative Associations	3.58%	4.02%	4.14%	4.19%	4.27%	10.37%	10.08%	10.57%	11.75%	11.76%
C51	Lumber Yard, Builders Supplies	5.33%	4.73%	4.96%	4.17%	6.01%	13.85%	11.89%	11.91%	11.73%	14.80%
C61	Automotive, Implement Sales & Service	1.98%	2.43%	2.10%	2.49%	2.35%	6.18%	6.60%	5.75%	6.38%	6.78%
C62	Automotive Service Shops, Towing	2.51%	2.43%	2.36%	2.91%	3.31%	8.99%	8.01%	8.77%	9.44%	10.49%
D32	Operation of Oilwells	0.85%	1.21%	0.76%	0.97%	0.73%	4.16%	4.28%	3.81%	4.22%	3.12%
D41	Oilwell Servicing	2.43%	3.33%	3.82%	2.98%	3.78%	13.04%	17.01%	17.49%	13.30%	15.40%
D51	Service Rigs, Water Well Drilling	2.09%	4.22%	2.96%	2.20%	4.90%	16.67%	25.63%	18.16%	16.57%	21.80%
D52	Seismic Drilling	0.88%	2.18%	1.93%	1.60%	3.45%	10.21%	18.61%	15.07%	10.27%	21.99%
D71	Open Pit Mining	0.75%	0.47%	0.69%	0.50%	0.93%	14.64%	14.58%	9.95%	13.86%	10.87%
D72	Underground Softrock Mining	1.19%	1.11%	1.27%	1.62%	2.05%	7.83%	9.01%	10.94%	10.35%	11.55%
D73	Underground Hardrock Mining	1.12%	1.54%	1.17%	1.36%	2.38%	9.55%	11.73%	12.52%	11.10%	11.78%
G11	Post Secondary Education	1.14%	1.13%	1.33%	1.38%	1.36%	3.23%	3.43%	3.80%	3.70%	3.66%
G12	Elementary & Secondary Education	3.45%	3.07%	3.16%	3.19%	3.53%	8.68%	7.53%	7.15%	7.41%	8.04%
G22	Health Authority, Hospitals, Care Homes	5.14%	5.79%	5.85%	6.12%	6.12%	12.21%	12.39%	12.60%	13.08%	13.21%
G31	Cities, Towns, Villages, RMs	4.41%	5.03%	5.04%	5.59%	5.28%	11.66%	12.10%	12.11%	14.18%	14.36%
G51	Government of Saskatchewan & Ministries	3.13%	3.09%	3.13%	3.23%	3.05%	8.27%	7.67%	7.58%	8.11%	7.79%
M31	Manufacturing, Pipeline Operations	0.79%	1.14%	0.82%	1.17%	1.95%	3.31%	3.88%	2.91%	3.43%	4.38%
M33	Refineries & Upgrader	1.02%	1.06%	1.37%	1.31%	1.46%	4.68%	4.47%	5.58%	4.51%	4.89%
M41	Dairy Products, Soft Drinks	11.25%	7.02%	8.44%	10.88%	14.01%	24.65%	20.53%	21.38%	26.11%	22.57%
M42	Bakeries, Food Prep & Packaging	3.42%	3.04%	4.03%	4.46%	2.78%	8.80%	8.08%	11.03%	13.38%	10.34%
M62**	Mills, Semi Medium Manufacturing	6.70%	7.29%	6.62%	9.22%	9.19%	19.26%	17.63%	16.62%	21.03%	23.83%
M72	Processing Meat, Poultry & Fish	8.51%	6.34%	6.11%	6.91%	11.97%	33.56%	27.74%	21.51%	24.46%	41.74%
M81	Metal Foundries & Mills	2.47%	2.16%	2.58%	2.00%	2.37%	10.75%	11.86%	11.01%	10.56%	13.36%
M91	Agricultural Equipment	6.10%	5.99%	5.27%	6.72%	10.30%	20.91%	20.23%	18.57%	22.19%	29.89%
M92	Machine Shops, Manufacturing	5.27%	5.94%	6.37%	7.28%	9.59%	16.93%	18.49%	19.12%	20.64%	28.56%
M94	Iron and Steel Fabrication	7.07%	7.94%	7.18%	7.96%	11.01%	27.91%	25.58%	24.22%	24.02%	41.26%
R11**	Road Construction & Earthwork	1.77%	2.71%	2.71%	2.05%	3.79%	8.59%	9.78%	10.01%	8.15%	12.61%
S11	Legal Offices, Financial, Drafting	0.26%	0.20%	0.31%	0.32%	0.38%	0.73%	0.82%	0.59%	0.77%	0.89%
S12	Offices, Professionals	0.63%	0.67%	0.64%	0.61%	0.68%	1.78%	2.04%	1.80%	1.83%	2.01%
S21	Community & Social Services	1.30%	1.44%	1.47%	1.51%	1.39%	3.91%	3.77%	3.75%	3.81%	3.74%
S22	Restaurants, Catering, Dry Cleaning	1.33%	1.32%	1.41%	1.69%	1.87%	4.38%	4.32%	4.46%	4.87%	5.72%
S23	Hotels, Motels, Taxis	1.71%	1.87%	2.24%	2.70%	2.44%	4.74%	4.65%	5.79%	6.17%	6.43%
S32	Personal, Business & Leisure Services	2.33%	2.77%	3.63%	3.74%	3.47%	7.56%	8.38%	11.52%	12.93%	10.06%
S33	Caretaking, Park Authorities	1.63%	2.27%	2.37%	2.59%	2.48%	6.23%	6.73%	5.90%	6.48%	5.99%
S41	Engineering, Testing & Surveying	0.68%	0.57%	0.61%	0.77%	0.65%	2.86%	2.43%	2.32%	2.51%	2.98%
T42**	Transportation, Courier, Commercial Bus	7.55%	7.38%	6.31%	7.17%	5.89%	16.03%	15.39%	13.27%	14.54%	13.17%
T51	Operation of Railways	2.07%	1.59%	2.06%	2.38%	1.97%	5.21%	5.15%	5.23%	5.34%	5.18%
T61	Commercial Air Transportation	2.02%	2.34%	2.11%	1.19%	1.89%	8.41%	6.32%	6.21%	5.51%	7.68%
U11	Telecommunications	1.99%	2.72%	2.38%	1.96%	1.80%	4.44%	4.96%	4.32%	4.07%	3.58%
U31	Electric Systems	2.68%	3.31%	2.48%	1.67%	1.80%	6.40%	6.87%	5.64%	6.76%	6.38%

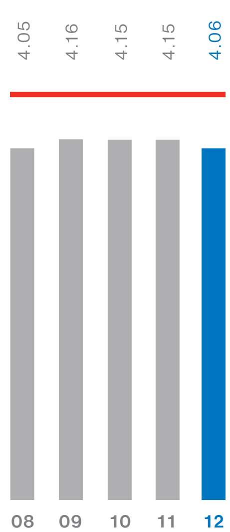
Injury Rates equals the number of claims divided by the number of workers covered.
Number of workers covered is calculated by dividing assessable payroll by the Statistics Canada average weekly wage for each rate code.
* All Class Injury Rates excludes self-insured claims and workers.
** In 2011, the F41 rate code was disbanded and affected firms were reclassified into A11, M62, R11, and T42. The injury rates for all years have been calculated under the new classification scheme.

Claim Durations

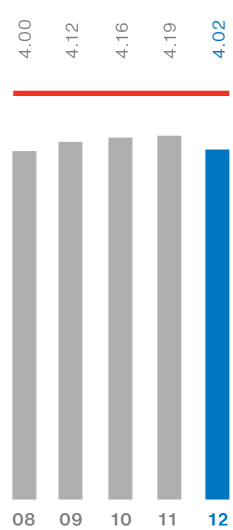
RATE CODE	DESCRIPTION	AVERAGE DURATION IN DAYS				
		2012	2011	2010	2009	2008
All Class*		38.89	34.44	34.67	34.10	33.11
A11**	Light Agricultural Operations	43.04	39.44	33.52	31.09	36.37
A21	Farming & Ranching	83.59	73.98	54.28	51.86	55.33
A31	Grain Elevators & Inland Terminals	26.62	27.95	17.52	13.15	22.59
B11	Construction Trades	35.52	27.48	27.21	30.19	26.69
B12	Residential Construction	55.07	54.94	46.11	47.28	42.46
B13	Commercial, Industrial Construction	62.01	55.36	54.98	49.49	46.40
C12	Light Commodity Marketing	36.26	26.56	27.64	26.92	27.32
C32	Grocery, Department Stores, Hardware	30.14	28.98	31.08	26.12	27.39
C33	Wholesale, Chain Stores	34.58	26.92	26.15	23.50	29.65
C41	Co-operative Associations	31.92	25.93	27.79	27.12	27.46
C51	Lumber Yard, Builders Supplies	31.95	30.53	31.10	27.92	23.59
C61	Automotive, Implement Sales & Service	36.46	33.73	31.45	29.93	27.72
C62	Automotive Service Shops, Towing	37.34	45.31	45.68	36.39	33.26
D32	Operation of Oilwells	49.82	31.40	31.74	40.10	30.06
D41	Oilwell Servicing	64.87	68.61	55.93	71.07	54.18
D51	Service Rigs, Water Well Drilling	74.10	62.05	66.09	92.54	52.47
D52	Seismic Drilling	80.66	66.51	83.33	73.01	49.92
D71	Open Pit Mining	17.25	45.00	61.35	46.44	41.39
D72	Underground Softrock Mining	47.25	46.90	52.63	62.92	49.88
D73	Underground Hardrock Mining	64.07	55.01	76.45	71.20	63.22
G11	Post Secondary Education	36.56	26.23	36.85	19.21	25.69
G12	Elementary & Secondary Education	37.20	37.21	31.05	34.29	36.38
G22	Health Authority, Hospitals, Care Homes	30.63	24.64	27.74	29.38	29.25
G31	Cities, Towns, Villages, RMs	27.29	26.20	24.27	26.88	28.95
G51	Government of Saskatchewan & Ministries	50.91	44.42	43.60	36.07	34.48
M31	Manufacturing, Pipeline Operations	36.29	36.50	16.60	19.95	8.28
M33	Refineries & Upgrader	26.74	25.40	31.69	30.35	39.16
M41	Dairy Products, Soft Drinks	33.32	33.31	22.62	17.73	21.08
M42	Bakeries, Food Prep & Packaging	34.84	35.54	28.54	25.37	28.08
M62**	Mills, Semi Medium Manufacturing	35.13	30.99	29.36	34.11	26.65
M72	Processing Meat, Poultry & Fish	35.47	33.67	35.36	32.72	28.66
M81	Metal Foundries & Mills	47.36	46.92	32.98	40.02	36.07
M91	Agricultural Equipment	20.08	23.97	25.66	25.75	19.77
M92	Machine Shops, Manufacturing	31.47	25.80	27.63	28.63	24.16
M94	Iron and Steel Fabrication	29.49	25.05	38.06	32.52	23.48
R11**	Road Construction & Earthwork	64.89	63.71	60.93	59.15	54.23
S11	Legal Offices, Financial, Drafting	24.31	23.78	18.69	16.86	30.47
S12	Offices, Professionals	34.29	32.16	28.64	28.01	32.00
S21	Community & Social Services	31.37	28.41	27.18	23.49	26.54
S22	Restaurants, Catering, Dry Cleaning	31.21	29.18	28.52	29.24	27.16
S23	Hotels, Motels, Taxis	43.18	33.33	29.31	32.84	39.59
S32	Personal, Business & Leisure Services	48.08	29.10	30.62	28.06	34.81
S33	Caretaking, Park Authorities	39.87	26.24	30.21	38.83	38.34
S41	Engineering, Testing & Surveying	31.88	29.15	39.24	36.34	34.14
T42**	Transportation, Courier, Commercial Bus	47.83	43.25	54.42	51.20	52.91
T51	Operation of Railways	58.42	74.52	49.10	61.04	52.30
T61	Commercial Air Transportation	32.76	30.84	34.44	49.67	38.47
U11	Telecommunications	24.49	15.36	23.27	21.66	30.35
U31	Electric Systems	25.91	23.12	17.12	19.62	19.97

Average duration in days equals total days lost divided by claims with time lost.
* All Class duration excludes self-insured claims.
** In 2011, the F41 rate code was disbanded and affected firms were reclassified into A11, M62, R11, and T42. The claim durations for all years have been calculated under the new classification scheme.

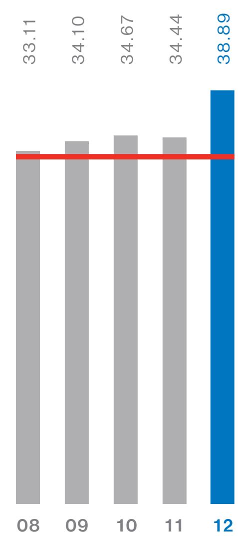
Balanced Scorecard
Stakeholders



WORKER SERVICE FEEDBACK
Measure — Target 4.75



EMPLOYER FEEDBACK
Measure — Target 4.75



TIME LOSS CLAIM DURATION
Measure — Target 32.35

WORKER SATISFACTION

Shows injured worker satisfaction with WCB services, using a semi-annual random survey of claimants. A rating of 4 or above indicates that overall workers are satisfied with the quality of service provided by the WCB.

2012 average satisfaction for workers was 4.06 out of 5.0.

EMPLOYER SATISFACTION

Shows employer satisfaction with WCB services using a semi-annual random survey. A rating of 4 or higher indicates that overall employers are satisfied with the quality of service provided by the WCB.

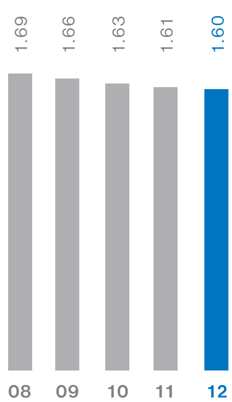
2012 average satisfaction for employers was 4.02 out of 5.0.

CLAIMS

Indicates the average number of days paid for Time Loss claims, represented by all Time Loss claims paid within a 12-month period.

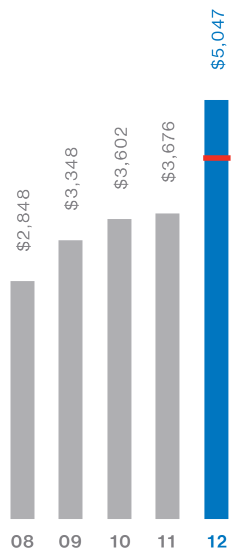
Average duration increased 13 per cent to 38.89 in 2012.

Financial



AVERAGE PREMIUM RATE

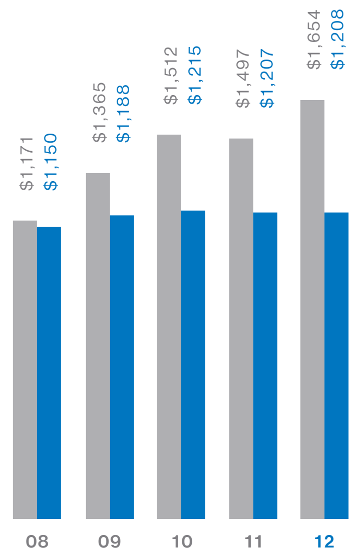
Measure



ADMINISTRATION COSTS PER TIME LOSS CLAIM

Measure

2012 Target $4,356



FULLY FUNDED STATUS (millions)

Assets Liabilities

STABILITY OF RATES

Shows the change in employer premium rates over time.

2012 average Board approved employer premium rate net of experience rating was $1.60. This rate was 0.6 per cent lower than in 2011 and resulted in Saskatchewan continuing to have one of the lowest premium rates among provincial jurisdictions.

ADMINISTRATION COSTS PER TIME LOSS CLAIM

Demonstrates the average cost of administering a Time Loss claim, an important measure of administrative efficiency.

To be in the top performing quartile, the administration cost per Time Loss claim must be below $4,356. The actual 2012 cost was $5,047. According to the latest statistics from the Association of Workers' Compensation Boards of Canada (AWCBC) in 2011 Saskatchewan had the second lowest administration cost per Time Loss claim in Canada.

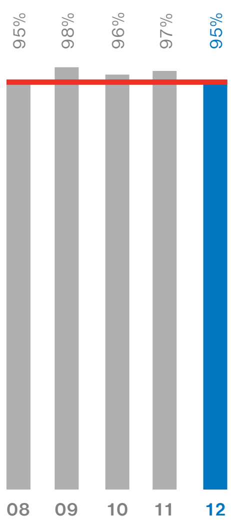
FULLY FUNDED STATUS

Illustrates the comparison between the WCB's assets and liabilities.

For 2012, assets were $1,654 million and liabilities were $1,208 million.

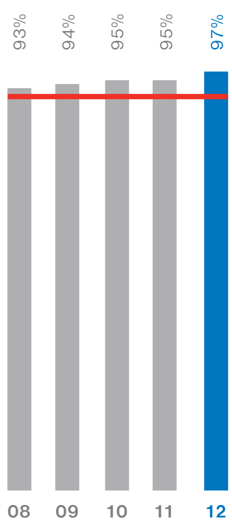
The WCB continues to be able to fund 100 per cent of its legislated requirements.

Internal



ACCURACY OF ENTITLEMENT DECISIONS

Measure — Target 95%



RETURN TO WORK

Measure — Target 92%

TIME TO FIRST PAYMENT

Measure — Target 75%

ACCURACY OF ENTITLEMENT DECISIONS

Independent quality assurance reviews are made to determine accuracy of initial entitlement decisions.

At 95 per cent, 2012 results met the target.

RETURN TO WORK

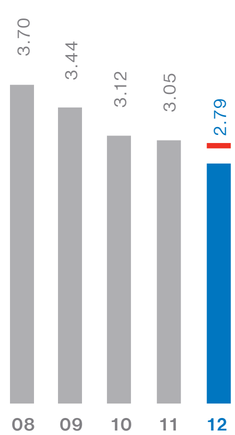
Depicts the proportion of injured workers who have returned to work after being declared employable.

Based on all closed claims, 97 per cent of injured workers returned to work in 2012. The remainder either moved to long-term compensation, or did not return to work for reasons not related to their claim. This result exceeds the 92 per cent target.

INCOME REPLACEMENT

Shows the proportion of workers receiving their first wage loss cheque within 14 days of the date of injury.

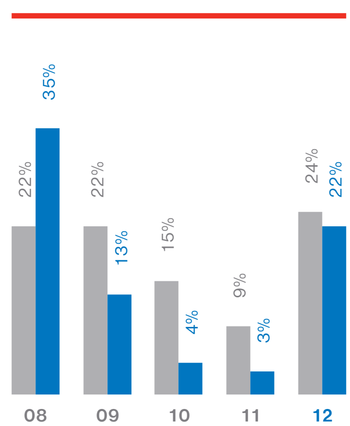
At 33 per cent, time to first payment is below our 75 per cent target.



INJURY RATE

Measure

2012 Target 2.95%



TIME TO PROCESS APPEALS

Appeals Department

Board Appeal Tribunal

Target 50%

INJURY RATE

Measures the number of Time Loss injuries per 100 workers.

The provincial injury rate continues to drop, reaching 2.79 per cent in 2012, a 42 per cent reduction since 2003.

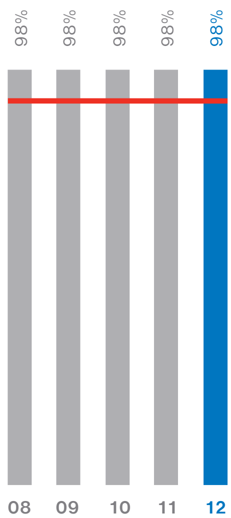
APPEALS

Depicts the length of time to process an appeal from the date it is received by the WCB until it is rendered.

A drop in appeals registered with the Appeals Department and an increase in appeals processed, produced improvements in 2012. By year end, average wait time was below the 30-day target.

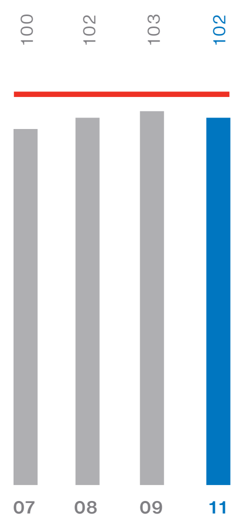
An increase in the number and complexity of appeals to the Board Appeal Tribunal, and higher demand for oral hearings, prevented the Tribunal from achieving its target. It is expected the number of appeals will continue to grow, hampering decreases in turnaround time. Changes to processes and staff levels are being considered to improve service.

Foundation



DEMONSTRATED COMPETENCE

Measure — Target 90%



EMPLOYEE ENGAGEMENT

Measure — Target 106

DEMONSTRATED COMPETENCE

Indicates the percentage of employees demonstrating required competencies for their jobs.

Introduced in 2005, this measure has been consistent at 98 per cent year-over-year.

EMPLOYEE ENGAGEMENT

The WCB introduced a new employee engagement survey that is administered every two years. The next results will be available in 2013.

Management Discussion & Analysis

The Management Discussion and Analysis (MD&A) is the responsibility of management and is intended to provide a narrative explanation of the Saskatchewan Workers' Compensation Board's (WCB's) financial position and results of operations for the year ended December 31, 2012. The Board Members carry out their review of the MD&A following a recommendation from the Audit Committee.

The MD&A should be read in conjunction with the audited financial statements and supporting notes as its purpose is to complement and supplement these documents. Forward-looking narrative statements contained in this discussion and analysis represent management's expectations based on information available as of March 6, 2013. Because forward-looking statements involve certain risks and uncertainties, actual future results may differ from those anticipated in this discussion.

Business Overview

The Workers' Compensation Act, 1979, (the Act) provides the WCB's operating authority and mandate. The WCB provides workplace injury insurance and services in Saskatchewan for industries covered by the Act. It is a monopoly, at arms-length from the provincial government, and operates as an administrative tribunal. It is responsible and accountable for decisions concerning entitlement to benefits that are guaranteed by legislation. Benefits can be income replacement, medical treatment (physician visits, prescriptions, hospital stays, surgeries and treatments, appliances and prosthetics), vocational rehabilitation and modifications to the workplace, home, or vehicle.

The WCB assists injured workers and their families through recovery and rehabilitation following a workplace injury. The WCB's goal is to return an injured worker to suitable employment as soon as it is medically safe to do so. In recent years, the WCB's mandate has evolved to include workplace safety and injury prevention programming.

The WCB raises funds for its operations through premiums paid by employers and from market returns on its investments. It reports to the legislature of Saskatchewan through the Minister Responsible for the Workers' Compensation Board.

The WCB's operations are guided by a Strategic and Operational Plan (SOP) developed by the Board Members and executive management. The SOP is reviewed annually and defines strategic objectives and corporate initiatives in:

- Injury Prevention,
- Excellent Service,
- Effective Processes,
- Competent People, and
- Financial Integrity.

The Board Members receive quarterly reports on progress towards the SOP including performance measures called Balanced Scorecard indicators.

In 2012, the WCB undertook an initiative to strengthen and clarify the communication of the WCB's strategy and strategic intent by improving the existing Balanced Scorecard. As a result, significant progress was made in management by cascading the corporate strategy and Balanced Scorecard to key operational areas.

The WCB is in the process of incorporating the updated Balanced Scorecard strategy map, including performance management and related strategic objectives, in planning activities for the development of the 2014 - 2016 Strategic and Operational Plan. Building the planning process on the foundation of the Balanced Scorecard allows top to bottom integration, understanding and detailed operational and strategic performance measurement.

Details on the Balanced Scorecard indicators can be found in this annual report and at wcbsask.com. Details on the SOP also can be found at wcbsask.com.

WorkSafe Saskatchewan (WSS) is the WCB's partnership with the Ministry of Labour Relations and Workplace Safety. Formed under a Memorandum of Understanding, the WSS focus is on the development of an integrated injury prevention strategy and programs that move Saskatchewan to zero workplace injuries. WSS has also adopted the Balanced Scorecard methodology and has developed its first scorecard with integration into the WSS strategic and operational plan. WSS's strategic and operational plan can be viewed at worksafesask.ca.

The WCB may partner with other organizations to advance strategic objectives and serve the interests of workers or employers. For example, the WCB is a founding partner of Safe Saskatchewan, a non-profit organization dedicated to eliminating unintentional injuries. Working with Safe Saskatchewan, the WCB launched the Health & Safety Leadership Charter in June 2010. More than 300 senior leaders from across the province have signed the charter, publicly declaring their commitment to the health and safety of their employees, customers, contractors, and the wider community.

Enterprise Risk Management

Enterprise risk management identifies risks to achieving strategic and operational success, and the controls in place to manage those risks. A risk register ranks the risks based on how well controls manage them. The WCB uses the risk register as a reference in strategic and operational planning, budgeting and performance management cycles.

The WCB is currently in the process of updating the enterprise risk management process by incorporating Balanced Scorecard best practices around risk identification and reporting. The risk register will be better aligned with the strategic plan and lay the foundation for a risk scorecard incorporating risk appetite and tolerance measurement capabilities.

The most significant risks identified in 2011 remained unchanged in 2012 and their controls were:

1. **Project Management** — Projects are undertaken at the WCB to accomplish its goals and objectives. Projects vary in complexity. There is risk that projects may fall short of expected targets, timelines and results if they are not properly planned, executed and monitored. Controls are:
    - Training,
    - Prioritization,
    - Monthly reporting, and
    - The operational planning process.

2. **Key Processes** — There are many processes within the WCB that are critical to the operation of the business. There is risk if these key processes are not identified, designed and executed effectively and efficiently. Controls are:
    - The Balanced Scorecard,
    - The budget process,
    - Quality assurance and quality control,
    - Automated systems development,
    - Internal Audit reviews, and
    - Appeals.

3. Workplace Injuries — The WCB's focus is Mission: Zero. The WCB is working towards eliminating workplace injuries. There is a risk that the WCB is not effective in influencing the number of workplace injuries in Saskatchewan. Controls include:

- Partnerships (WSS, industry safety associations, Safe Saskatchewan, Saskatchewan Safety Council, Saskatchewan Brain Injury Association, CNIB, Saskatchewan Chiropractors Association),
- Experience rating program,
- Social marketing, and
- Helping employers and other groups (safety training, safety audits, and safety perception surveys).

4. Management Information — Decisions at the WCB are largely based on the data and information in its systems. Inaccurate or incomplete information may significantly affect WCB decisions. Controls include:

- Quality assurance and quality control,
- Exception reporting,
- Variance analysis,
- External and internal actuaries,
- Training, and
- Automated systems.

2012 Operational Highlights and Future Prospects

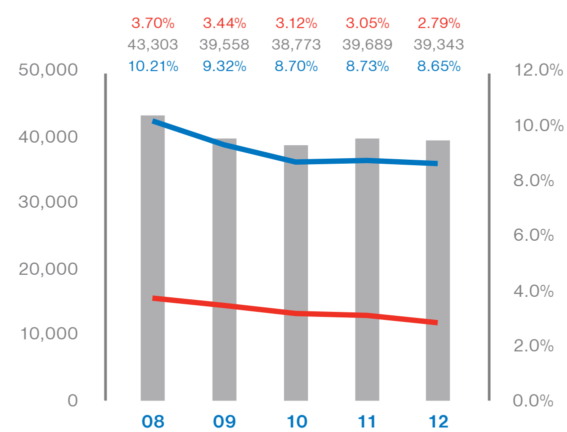
Prevention of Work Related Injuries

Time Loss Injury Rate – 2012: 2.79 per cent
(2011: 3.05 per cent)
Total Injury Rate – 2012: 8.65 per cent
(2011: 8.73 per cent)
Total Claims Reported – 2012: 39,343 (2011: 39,689)
Total Claims Accepted – 2012: 33,424 (2011: 32,916)

Injury prevention has been a key component of the WCB's strategic vision since 2003. In 2009, in response to the wide acceptance of Mission: Zero as a call to action, stronger language was added to the WCB's Vision Statement making it clear that strategic success means zero workplace injuries in Saskatchewan.

Good progress was once again made in 2012, as injury rates continued to fall. The Time Loss injury rate dropped for the tenth straight year, from 3.05 per cent to 2.79 per cent. The combined efforts of Saskatchewan's workers, employers and safety organizations deserve credit for their contribution to the ongoing progress.

The WCB understands that continuing and concerted effort is needed to bring the injury rate down further. According to the latest statistics available from the Association of Workers' Compensation Boards of Canada (AWCBC), in 2011 Saskatchewan still had the second highest Time Loss injury rate in Canada.



CLAIMS REPORTED AND INJURY RATES
Claims Reported
Time Loss Injury Rate (per 100 workers)
Total Injury Rate (per 100 workers)

The Time Loss injury rate is calculated by taking the number of Time Loss claims (TLCs) accepted and paid in the year and dividing it by the number of workers covered by the WCB. The number of covered workers is expressed as full-time equivalents, or FTEs, and is determined by dividing reported payroll by the average weekly wage.

In 2012, the WCB accepted 10,774 TLCs which is 742 fewer than the 11,516 TLCs accepted in 2011. This is the tenth consecutive year that the number of TLCs has dropped. This is a positive sign given that there were 8,852 more full-time workers covered in 2012. As well, the total number of claims reported decreased by 346 claims. Though the total claims reported decreased, the number of accepted claims increased due to an increase in the number of No Time Loss claims during the year. The WCB and its WSS partner will continue monitoring these metrics and their overall trends.

While lowering the number of Time Loss injuries and reducing the Time Loss injury rate is important, the WCB's vision speaks to eliminating all workplace injuries, and so the WCB also calculates a Total injury rate that reflects the total number of claims accepted.

In 2011, the Total injury rate in Saskatchewan was 8.73 per cent. Through its WSS partnership, the WCB set the goal of reducing the Total injury rate to 8.50 per cent in 2012. As at December 31, 2012, Saskatchewan's Total injury rate was 8.65 per cent, short of the target set for 2012.

The long-term drop in the Time Loss and Total injury rates lends support to the WCB's strategies of partnerships and joint initiatives. These efforts for workplace safety are working. However, the increase in the number of fatalities in 2012 is worrisome. Going forward, the WCB will continue to work with its partners and look for new partnerships and opportunities that reduce all injuries, including fatalities, and quicken the pace of reaching Mission: Zero. Attention will continue to focus on:

1. **Building greater capacity for occupational health and safety programming in Saskatchewan workplaces.** This includes providing training and informational events throughout Saskatchewan as well as developing new partnerships, programs and resources to help employers better manage health and safety in their workplaces.

2. **Supporting the use of best practices in injury prevention.** In 2012, WCB evaluated four safety association's certification programs against the Joint Industry Committee guidelines, and partnered with WorkSafeBC to update back injury prevention resources and training materials. WSS supported information sessions and research about the importance of leadership in injury prevention.

3. **Developing and supporting partnerships that advance injury prevention.** In addition to the seven safety associations, in 2012, WSS sponsored safety leadership awards, featured several workplaces which had positive injury prevention stories and partnered with more than 30 Charter members to help promote injury prevention in the community through a safety glasses initiative.

4. **Informing the general public on the urgency of eliminating workplace injuries.** This includes social marketing that continues to deliver compelling messages on zero injuries, zero fatalities and zero suffering. Social marketing efforts include television and newspaper advertisements as well as social media. The campaign continues to achieve high recognition. The level of awareness by the general public of the campaign remained steady at 68.2 per cent. This is a decrease in the level of awareness reported in 2011 of 69.6 per cent. There was a slight decrease in the recognition of Mission: Zero by the general public from 54.7 per cent in 2011 to 54.2 per cent in 2012. Many organizations have adopted Mission: Zero as their call to action and some organizations are now promoting it publicly.

5. **Targeting initiatives.** The targeting initiatives were expanded from two to five in 2012 and now include:

- **Priority 50** — Priority 50 employers are those whose injury records indicate that they would benefit most from WSS help. These workplaces receive visits from WCB and OHS personnel to offer assistance in building safety and prevention systems within the workplace. The 2012 Priority 50 employers reduced their combined Time Loss injury rate by 15.05 per cent and their combined Total injury rate by 15.17 per cent, resulting in 286 fewer Time Loss claims and 581 fewer total claims.

- **Youth Targeting Initiative** — Youth are statistically more likely to be injured on the job than a worker over the age of 25 years. In 2012, the goal was to lower youth injuries as a percentage of all injuries from 19.5 per cent to 19.1 per cent. As at December 31, 2012, the rate was 19.8 per cent. Despite the increase in the percentage and number of youth injuries, the 2012 total number of youth injuries was the third lowest since the WCB started tracking the number in 2003. Since its peak in 2008, the number of youth workplace injuries has dropped by 1,562. WSS continues to collect and use youth survey data to better understand their attitudes, behaviors and demographics as it relates to safety and injury prevention for purposes of improving youth related injury prevention programs, services, and campaigns. WSS again supported the youth video contest and campaign, including social marketing targeted at youth. WSS has partnered with Labour Standards to review and improve the Young Worker Readiness Certificate Course. WSS continues to partner with Safe Saskatchewan and the Ministry of Education to support the development of curriculum and resources to enhance injury prevention education within the school system. WSS is providing health and safety resources for the Entrepreneurship 30 course and lab and science courses.

- **Manufacturing Targeting Initiative** — This new initiative addresses the combined Total injury rate for six key manufacturing rate codes, which increased from 19.80 per cent in 2011 to 20.75 per cent in 2012. One of the early initiatives is to increase the capacity to provide more injury prevention support to manufacturing employers within the six rate codes. The WCB is adding a resource to focus on manufacturing, and the Iron and Steel Fabrication rate code met the policy and administrative requirements to become members of the Safety Association for Saskatchewan Manufacturers. Both changes provide more injury prevention support to manufacturing rate codes with high injury rates.

- **Health Care Targeting Initiative** — The health care sector continues to have challenges addressing its injury prevention problems. As Saskatchewan's largest employer, this sector's injury record significantly impacts the overall injury rate for the province. A new initiative introduced in 2012, the Health Care Priority 20, seeks to help employers within this sector who would benefit from WSS assistance. As a result of efforts applied under this initiative, these 20 employers reduced their combined Time Loss injury rate by 13.83 per cent and their combined Total injury rate by 7.53 per cent, resulting in 428 fewer Time Loss claims and 488 fewer total claims.

- **Public Sector Targeting Initiative** — The combined Total injury rate for the public sector rate codes (excluding health care) increased from 7.92 per cent in 2011 to 8.06 per cent in 2012. As part of this new initiative, WSS supports the government's Safety Champions group in lowering the public sector injury rate.

Experience Rating Program

Discounts – 2012: $26.7 million (2011: $24.5 million)
Surcharges – 2012: $24.0 million (2011: $23.3 million)

The WCB's Experience Rating Program (ERP) provides employers financial incentives to improve or adopt workplace safety and injury prevention measures, and effective return to work programs.

The ERP ensures that the relatively small number of employers responsible for the majority of costs in the system will pay higher premiums through surcharges. Employers who do not contribute to the costs of the system receive a discounted premium rate. Discounts and surcharges are calculated when the annual rates are set in the fall of each year and are applied to the employer's industry premium rate for the upcoming year.

There are two ERP programs: the advanced program applies to employers who pay more than $15,000 in WCB premiums over a three-year period; employers who pay less than this amount are in the standard program.

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 2012, 1,436 Saskatchewan employers paid $24.0 million in surcharges while 21,182 employers received discounts of $26.7 million. The remaining 20,993 employers covered by the WCB received neither a discount nor a surcharge. The number of employers affected by ERP was similar to 2011 when 1,504 paid surcharges and 21,750 received discounts. The main reason for the increase in total discount amounts was the growth in payroll experienced by employers receiving discounts, relative to payrolls for surcharged employers.

By reducing the number of work injuries and their associated costs, employers can move from paying a surcharge to receiving a discount. This is most effectively done through effective workplace health and safety programs, and programs that return injured workers to work as soon as medically safe to do so.

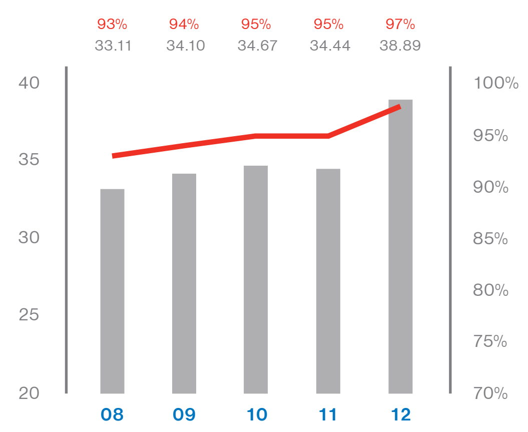
Claims Management Process

Return to Work – 2012: 97 per cent (2011: 95 per cent)
Average Duration – 2012: 38.89 days
(2011: 34.44 days)

Claims management results in 2012 are both positive and negative when compared to those in 2011:

- 97 per cent of injured workers sustaining a Time Loss injury returned to work, surpassing the 95 per cent in 2011 and surpassing the WCB's 92 per cent objective.

- Average duration, the measure of timeliness of return to work, increased 12.9 per cent to 38.89 days per Time Loss claim, falling short of the 32.35 day strategic objective. A thorough analysis of the drivers of this increase is underway. Early indicators suggest the single biggest factor is a decrease in the proportion of short-term Time Loss claims (less than 5 days) relative to medium and long-term claims in the system. The remaining claims in the system are typically more severe or complex, which will drive up average durations.



CLAIM DURATION AND RETURN TO WORK PERCENTAGE

Duration in Days

Return to Work Percentage

Accuracy of Entitlement Decisions measures the quality of initial claims decisions made by the WCB. This metric went from 97 per cent in 2011, to 95 per cent in 2012 which met the target for the year. The WCB also measures time to first payment, which is the number of days it takes to issue a first payment after the WCB is notified of an injury. The target is 75 per cent of first payments are made within 14 days of injury occurrence. As a result of the implementation of the new claims system, the average percentage of first payments made within 14 days decreased in 2012 from 64 to 31 per cent. Resumption of normal service levels for first payment is a key goal in 2013.

The WCB uses an independent agency to conduct customer service satisfaction surveys for both injured workers and employers. The survey methodology is called the Common Measurements Tool (CMT). It is specifically designed to measure satisfaction levels with public service organizations.

In 2012, employers rated their overall average satisfaction with claim services at 4.02 out of 5, down from the 2011 average of 4.19. Workers' average satisfaction of 4.06 out of 5 was also down from the 2011 average of 4.15.

2012 was a unique year for delivering service at the WCB. Challenges related to the replacement of the core claims system were a significant factor in the decline of WCB's customer service outcomes. Re-establishing service levels and improving service quality is a key objective for the WCB in 2013 and beyond.

Benchmarking data shows the WCB's customer satisfaction ratings tend to place above the national average for public sector service providers using the CMT. For employers, WCB benchmarks are at or above the average satisfaction rating in 15 of 22 categories surveyed. For injured workers, WCB benchmarks are at or above average satisfaction ratings in 37 of 41 survey categories.

Replacement of the core claims system was completed in 2012. The implementation of this multi-year project was complex and challenging. The WCB is now in normal operating mode as it relates to the new system. The WCB will seek opportunities to leverage the investment to improve service and create efficiencies.

Human Resources and Communications

During 2012, the WCB introduced a new organization structure with an increased strategic and administrative emphasis on project management and process improvement, strategic finance and data governance, and injury prevention. The re-organization better assists the WCB with achieving its strategic goals and objectives.

The WCB believes that its Human Resource and Communications strategies and related processes contribute to the organization's effectiveness. As such, these key areas are integrated into its strategic and operational planning processes.

One of the key result areas within the strategic and operational plan is competent people. The strategy has multiple objectives related to hiring, developing, engaging and retaining staff.

Once employees join the organization, the WCB invests in a wide range of employee training and development including orientation to leadership development. During 2012, staff were provided significant and ongoing training and assistance with respect to learning the new claims system. The investment in employee development – whether in support of staff on the front-line or the management team – helps to ensure a capable and competent workforce now and in the future.

The WCB's Balanced Scorecard reports on two metrics related to its staff complement. The first is Demonstrated Competence, defined as the percentage of employees demonstrating the required competence for their jobs. The target for this metric is 90 per cent. In 2012, employees demonstrated 98 per cent competence, as measured through the WCB's performance management system. The second metric, Employee Engagement, is gauged through an employee survey that is conducted every two years. The survey was done in 2012, with an engagement rating of 102 against a target of 106.

The WCB, like other organizations, is challenged not only to find the best employees but to retain them in a robust economy that has produced a tight labour market. The WCB continues to track internal employee demographics to ensure the organization is achieving positive outcomes with respect to recruiting, developing and retaining a diverse staff complement.

From a quality perspective, opportunities to enhance the quality of decision-making, which includes the correct application of policies, is addressed through the review of initial adjudication decisions. As reported above, the target of 95 per cent accuracy of entitlement decisions was met in 2012. Without encroaching on decision-making independence, quality assurance staff provided constructive feedback to help achieve these quality outcomes.

2012 Financial Highlights

Saskatchewan's economy remained strong in 2012 and global markets rebounded from the lows reached in early 2011. Investment markets performed very well and market values increased. Investment income recorded was $127.3 million compared to the negative $33.5 million in 2011, the result of unrealized gains as detailed in this section of the MD&A.

With the strong investment performance and a strong economy, both premium revenue and investment income increased and more than offset increased costs. This resulted in the comprehensive income of $155.8 million. The WCB remains in a fully funded position.

Revenues

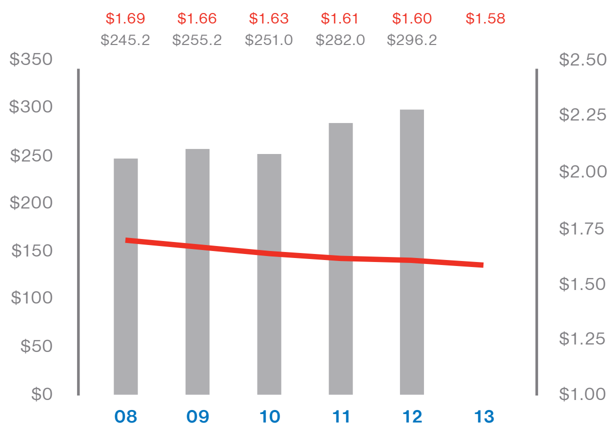
Premium income and investment income are the WCB's two sole sources of revenue. In 2012, revenues totaled $423.5 million, a 70.4 per cent increase from 2011.

Premiums

Total premium revenue is made up of base premiums plus discounts and surcharges through the Experience Rating Program (ERP).

For 2012, employer assessable payrolls increased by 6.7 per cent to $18.11 billion due to strong economic growth, particularly in the Road Construction, Oil & Gas, and Mining sectors. As a result, base premium revenue increased by 5.7 per cent from $282.6 million in 2011 to $298.8 million in 2012. This is despite the decline in the average premium rate from $1.61 in 2011 to $1.60 in 2012, the ninth consecutive decline. The net cost of the ERP, which increased in 2012 to $2.7 million, reduced premium revenue.

With continuing declines in the Time Loss injury rate and increases in reported payroll, the average premium rate for 2013 declined 1.3 per cent to $1.58 — down from $1.60 in 2012.



PREMIUM REVENUE AND AVERAGE PREMIUM RATE

Premium Revenue (millions)

Average Premium Rate (per $100 Insurable Earnings)

Investment Income

Investment income is an important revenue stream for the WCB. It supplements premiums to help cover total expenses for the year.

The long-term assumption that investments will generate an annual nominal rate of return of 5.75 per cent is built into the calculation of benefits liabilities as well as the premium rate setting model. In 2012, the WCB's portfolio of investments had a return of 8.9 per cent at market compared to a negative return of 2.2 per cent in 2011 and a positive return of 11.9 per cent in 2010.

Investment income includes both realized income and unrealized gains or losses on investments during the year and could fluctuate significantly year to year to reflect the change in the market value of the WCB's investments.

For example, excluding unrealized gains and losses on investments, the WCB's realized investment income decreased $11.2 million from $48.4 million in 2011 to $37.2 million in 2012. However, investment income increased from negative $33.5 million in 2011 to $127.3 million in 2012, a $160.8 million increase. This increase is due almost entirely to $81.9 million in unrealized losses in 2011 and $90.1 million in unrealized gains in 2012.

The 2012 investment income of $127.3 million is made up of:

- $90.1 million in net unrealized gains during the year on investments held at the end of 2012

Plus

- $37.2 million of realized investment income made up of:
  - $35.6 million of income from interest and dividends,
  - $5.4 million from net gains realized from the sale of equities, bonds and real estate,
  - Less $3.8 million for investment expenses.

The WCB records its investments at market value. The Statement of Investment Policies and Goals (SIP&G) allows the WCB's 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 of $1,508.3 million is a $130.1 million increase from the 2011 total of $1,378.2 million.

Investment Strategy

The WCB's SIP&G outlines its investment and risk philosophy. The SIP&G reflects the long-term nature of the WCB's liabilities and the impact of future inflation on its existing liabilities.

The WCB diversifies among asset classes — fixed income securities, equities, mortgages, and real estate — to achieve its long-term investment goals and to maximize returns at an acceptable risk. The WCB further diversifies within asset classes by selecting investment managers with different investment mandates and styles.

The WCB's Investment Committee reports to the WCB's Board Members 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 funding stability. The Committee meets regularly to monitor the performance of the investment managers against established benchmarks, and to review the ongoing relevance of the policies.

Expenses

The WCB has five main categories of expenses: claims costs, administration, safety and prevention, annuity fund interest, and legislated obligations.

Claims Costs

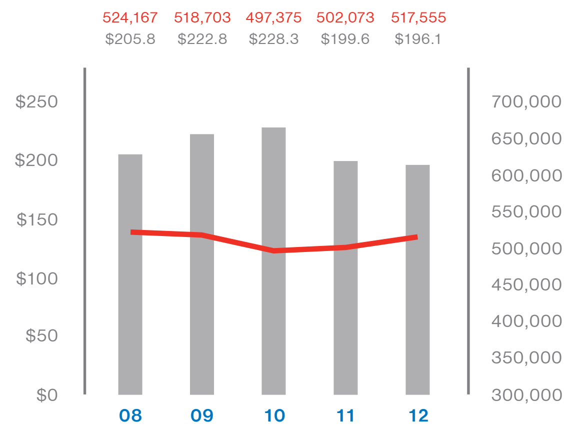
As reported in the Statement of Operations, claims costs totaled $196.1 million in 2012, a 1.8 per cent decrease from 2011. Claims costs include actual payments made for compensation purposes throughout the year plus the change in benefits liabilities. Benefits liabilities represent the amount required to pay the future costs of all claims.

The compensation component of claims costs consists of:

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

In 2012, compensation costs paid were $193.6 million, a $2.2 million decrease over 2011. Administration costs for adjudicating and managing claims are also allocated to claims costs, bringing the total 2012 compensation payments to $204.6 million, a 1.1 per cent or $2.4 million decrease over 2011.

The $196.1 million of claims costs reported in the Statement of Operations consists of the $204.6 million in cash expenses less an $8.5 million actuarial decrease 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 further on in this analysis.



CLAIMS COSTS AND COMPENSATION DAYS PAID

Claims Costs (millions)

Compensation Days Paid

Durations and the number of Time Loss claims (TLCs) are two key drivers of compensation costs. The duration of TLCs paid increased in 2012. There was a decrease in the number of new TLCs for the year, as well. A reduction in the number of TLCs from previous years influences overall claim costs. Total TLCs, that is all Time Loss claims paid in 2012 were 13,309, or an 8.7 per cent decrease from the 14,577 claims paid a year earlier.

The decrease in total TLCs paid in 2012 was partially offset by the increase in average durations of the claims in the system. The 4.45 day increase in average durations resulted in a 3.1 per cent increase in the total number of compensation days paid during the year: 517,555 days paid in 2012 compared to 502,073 days in 2011.

The increase in durations resulted in short-term wage loss payments of $65.3 million in 2012. This represents a 0.8 per cent increase over 2011.

Payments for long-term disability or earnings replacement and survivor benefits increased in 2012 to $54.3 million, compared to $53.9 million in 2011, even though the number of injured workers receiving benefits dropped by 155 to 5,032. The decrease in workers receiving benefits was offset by annual CPI increases in pension payments.

Health care payments decreased 3.4 per cent in 2012, to $70.5 million. The decrease is due to two factors:

- In 2011, retroactive payments on health care contracts were finalized, contributing to a higher total expense for that year compared to 2012.
- There were fewer Time Loss claims in 2012.

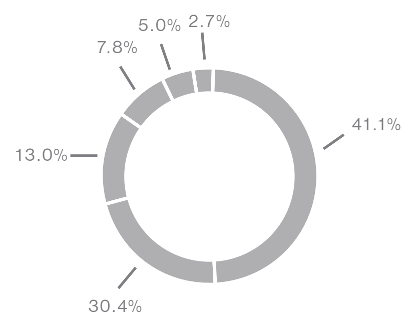
The WCB continues to invest in treatment at the primary care level to help injured workers return to work as soon as it is medically safe to do so.

Vocational rehabilitation remains an important component of compensation as it provides the re-training and education required when injured workers cannot return to their pre-injury job. Vocational rehabilitation costs decreased slightly in 2012 to $3.4 million, a drop of $0.7 million from 2011. The WCB remains diligent in its efforts to ensure that workers who require services are given the appropriate training, education, and modifications to their homes and workplaces.

Benefits Liabilities

Benefits liabilities decreased 0.8 per cent in 2012 to $1,005.4 million. This decrease was driven primarily by the drop in Time Loss claims in 2012.

Except for projecting mortality tables for an additional year, the long-term economic and actuarial assumptions used in determining future benefits and administration costs were the same as those used in 2011. The real rate of return used is 3.25 per cent, and wages are expected to increase at 1.0 per cent above the assumed 2.5 per cent inflation rate. The WCB considers these assumptions to be a realistic best estimate of future expectations.



BENEFITS LIABILITIES

41.1%	Long-Term Disability	$ 412,990,000
30.4%	Health Care	$ 305,335,000
13.0%	Short-Term Wage Loss	$ 131,016,000
7.8%	Survivor Benefits	$ 78,447,000
5.0%	Future Benefits Administration	$ 49,880,000
2.7%	Vocational Rehabilitation	$ 27,775,000
100%	Total	$1,005,443,000

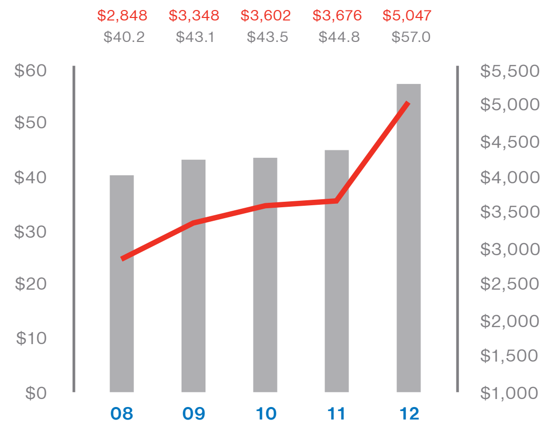
Most wage-based benefits paid by the WCB are expected to increase at the rate of inflation and will be discounted at the nominal rate of 5.75 per cent. This means that most benefits, for the purpose of calculating the benefits liabilities, are determined using the 3.25 per cent real rate of return. However, all wage-based benefits, including short-term and pension awards for long-term disability and survivor benefits, are subject to a ceiling based on the maximum wage rate prescribed under Section 38.1 of 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.

The benefits liabilities also contain an amount set aside to administer benefits in future years. The WCB has determined that the allowance for the expenses included in the liability valuation should be 4.2 per cent of the liability for long-term disability and survivor awards and 6.3 per cent of the liability for all other claims. Future benefits administration accounts for $49.9 million of the $1,005.4 million total benefits liabilities.

Administration Expenses

Administration costs, before costs charged to Future Benefits Administration, rose to $57.0 million in 2012, a 27.2 per cent increase. While there was a negotiated increase in salaries, it was the replacement of the claims system that resulted in increases in administration costs in a number of areas. There was an increase in salary and benefit costs due to increased overtime and temporary salaries, amortization of the development costs after the implementation of the new system, and increases in computer services and consulting services that were required for completion of the changeover to the new system.

Included in the WCB's employee benefits is an amount for the amortization of the net actuarial loss on the Defined Benefit Pension Plan. The unamortized net actuarial loss, less 10 per cent of the greater of the benefit obligations and the fair value of the plan assets, is amortized over the average remaining service life of active employees in the plan. The amount of amortization for 2012 was $2.7 million and the unamortized net actuarial loss at December 31, 2012 was $5.7 million.



ADMINISTRATION EXPENSES AND ADMINISTRATION COST PER TIME LOSS CLAIM

Administration Expenses (millions)

Administration $ per Time Loss claim

An important measure of administrative efficiency is the administration cost per Time Loss claim. This was calculated to be $5,047 in 2012 compared to $3,676 in 2011. The target for the administration cost per Time Loss claim for 2012 was $4,356. The increase reflects the drop in the pure number of Time Loss claims and the increase in administration costs overall. In 2011, Saskatchewan had the second lowest administration cost per Time Loss claim in Canada.

A second measure of administrative efficiency tracked by WCBs across the country is the administration costs per $100 of assessable payroll. The estimated 2012 ratio was $0.28 compared to a target of $0.27 per $100 of assessable payroll. For 2011, WCB's ratio was $0.25 per $100 of assessable payroll making Saskatchewan the second lowest province in Canada.

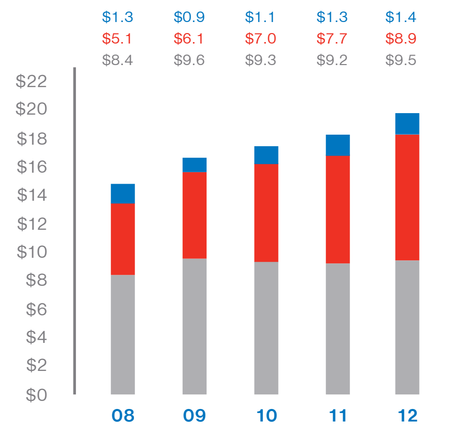
Safety and Prevention

Safety and prevention is made up of funding to the Occupational Health and Safety Division (OHS) of the Ministry of Labour Relations and Workplace Safety, funding to safety associations, and for the WCB's safety initiatives through WorkSafe Saskatchewan (WSS).

The Act requires that the WCB funds the operations of OHS; however, the OHS budget is approved by the Government of Saskatchewan through the provincial budgeting process. The role of OHS is to help workplace parties meet their responsibility to identify and correct health and safety hazards. As well, OHS assists occupational health committees and worker representatives, inspects workplaces, and enforces health and safety regulations. In 2012, this funding increased by 3 per cent to $9.5 million.

Funding is provided to seven industry safety associations that represent 17 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 $1.3 million to $8.9 million in 2012. Time Loss injury rates for industries with safety associations decreased from 3.95 per cent to 2.80 per cent since 2008. This 29.11 per cent decrease compares to an 18.37 per cent decrease in those industries without safety associations.

Expenditures on WSS increased in 2012 to $1.4 million from $1.3 million in 2011, primarily due to increased advertising and promotion. The WCB and its WSS partner, the Ministry of Labour Relations and Workplace Safety, remain confident that expenditures to promote injury prevention and awareness will continue to pay significant future dividends through greater awareness of injury prevention leading to fewer injuries to workers and lower costs for employers. Through its strategic and operational planning process WSS will further focus its efforts to ensure funds are spent in areas most in need of improvement. Details on WSS, its Strategic and Operational Plan, as well as reporting of results against that plan, can be found at worksafesask.ca.



SAFETY AND PREVENTION (MILLIONS)

- OHS
- Safety Associations
- WorkSafe Saskatchewan

Annuity Fund Interest

The Act requires the WCB to compensate injured workers for the loss of retirement income due to a workplace injury. The WCB sets aside an additional 10 per cent of all eligible benefit payments into an injured worker's annuity fund. This begins once the worker has received benefits for more than 24 consecutive months. The WCB continues to set aside funds until the worker returns to work or reaches age 65. At age 65, the worker uses the funds set aside, plus interest, to purchase an annuity. During 2012, contributions to the fund amounted to $5.3 million, down slightly from 2011.

The annuity funds accrue annual interest based on an internally calculated rate of return. The rate of return is based on the return of the WCB's investment portfolio but spreads gains and losses on investments over five years to reduce the fluctuation in the market rate of return. As a result, in 2008 while the WCB experienced a negative return on its investment portfolio, the annuity rate remained positive at 2.8 per cent. The effect of 2008's negative return, however, continued to impact annuity rates until 2012. In 2012, interest earned totaled

$4.7 million, representing an interest rate of 2.9 per cent. This compares to $2.8 million earned in 2011 at a rate of interest of 1.7 per cent.

Total annuity payouts in 2012 were $8.4 million, up 12 per cent from the $7.5 million paid out in 2011. The resulting $167.7 million annuity fund payable at December 31, 2012 increased 1.2 per cent over the balance at December 31, 2011. There were 5,711 active claims with annuities at the end of 2012 compared to 5,858 at the end of 2011, which increased the average annuity fund slightly to approximately $29,000 per claim.

Legislated Obligations

Under the Act, the WCB is obliged to fund the operations of the Office of the Workers' Advocate. Funding in 2012 was just under $1.0 million, the same as 2011. In addition, the final costs for the Committee of Review completed in 2011 came in at $0.1 million.

Funding Strategy

The WCB's Funding Policy sets the parameters for the Injury Fund and each of the reserves held by the WCB.

The targeted range for the Injury Fund is 5 per cent to 20 per cent of benefits liabilities 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 reduce fluctuations in the average premium rate. If the funded status moves outside the targeted range, the WCB will replenish or regulate the fund to maintain the targeted range.

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 rebates,
- available for benefit enhancements.

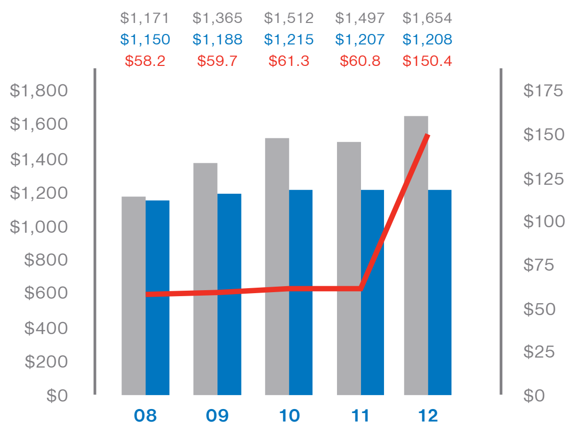
The WCB's Funding Policy, therefore, removes these unrealized gains and losses from the Injury Fund for the purposes of calculating the funding percentage. As a result, the funding percentage is not subject to the significant fluctuations in the market value of investments.

The Funding Policy also establishes reserves appropriated from the Injury Fund. At December 31, 2012 the WCB maintains four reserves.

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 return to work through retraining. Currently, the $10.1 million in this reserve is 1.0 per cent of the benefits liabilities as recommended by the Funding Policy.

The Disaster Reserve and the Occupational Disease Reserve were created to meet the requirements of the Act with respect to disasters and to meet the costs of emerging occupational diseases. The Disaster Reserve has two components: one for less severe disasters which 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 $20.1 million at the end of 2012.

With respect to the Occupational Disease Reserve, in 2012 the Board revised the Funding Policy and increased the funding percentage from a rate of 3.0 per cent to 4.0 per cent of benefits liabilities, which resulted in a balance of $40.2 million at the end of 2012. The Occupational Disease Reserve was increased in 2012 to better reflect the expected impact of occupational diseases in the future. New actuarial standards will require the inclusion of an expected cost of future latent occupational disease in the benefits liabilities for the 2014 year end. The WCB will examine the impact of the new standards on the benefits liabilities in 2013. The 2012 increase in this reserve will help the WCB to absorb the impact of this new actuarial standard.



FUNDED POSITION AND RESERVES (MILLIONS)

Assets
Liabilities
Reserves

The Board established the New Act Reserve in 2012 to set aside money for the estimated impact of the changes to the Act that are expected in 2013. The amount of this reserve at December 31, 2012 is $80 million.

The reserves combined for a total of $150.4 million at December 31, 2012 compared to $60.8 at the end of 2011.

The $155.8 million comprehensive income in 2012, less a total $89.5 million increase to reserves to comply with the Funding Policy, results in a balance of $295.6 million in the Injury Fund at the end of 2012. However, for Funding Policy purposes net unrealized gains and losses are excluded from the Injury Fund. Excluding unrealized gains on investments decreases the Injury Fund to $168.7 million at December 31, 2012. This is a decrease from $192.6 million at December 31, 2011. The funding percentages are disclosed in note 19 of the financial statements.

Based on the Funding Policy, the funding percentage at December 31, 2012 was 116.8 per cent compared to 119.0 per cent at December 31, 2011, well within the required range. The decline in the funding percentage in 2012 is due to the increase in reserves outlined above.

Internal Controls 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.

The WCB certifies in its 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 the WCB's 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 assessments undertaken by the Committee in 2012 did not identify any weaknesses in internal controls over financial reporting that would result in material misstatement of the December 31, 2012 financial statements. The 2012 report by the Chief Executive Officer and the Chief Financial Officer can be found on page 39 of this annual report.

Looking Ahead

Economic Outlook

2012 was another good year for the Saskatchewan economy, posting record levels of population, employment and investment. For 2013, the Conference Board of Canada predicts this outstanding economic performance to continue. Saskatchewan's economy is expected to grow 3.4 per cent in 2013 due to high commodity prices and continued strength in construction and retail sales which contribute to increased capital spending, boosts incomes and fuels strong employment gains. Other factors that are forecasted to contribute to the economic growth in Saskatchewan are strong residential investment due to the strength of the province's economy and continued population growth, and an increase in non-residential investment and manufacturing sales from high commodity prices and growth in the mining sector. In addition, for 2013 the province is once again predicted to have the second lowest unemployment rate in Canada.

This positive outlook for Saskatchewan is reflected in the increase in the WCB's employer assessable payroll forecast from $18.11 billion in 2012 to $19.20 billion in 2013.

Business Outlook

The Conference Board of Canada predicts Regina and Saskatoon will be the two fastest growing metropolitan economies in Canada in 2013. A thriving job market is attracting many newcomers to the province which helps everything in the economy from housing starts to retail sales. This fast paced Saskatchewan economy combined with population growth and low levels of unemployment may mean that workplaces are under increased pressure to work longer hours or at a faster pace. This would pose an increased risk in the workplace that could result in more workplace injuries for some sectors or occupations.

The WCB monitors the injury rate by sector for any indicators that suggest an industry's rate is cause for concern.

The WCB will continue to identify threats and opportunities to its corporate business plan during its strategic planning process, and to create action plans to ensure it can meet future challenges in its operational and financial plan with confidence. Specific strategic initiatives include:

- Focused human resource plans and programs that continue to help the WCB to recruit, develop and retain a capable workforce.
- Continued emphasis on the elimination of work related injuries by the WorkSafe Saskatchewan partnership, and increased collaboration with stakeholders to bring greater attention to the high personal and economic cost of injuries.
- Continued prudent investment strategies to capitalize on expected positive corporate earnings growth in 2013 and thereby improve the WCB's investment performance.
- Cooperation with healthcare providers so that injured workers receive the most appropriate and timely health care services.
- Refinement of our Balanced Scorecard and strategic planning processes.
- Refinement of risk management processes.
- Project management and process improvement initiatives.
- Leveraging the WCB's technology investments in pursuit of strategic and operational objectives.
- Preparing for and implementing legislative changes as a result of Committee of Review recommendations.

Responsibility for Financial Statements

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 cashflows as at December 31, 2012.

Management maintains an extensive system of internal accounting controls to provide reasonable assurance that transactions are accurately recorded on a timely basis, are properly approved 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 December 31, 2012 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 external auditors to report to the Members of the Board 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 his report on the benefits liabilities. The Auditor's Report outlines the scope of their examination and their opinion.

PETER FEDERKO CA
Chief Executive Officer

ANN SCHULTZ CA MBA
Chief Financial Officer

March 6, 2013

Actuarial Certification

To the Board Members of the Saskatchewan Workers' Compensation Board

We have completed an actuarial valuation as at December 31, 2012 of the liabilities for benefits payable in the future under *The Workers' Compensation Act, 1979* (the Act) 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. Where appropriate we made adjustments to the data and model to enable the model to better project future expected experience. In our opinion, the claims data after these adjustments is sufficient and reliable for the purposes of the valuation.

The valuation was based on the provisions of the Act in effect as of December 31, 2012 and reflected the legislated fixed and floating maximum wage rates. The benefits liability includes provision for claims arising in the future in respect of latent occupational diseases only to the extent that such claims have been experienced in the past. It also includes 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 liability.

The actuarial assumptions and methods employed in the valuation represent the best estimate of the Board's future obligations, with an allowance for investment returns on the Board's fund being less than expected, an allowance for claims administration backlogs and changes in emerging data patterns, and an allowance for the floating maximum wage. They are based on the provisions of the Act at the valuation date, 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 liability of $1,005,443,000 represents the actuarial present value at December 31, 2012 of all payments expected to be made in future years in respect of all claims occurring on or before December 31, 2012. In our opinion, the amount of the benefits liability 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 Hewitt

MARK MERVYN
Fellow, Canadian Institute of Actuaries
March 1, 2013

Independent Auditor's Report

To the Members of the Saskatchewan Workers' Compensation Board

We have audited the accompanying financial statements of Saskatchewan Workers' Compensation Board, which comprise the statement of financial position as at December 31, 2012, the statements of operations, changes in funded position and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Workers' Compensation Board as at December 31, 2012, and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Accountants
March 6, 2013
Regina, Canada

As at December 31, 2012

Statement of Financial Position

(Thousands of dollars)

	2012	2011
Assets		
Cash and cash equivalents (note 4)	**$ 78,963**	$ 46,430
Receivables (note 5)	**21,560**	23,685
Investments under security lending program (note 6)	**209,483**	183,872
Investments (note 6)	**1,298,795**	1,194,374
Property, plant and equipment (note 7)	**12,420**	13,198
Other assets (note 8)	**33,132**	35,940
	$ 1,654,353	$ 1,497,499
Liabilities		
Payables and accrued liabilities (note 9)	**$ 35,238**	$ 27,309
Benefits liabilities (note 10)	**1,005,443**	1,013,946
Annuity fund payable (note 11)	**167,722**	166,091
	1,208,403	1,207,346
Funded Position (see accompanying statements)		
Injury Fund	**295,569**	229,316
Reserves (note 12)	**150,381**	60,837
	445,950	290,153
	$ 1,654,353	$ 1,497,499

Contingencies (note 18)
See accompanying notes to financial statements.

Approved by the Board and signed on their behalf on March 6, 2013.

DAVID R. EBERLE
Chairperson

WALTER EBERLE
Board Member

KAREN SMITH
Board Member

Statement of Operations

(Thousands of dollars)

	2012	2011
Revenues		
Premiums (note 13)	**$ 296,215**	$ 281,983
Investment income (note 6)	**127,322**	(33,510)
	423,537	248,473
Expenses		
Claim costs (note 10)	**196,112**	199,663
Administration (Schedule 1)	**45,974**	33,640
Safety and prevention (note 14)	**19,826**	18,186
Annuity fund interest (note 11)	**4,749**	2,785
Legislated obligations (note 15)	**1,079**	1,243
	267,740	255,517
Comprehensive Income (Loss)	**$ 155,797**	$ (7,044)

See accompanying notes to financial statements.

Statement of Changes
in Funded Position

(Thousands of dollars)

	2012	2011
Injury Fund		
Balance, beginning of year	**$ 229,316**	$ 235,921
Comprehensive income(loss)	**155,797**	(7,044)
Appropriation of funds (to)from reserves (note 12)	**(89,544)**	439
Balance, end of year	**295,569**	229,316
Reserves		
Balance, beginning of year	**60,837**	61,276
Appropriation of funds to(from) reserves (note 12)	**89,544**	(439)
Balance, end of year	**150,381**	60,837
Funded Position	**$ 445,950**	$ 290,153

See accompanying notes to financial statements.

Statement of Cash Flows

(Thousands of dollars)

	2012	2011
OPERATING ACTIVITIES		
Cash received from:		
Premiums	**$ 304,646**	$ 283,659
Dividends	**19,382**	21,747
Interest	**17,893**	16,222
	341,921	321,628
Cash paid to:		
Claimants, or third parties on their behalf	**193,259**	204,705
Employees and suppliers, for administrative and other goods and services	**52,907**	45,478
Safety and prevention programs	**19,523**	18,312
Ministry of Labour Relations and Workplace Safety	**1,257**	812
	266,946	269,307
Net cash provided by operating activities	**74,975**	52,321
INVESTING ACTIVITIES		
Cash received from:		
Sale and maturity of investments	**778,536**	1,031,303
Cash paid for:		
Purchase of investments	**815,045**	1,065,697
Purchase of property, plant and equipment	**664**	737
Purchase of other assets	**5,269**	15,842
	820,978	1,082,276
Net cash used in investing activities	**(42,442)**	(50,973)
Increase in cash during the year	**32,533**	1,348
Cash and cash equivalents, beginning of year (note 4)	**46,430**	45,082
Cash and cash equivalents, end of year (note 4)	**$ 78,963**	$ 46,430

See accompanying notes to financial statements.

Notes
To Financial Statements

1. NATURE OF OPERATIONS:

The Saskatchewan Workers' Compensation Board (WCB) operates under the authority of The Workers' Compensation Act, 1979 (the Act) and its purpose is to provide workers' compensation insurance to workers who are injured in the course of their employment.

Though 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. 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, 2012 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 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 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 10), the valuation of receivables (note 5), investments (note 6) and employee future benefits (note 16).

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 comprehensive 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 comprehensive 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. WCB has no financial assets and liabilities designated as available for sale or held to maturity.

WCB has designated its cash and cash equivalents 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.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Investments

All investments are carried at fair value. 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 are determined based on the quoted market price, based on the latest bid prices. The fair value of pooled equity funds are based on the quoted market values of the underlying investments, based on the latest bid prices. The fair value of bonds and debentures are 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.

WCB records its investment purchases and sales on a trade-date basis, being the date when the transactions are entered into.

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 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 WCB in the course of such transactions.

Investment Income

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, Plant and Equipment

Property, plant 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, plant 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 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, 2012 has been determined by estimating future benefits payments in accordance with WCB's administrative policies and practices in effect at December 31, 2012.

Benefits liabilities do not include any provision for payment of claims relating to the Government of Canada, as they are a self-insured employer. Also, no provision has been made for future claims relating to occupational diseases and injuries that are not currently considered to be work-related.

Intangible Assets

Other assets include software development costs. 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 74 and 83 of the Act. Where compensation is paid for a period exceeding twenty-four consecutive months, an additional amount equal to 10% 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 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

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

For the defined benefit plan, the cost of pensions and other retirement benefits earned by employees is determined using the projected benefit method pro rated on service and management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and future pension indexing. The discount rate used to determine the accrued benefit obligation is determined with reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments. For purposes of calculating the expected return on plan assets, those assets are valued at fair value. The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of the plan assets is amortized over the average remaining service life of active employees. Pensions will be increased annually by the lesser of 2.50% or 50% of the Consumer Price Index in the immediately preceding year.

For the defined contribution plan, employee contributions are matched by WCB and expensed in the period made.

Future Accounting Policy Changes

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

Insurance Contracts

IASB issued exposure draft ED/2010/8 Insurance Contracts (the ED) on July 30, 2010. The ED proposes a new standard on accounting for insurance contracts, which would replace IFRS 4, Insurance Contracts. The proposals represent the first comprehensive IFRS accounting model for insurance contracts and are expected to have a significant impact on the financial reporting of insurers such as WCB. The IASB plans to issue a re-exposure document in the first half of 2013, with implementation not expected before 2017.

Employee Benefits

IAS 19, Employee Benefits, was issued by the IASB in September 2011. The revised IAS 19 eliminates the option to defer the recognition of actuarial gains and losses, requires immediate recognition of such gains and losses in other comprehensive income and includes requirements for additional disclosures. IAS 19 is effective for annual periods beginning on or after January 1, 2013. The new standard is expected to result in a $5,687,000 reduction in WCB's Funded Position.

Financial Instruments

IFRS 9, Financial Instruments, was issued in November 2009 and modifies previous standard IAS 39, Financial Instruments: Recognition and Measurement. The new standard requires financial instruments to be measured at either fair value or amortized cost. Under the new standard, the existing categories for available for sale, held to maturity, and loans and receivables will be eliminated.

Equities will have the option to be designated as fair value through other comprehensive income, similar to the current available-for-sale designation, except that realized gains or losses would remain in accumulated other comprehensive income and impairment decisions would not be required. A fair value option (fair value through income, consistent with held for trading) will continue to be available on the condition that accounting mismatches are reduced.

The current standard requires adoption by January 2015, which has been deferred from the original adoption date of January 2013 and early adoption is permitted. WCB is in the process of assessing the impact of IFRS 9 on its financial statements.

Fair Value Measurement

In May 2011, the IASB published IFRS 13, Fair Value Measurement (IFRS 13). IFRS 13 replaces the fair value measurement guidance contained in various standards with a single source of fair value measurement guidance. This standard may impact the measurement of fair value for certain assets and liabilities as well as the associated disclosures.

IFRS 13 is applicable prospectively for annual periods beginning on or after January 1, 2013. Earlier application is permitted with disclosure of that fact. WCB is in the process of assessing the impact of IFRS 13 on its financial statements.

4. CASH AND CASH EQUIVALENTS:

(Thousands of dollars)

	2012	2011
Notes and commercial paper	**$ 77,796**	$ 47,305
Cash in bank, net of outstanding cheques	**1,167**	(875)
	$ 78,963	$ 46,430

The effective interest rates on the notes and commercial paper are 1.0% to 1.3% (2011 - .8% to 1.4%).

5. RECEIVABLES:

(Thousands of dollars)

	2012	2011
Premiums	**$ 13,029**	$ 16,117
Other	**5,875**	5,776
Accrued interest	**3,652**	3,698
Investment proceeds receivable	**2,161**	476
Interprovincial claims	**1,734**	1,501
	26,451	27,568
Allowance for doubtful accounts	**(4,891)**	(3,883)
	$ 21,560	$ 23,685

Premiums receivable includes an estimate of $4,278,000 (2011– $3,194,000) for premium revenue to be assessed when employers submit their final insurable earnings information for 2012. 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.

Investment proceeds receivable represent transactions traded in December, 2012 but not settled until January, 2013.

At the end of the year, receivables of $18,658,000 (2011 – $21,378,000) 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:

(Thousands of dollars)

	2012	2011
BALANCE, beginning of year	**$ 3,883**	$ 4,204
Amounts written off	**(1,889)**	(989)
Current provision	**2,897**	668
BALANCE, end of year	**$ 4,891**	$ 3,883

The aging of receivables is as follows:

(Thousands of dollars)

	2012	2011
Less than 60 days	**$ 13,863**	$ 15,648
61 to 180 days	**3,947**	3,743
181 to 365 days	**848**	1,987
Greater than 1 year	**7,793**	6,190
	$ 26,451	$ 27,568

6. INVESTMENTS AND INVESTMENTS UNDER SECURITY LENDING PROGRAM:

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

(Thousands of dollars)

	2012	2011
Investments		
Bonds and debentures	**$ 365,321**	$ 308,339
Equities	**312,450**	313,407
Pooled equity funds	**336,278**	279,423
Pooled real estate fund	**184,881**	164,314
Pooled mortgage fund	**71,192**	65,720
Short-term holdings	**28,673**	63,171
	1,298,795	1,194,374
Investments under Security Lending Program		
Bonds and debentures	**$ 49,888**	$ 73,320
Equities	**159,595**	108,753
Short-term holdings	**-**	1,799
	209,483	183,872
	$ 1,508,278	$ 1,378,246

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

(i) Bonds and debentures:

(Thousands of dollars)

		2012		2011	
	Term to Maturity In Years	Carrying Value	Average Effective Yield	Carrying Value	Average Effective Yield
Government of Canada Securities					
	1 - 5	**$ 98,432**	**1.52%**	$ 91,786	1.40%
	6 - 10	**14,967**	**2.95%**	12,855	3.48%
	Over 10	**16,060**	**3.53%**	10,167	3.53%
Provincial & Municipal Securities					
	1 - 5	**18,365**	**3.12%**	7,152	1.70%
	6 - 10	**45,434**	**3.96%**	37,191	4.21%
	Over 10	**68,964**	**4.04%**	56,890	5.04%
Corporate Securities					
	Less than 1	**10,041**	**4.78%**	-	-
	1 - 5	**85,842**	**3.80%**	67,564	3.84%
	6 - 10	**19,674**	**4.38%**	57,422	4.47%
	Over 10	**37,430**	**4.76%**	40,632	4.94%
Total		**$ 415,209**		$ 381,659	

(ii) Equities and pooled equity funds:

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.

WCB's equity investments includes foreign equities of $94,040,000 (2011 – $99,641,000).

WCB has an investment in a pooled equity fund for Europe, Asia and the Far East (EAFE) with a carrying value of $99,564,000 (2011 – $82,525,000). WCB also has an investment in a pooled global equity fund with a carrying value of $165,642,000 (2011 – $137,194,000), an investment in a Canadian Equity Small Cap fund with a carrying value of $69,196,000 (2011 – $58,113,000) and an investment in an S&P/TSX Index fund with a carrying value of $1,876,000 (2011 – $1,591,000) .

(iii) Pooled real estate fund:

All of WCB's real estate holdings are in Canadian commercial property. These holdings consist of an investment in a pooled real estate fund with a carrying value of $184,881,000 (2011 – $164,314,000).

(iv) Pooled mortgage fund:

WCB has an investment in a pooled mortgage fund with a carrying value of $71,192,000 (2011 – $65,720,000)

(v) Short-term holdings:

Short-term holdings is comprised of treasury bills, notes and commercial paper with effective interest rates of .9% to 1.2% (2011 – .8% to 1.3%) and average term to maturity of 2.40 months (2011 – 2.30 months).

(vi) Securities lending:

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% of the market value of the securities lent.

At December 31, 2012 WCB had $209,483,000 (2011 – $183,872,000) in equities, bonds and debentures and short term investments on loan to various counterparties. At December 31, 2012 the total amount of collateral pledged to WCB amounted to $219,958,000 (2011 – $193,065,000).

(b) Investment income

Net investment income was derived from the following sources:

(Thousands of dollars)

	2012			2011		
	Realized	**Unrealized**	**Total**	Realized	Unrealized	Total
Cash and cash equivalents	**$ 728**	**$ -**	**$ 728**	$ 564	$ -	$ 564
Bonds and debentures	**19,272**	**(3,525)**	**15,747**	24,803	12,554	37,357
Equities	**8,141**	**29,776**	**37,917**	12,675	(44,633)	(31,958)
Pooled equity funds	**9,173**	**40,896**	**50,069**	10,695	(71,475)	(60,780)
Pooled real estate fund	**10**	**20,567**	**20,577**	19	19,786	19,805
Pooled mortgage fund	**3,075**	**2,397**	**5,472**	2,902	1,855	4,757
Short-term holdings	**594**	**6**	**600**	383	(6)	377
Investment expenses	**(3,788)**	**-**	**(3,788)**	(3,632)	-	(3,632)
	$ 37,205	**$ 90,117**	**$ 127,322**	$ 48,409	$ (81,919)	$ (33,510)

(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.

(Thousands of dollars)

Assets at fair value as at December 31, 2012

	Level 1	Level 2	Level 3	Total
Bonds and debentures	**$ -**	**$ 415,209**	**$ -**	**$ 415,209**
Equities	**472,045**	**-**	**-**	**472,045**
Pooled equity funds	**336,278**	**-**	**-**	**336,278**
Pooled real estate fund	**-**	**184,881**	**-**	**184,881**
Pooled mortgage fund	**-**	**71,192**	**-**	**71,192**
Short-term holdings	**-**	**28,673**	**-**	**28,673**
	$ 808,323	**$ 699,955**	**$ -**	**$ 1,508,278**

Assets at fair value as at December 31, 2011

	Level 1	Level 2	Level 3	Total
Bonds and debentures	$ -	$ 381,659	$ -	$ 381,659
Equities	422,160	-	-	422,160
Pooled equity funds	279,423	-	-	279,423
Pooled real estate fund	-	164,314	-	164,314
Pooled mortgage fund	-	65,720	-	65,720
Short-term holdings	-	64,970	-	64,970
	$ 701,583	$ 676,663	$ -	$ 1,378,246

During the year, no investments were transferred between levels.

(d) Financial risk management

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

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. WCB does not use derivative financial instruments to alter the effects of these market changes and fluctuations.

Equity price risk

WCB is exposed to changes in equity prices in Canadian, U.S, EAFE, and global markets. In the SIP&G, WCB limits its investment concentration in any one investee or related group of investees to 10% of the investee's share capital. In addition, no one holding can represent more than 10% of the fair value of WCB's equity portfolio. Investment in pooled funds shall not exceed 10% 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 comprehensive income based on a 10% change in WCB's benchmark indices at December 31, 2012:

(Thousands of dollars)

Change in Equity Benchmarks	**2012**	2011
S&P/TSX Composite Index	**$ 42,408**	$ 31,769
S&P 500 Index	**11,134**	9,108
MSCI EAFE Index	**10,260**	8,345
World (ex-Canada) Index	**16,564**	13,719
S&P/TSX Small Cap Index	**6,840**	5,172

Interest rate risk

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 1% increase in interest rates would decrease comprehensive income by approximately $26,309,000 at December 31, 2012 (2011 – $23,099,000), representing 6.3% (2011 – 6.1%) of the $415,209,000 (2011 – $381,659,000) fair value of bonds and debentures.

Foreign exchange risk

WCB has certain investments denominated in foreign currencies. During 2012 WCB did not undertake hedging strategies to mitigate currency risk of foreign equities and currency influenced short-term returns. In the SIP&G, WCB limits its holdings in foreign equities to 32% of the investment portfolio. As at December 31, 2012, WCB's holdings in foreign equities and pooled equity funds had a fair value of $359,246,000 (2011 – $319,360,000) representing 22.6% (2011 – 22.4%) of the fair value of the total investment portfolio, including cash equivalents. At December 31, 2012, it is estimated that a 10% appreciation in the Canadian dollar versus the U.S. dollar and the EAFE currencies would result in a decrease in comprehensive income of approximately $19,196,000 (2011 – $31,936,000).

(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. WCB's credit risk arises primarily from cash equivalents, receivables, fixed term investments and the mortgage pooled fund. The maximum credit exposure related to these financial instruments is $615,597,000 (2011 – $582,464,000) 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% to be invested in BBB rated bonds and the remainder of the bonds must be rated A or higher. For cash equivalents, 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% of the market value of the bond investment portfolio. 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 WCB (note 5).

Credit ratings for the bonds and debentures are as follows:

(Thousands of dollars)

	2012		2011	
Credit Rating	**Carrying Value**	**Percent of Portfolio**	Carrying Value	Percent of Portfolio
AAA	**$ 164,074**	**39.5%**	$ 154,766	40.6%
AA	**125,534**	**30.2%**	115,062	30.1%
A	**94,984**	**22.9%**	83,704	21.9%
BBB	**30,617**	**7.4%**	28,127	7.4%
	$ 415,209		$ 381,659	

(iii) Liquidity risk

Liquidity risk is the risk that 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 5 and 9. The cash flow to pay claims benefits is disclosed in note 10 and to pay annuity funds is disclosed in note 11. WCB generally maintains positive cash flows through cash generated from premiums received and from investing activities.

7. PROPERTY, PLANT AND EQUIPMENT:

(Thousands of dollars)

	Land	Buildings	Leasehold Improvements	Office Furnishings	Computer Equipment	2012 Total	2011 Total
Cost							
BALANCE, beginning of year	$ 1,375	$ 14,017	$ 6,098	$ 4,062	$ 2,086	$ 27,638	$ 39,796
Additions during the year	-	-	32	77	581	690	736
Disposals during the year	-	-	(23)	(319)	(416)	(758)	(12,894)
BALANCE, end of year	$ 1,375	$ 14,017	$ 6,107	$ 3,820	$ 2,251	$ 27,570	$ 27,638
Accumulated Amortization							
BALANCE, beginning of year	$ -	$ 6,758	$ 3,016	$ 3,321	$ 1,345	$ 14,440	$ 25,915
Amortization for the year	-	350	405	125	588	1,468	1,419
Disposals during the year	-	-	(23)	(319)	(416)	(758)	(12,894)
BALANCE, end of year	$ -	$ 7,108	$ 3,398	$ 3,127	$ 1,517	$ 15,150	$ 14,440
2012 Net Book Value	$ 1,375	$ 6,909	$ 2,709	$ 693	$ 734	$ 12,420	$ 13,198

8. OTHER ASSETS:

(Thousands of dollars)

	2012	2011
Intangible assets	$ 32,492	$ 32,312
Net accrued pension benefit asset (note 16)	274	3,179
Prepaid expenses	366	449
	$ 33,132	$ 35,940

Intangible Assets

Intangible assets are comprised of the following:

(Thousands of dollars)

	Cost	Accumulated Amortization	2012 Net Book Value	2011 Net Book Value
System development				
BALANCE, beginning of year	$ 58,606	$ (26,294)	$ 32,312	$ 17,138
Additions during the year	4,689	-	4,689	16,769
Amortization for the year	-	(4,509)	(4,509)	(1,595)
Disposals during the year	(685)	685	-	-
BALANCE, end of year	$ 62,610	$ (30,118)	$ 32,492	$ 32,312

During the year, $4,689,000 (2011 – $16,769,000) of internally generated system development costs were capitalized.

9. PAYABLES AND ACCRUED LIABILITIES:

(Thousands of dollars)

	2012	2011
Occupational Health & Safety	$ 9,477	$ 9,174
Premium refunds	6,948	5,322
Employee benefits liability	5,892	6,133
Other	10,284	5,370
Accrued investment purchases	1,674	346
Worker's Advocate	963	964
	$ 35,238	$ 27,309

At the end of the year, payables and accrued liabilities of $35,053,000 (2011 – $27,152,000) were due within one year.

10. 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, 2012 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 5.75% 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.

	2012	2011
Inflation	**2.50%**	2.50%
Expected future growth in gross wages	**3.50%**	3.50%
Expected future increase in health care costs	**7.00%**	7.00%
Discount rate	**5.75%**	5.75%

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

(Thousands of dollars)

	Short-Term Disability	Long-Term Disability	Survivor Benefits	Health Care	Vocational Rehabilitation	Future Benefits Administration	2012 Total	2011 Total
BALANCE, beginning of year	$127,271	$427,683	$79,572	$299,790	$29,558	$50,072	$1,013,946	$1,021,265
ADD:								
Claim costs incurred:								
Current year injuries	61,558	22,176	9,251	72,588	3,025	9,962	178,560	173,351
Prior years' injuries	7,534	7,075	(11)	3,491	(1,437)	900	17,552	26,312
	69,092	29,251	9,240	76,079	1,588	10,862	196,112	199,663
DEDUCT:								
Claim payments made:								
Current year injuries	23,587	624	964	24,601	92	3,108	52,976	54,821
Prior years' injuries	41,760	43,320	9,401	45,933	3,279	7,946	151,639	152,161
	65,347	43,944	10,365	70,534	3,371	11,054	204,615	206,982
BALANCE, end of year	$131,016	$412,990	$78,447	$305,335	$27,775	$49,880	$1,005,443	$1,013,946

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)

2013	$ 155,693
2014 - 2017	325,478
2018 - 2022	228,203
2023 - 2027	128,047
2028 - 2032	71,981
2033 - 2037	42,044
2038 and beyond	53,997
	$ 1,005,443

The following is a reconciliation of the benefits liabilities:

(Thousands of dollars)

	2012	2011
BALANCE, beginning of year	**$1,013,946**	$ 1,021,265
ADD:		
Provision for current year injuries	**178,560**	173,351
Provision for prior years' injuries		
Interest allocated	**53,942**	54,349
Prior years' claim cost experience lower than expected	**(22,318)**	(30,874)
Effect of actual cost of living adjustment (lower) higher than expected	**(14,072)**	2,837
	196,112	199,663
DEDUCT:		
Benefit payments	**193,561**	195,790
Claim adjudication expense	**11,054**	11,192
	204,615	206,982
BALANCE, end of year	**$1,005,443**	$ 1,013,946

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.

(Thousands of dollars)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	**2012**
End of year	$ -	-	214,614	213,064	200,692	211,823	201,539	188,909	183,712	$180,061
One year later	-	217,864	215,455	219,786	212,752	212,485	202,163	186,380	180,356	
Two years later	229,081	220,785	211,961	221,897	212,111	212,240	195,602	180,909		
Three years later	234,433	217,529	206,283	221,746	208,744	212,498	191,093			
Four years later	232,571	213,798	202,568	219,288	206,727	211,727				
Five years later	226,254	212,504	196,106	214,948	204,352					
Six years later	222,567	206,664	192,649	212,662						
Seven years later	221,218	204,394	191,077							
Eight years later	218,671	203,717								
Nine years later	216,678									
Current year estimated claims	216,678	203,717	191,077	212,662	204,352	211,727	191,093	180,909	180,356	180,061
Cumulative payments	(180,532)	(166,548)	(153,345)	(167,952)	(158,105)	(158,322)	(135,163)	(120,969)	(106,040)	(54,479)
Benefits liabilities	$ 36,146	37,169	37,732	44,710	46,247	53,405	55,930	59,940	74,316	$125,582
Post 2002 benefits liabilities										$571,177
Pre-2003 benefits liabilities										434,266
Total benefits liabilities										$1,005,443

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 discount rate of 5.75 per cent. The approximate impact of a 1.0 per cent decrease in the discount rate results in a $77,595,000 increase in the benefits liabilities.

The Maximum Wage Rate is $55,000 per year. If the Maximum Wage Rate increased annually based on the increase in the Provincial Average Wage, the benefits liabilities would increase by approximately $76,000,000.

A 1.0 per cent increase in inflation rates for general prices, wages and health care costs (while holding the assumed investment return constant), results in a $56,822,000 increase in the benefits liabilities.

Health Care benefits liabilities are calculated assuming a future rate of escalation of health care costs of 7.0 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 $17,844,000.

Calculation of the benefits liabilities for the loss of earnings benefit utilizes WCB's injured worker claim termination experience. A flat reduction of 5.0 per cent in these termination rates would increase benefits liabilities by approximately $8,883,000.

Calculation of the benefits liabilities for long-term disability and survivor benefits was based on Saskatchewan mortality experience. A flat reduction of 5.0 per cent in these mortality rates would increase benefits liabilities by approximately $990,000.

Insurance Risk Management

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, WCBs effectiveness in managing claims and determining premium rates, and changes in coverage from amendments to the Act. 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. 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.

11. ANNUITY FUND PAYABLE:

(Thousands of dollars)

	2012	2011
BALANCE, beginning of year	**$ 166,091**	$ 165,106
ADD: Contributions		
Principal	**5,265**	5,728
Interest	**4,749**	2,785
	10,014	8,513
DEDUCT: Payouts		
Principal	**3,796**	3,532
Interest	**4,587**	3,996
	8,383	7,528
BALANCE, end of year	**$ 167,722**	$ 166,091

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, 2012.

(Thousands of dollars)

2013	$ 8,052
2014 - 2017	33,767
2018 - 2022	46,043
2023 - 2027	42,052
2028 - 2032	21,006
2033 - 2037	9,584
2038 and beyond	7,218
	$ 167,722

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

12. RESERVES:

(Thousands of dollars)

	Disaster Reserve	Occupational Disease Reserve	Second Injury & Re-employment	New Act Reserve	2012 Total	2011 Total
BALANCE, beginning of year	**$ 20,279**	**$ 30,418**	**$ 10,140**	**$ -**	**$ 60,837**	$ 61,276
Appropriation from (to) Injury Fund	**(170)**	**9,800**	**(86)**	**80,000**	**89,544**	(439)
Appropriation to fund cost relief for employers	**10,817**	**1,097**	**13,597**	**-**	**25,511**	28,907
Allocations for cost relief for employers	**(10,817)**	**(1,097)**	**(13,597)**	**-**	**(25,511)**	(28,907)
BALANCE, end of year	**$ 20,109**	**$ 40,218**	**$ 10,054**	**$ 80,000**	**$ 150,381**	$ 60,837

To maintain a funded status that is consistent with the statutory requirements of the Act, WCB has a funding policy that determines the extent of reserves to be held. The current funding policy, revised in 2012, 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.

(b) The Occupational Disease Reserve will cover costs that may arise from latent occupational diseases where exposure today may result in the establishment of a future claim. In 2012, the funding policy increased from a rate of three per cent to four per cent of benefits liabilities for this reserve.

(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.

(d) The New Act Reserve was established in 2012 for estimated additional costs for existing claims as a result of the proposed legislative changes to the Workers Compensation Act. The changes to the Act include annual increases in the Maximum Insurable Wage Rate for existing claims based on the increase in the Provincial Average Wage.

13. PREMIUMS:

(Thousands of dollars)

	2012	2011
Premiums	**$ 298,823**	$ 282,633
Experience Rating Program – discounts	**(26,675)**	(24,493)
Experience Rating Program – surcharges	**24,027**	23,336
Other premium related income	**40**	507
	$ 296,215	$ 281,983

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 WCB. The Government reimburses 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 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 2012 were $4,568,000 (2011 – $5,843,000).

14. SAFETY AND PREVENTION:

(Thousands of dollars)

		2012		2011
Occupational Health & Safety	**$**	**9,477**	$	9,173
Safety Associations		**8,931**		7,662
WorkSafe Saskatchewan		**1,418**		1,351
	$	**19,826**	$	18,186

Section 117(g) of the Act allows WCB to expend monies for the cost of administration of the industrial safety program.

WCB levies an additional premium on certain industry groups to collect funds which are used to fund the safety associations representing those industries. In 2012, 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 Enform.

15. LEGISLATED OBLIGATIONS:

(Thousands of dollars)

		2012		2011
Worker's Advocate	**$**	**963**	$	964
Committee of Review		**116**		279
	$	**1,079**	$	1,243

Section 117(h) and (i) of the Act allows 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.

16. EMPLOYEE FUTURE BENEFITS:

WCB sponsors defined benefit and defined contribution pension arrangements covering all employees. For the defined benefit pension plan the WCB uses actuarial reports prepared by an independent actuary for accounting purposes. The net defined benefit plan expense is based on an extrapolation of the results in the most recent actuarial valuation of the pension plan as at December 31, 2009. The following significant actuarial assumptions were employed to determine the net benefit plan expense and accrued benefit obligations:

	2012	2011
Expected long-term rate of return on plan assets	**3.75%**	4.25%
Discount rate	**3.75%**	4.25%
Average rate of compensation increase	**3.25%**	3.25%
Average remaining service period	**1 year**	1 year
Inflation	**2.50%**	2.25%

Net benefit plan expense is included in salaries and employee benefits in Schedule 1 and is as follows:

(Thousands of dollars)

	2012	2011
Current service cost	**$ 108**	$ 89
Interest cost	**1,608**	1,594
Expected return on plan assets	**(1,460)**	(1,590)
Amortization of net actuarial loss	**2,719**	-
Net benefit plan expense	**$ 2,975**	$ 93

Information about WCB's defined benefit pension plan is as follows:

(Thousands of dollars)

	2012	2011
Accrued benefit obligation		
Accrued benefit obligation, beginning of year	**$ 36,781**	$ 36,354
Current service cost - employer share	**108**	89
Current service cost - employee share	**9**	26
Interest cost	**1,608**	1,594
Change in actuarial assumptions	**2,930**	803
Benefits paid	**(2,339)**	(2,085)
Accrued benefit obligation, end of year	**$ 39,097**	$ 36,781
Plan assets		
Fair value of plan assets, beginning of year	**$ 33,563**	$ 36,322
Expected return on plan assets	**1,460**	1,590
Employer contributions	**70**	71
Employee contributions	**9**	26
Benefits paid	**(2,339)**	(2,085)
Actuarial gain (loss)	**921**	(2,361)
Fair value of plan assets, end of year	**$ 33,684**	$ 33,563
Plan deficit	**$ (5,413)**	$ (3,218)
Unamortized net actuarial loss	**5,687**	6,397
Net accrued pension benefit asset (note 8)	**$ 274**	$ 3,179

The asset allocation of the defined benefit pension plan assets is as follows:

(Thousands of dollars)

		Percent of Plan Assets	
Asset Category	**Target Range**	**2012**	**2011**
Short-term investments	0 – 30%	**5%**	7%
Bonds and debentures	30 – 60%	**43%**	42%
Canadian equities	15 – 35%	**26%**	24%
Foreign equities	15 – 35%	**26%**	27%
Mortgages	0 – 5%	**0%**	0%

WCB also has employees who are members of a defined contribution plan. WCB's financial liability is limited to matching employee contributions of seven and one quarter per cent to the plan. During the year, WCB incurred costs of $2,107,000 (2011 – $2,104,000) related to its defined contribution plan.

17. 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 prevailing market prices under normal trade terms. 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:

Key management personnel is made up of 10 people (2011 – eight people) and includes the Chairman of the Board, two board members, the Chief Executive Officer, the Chief Financial Officer, and five members of the senior executive group.

(Thousands of dollars)

	2012	2011
Salaries and other short-term benefits	**$ 2,055**	$ 1,891
Contributions to defined contribution pension plan	**95**	82
	$ 2,150	$ 1,973

18. CONTINGENCIES:

Due to the size, complexity and nature of 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 WCB's financial position or results of operations.

19. CAPITAL MANAGEMENT:

WCB's objectives when managing capital are to build a Funded Position that supports the long-term financial stability of 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 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 5% to 20% of Benefits Liabilities.

WCB monitors its funded status on the basis of its Funding Percentage. Based on the funding policy, the Funding Percentage is calculated as the Benefits Liabilities 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.

The Funding Percentages at December 31 were as follows:

(Thousands of dollars)

	2012	2011
Injury Fund	**$ 295,569**	$ 229,316
Unrealized gains on investments	**(126,821)**	(36,705)
	$ 168,748	$ 192,611
Benefits Liabilities	**$ 1,005,443**	$ 1,013,946
Injury Fund as a percentage of Benefits Liabilities	**16.8%**	19.0%
Funding Percentage	**116.8%**	119.0%

20. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES:

The fair value of financial assets and liabilities other than investments (note 6), benefits liabilities (note 10), and annuity fund payable (note 11) approximates carrying value due to their immediate or short term nature.

21. COMPARATIVE FIGURES:

Certain 2011 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Schedule 1 —
Administration Expenses

(Thousands of dollars)

	2012	2011
Salaries and employee benefits	**$ 42,228**	$ 35,728
Amortization (note 7 & 8)	**5,977**	3,014
Computer services	**3,632**	1,398
Building operations	**1,609**	1,709
Consulting services	**1,540**	877
Communications and postage	**937**	1,036
Printing and office expenses	**815**	603
Office rental	**640**	648
Travel and automobile expenses	**606**	657
Professional services	**401**	460
Community relations	**146**	130
Market research	**88**	111
Advertising	**36**	58
Miscellaneous	**38**	69
	58,693	46,498
Less:		
Fees charged to self-insurers	**1,665**	1,666
	57,028	44,832
Less:		
Administration costs charged to Future Benefits Administration (note 10)	**11,054**	11,192
	$ 45,974	$ 33,640

Exhibit 1

Statement of Investments (unaudited)

(Thousands of dollars)

Security	Par Value	Carrying Value
Discount Notes and Treasury Bills		
(maturity greater than 90 days)	$ 28,800	$ 28,673
Government of Canada	46,736	50,959
Canada Housing Trust	74,012	75,287
Canada Post Corp.	1,159	1,455
Ontario Infrastructure	1,560	1,758
55 School Board Trust	1,047	1,342
Municipal Finance Authority	11,036	12,492
Province of Alberta	10,539	10,584
Province of British Columbia	16,127	19,827
Province of Manitoba	12,253	13,787
Province of New Brunswick	2,020	2,344
Province of Newfoundland & Labrador	3,581	4,351
Province of Nova Scotia	6,234	7,404
Province of Ontario	17,198	20,639
Province of Quebec	13,490	16,957
Province of Saskatchewan	8,955	11,516
Alberta Capital Fin Authority	2,948	3,419
Hydro-Quebec	5,119	8,101
407 International	4,647	5,103
Alliance Pipeline	1,162	1,417
Bank of Montreal	9,803	9,782
Bank of Nova Scotia	14,323	14,876
BC Ferry Services Inc.	2,420	2,741
Bell Canada	5,242	5,686
Canadian Imperial Bank of Commerce	13,645	14,153
CU Inc.	1,470	1,466
Enbridge Pipelines Inc.	2,304	2,817
Enersource Corp.	1,351	1,671
Epcore Utilities	5,999	7,488
Finning Int'l Inc.	2,483	2,763
Greater Toronto Airports Auth.	4,279	5,096
Great-West Lifeco Inc.	4,886	5,852
Honda Canada Finance Inc.	2,067	2,093
Hydro One Inc.	1,564	1,697
Inter Pipeline Fund	2,553	2,859
John Deere Capital Corp.	2,615	2,767
Metropolitan Life Global Fund	3,134	3,221
National Bank of Canada	5,355	5,522
Plenary Health Bridgepoint LP	867	1,219
PSP Capital Inc.	5,060	5,210
Rogers Communications Inc.	3,392	4,070
Royal Bank of Canada	14,182	14,697
Royal Office Finance	4,014	4,669
Shoppers Drug Mart Corp.	1,191	1,208
Sun Life Financial	1,773	1,857
TCHC Issuer Trust	2,537	3,013
Telus Corp.	3,012	3,278
Terasen Gas	1,175	1,555
Thompson Reuters	3,969	4,340
Toronto Dominion Bank	840	868
Transcanada Pipelines Ltd.	1,170	1,718
Wells Fargo Financial Canada Corp.	6,029	6,215
Templeton Global Equity Trust		165,642
Greystone EAFE Plus Fund		99,564
Greystone Canadian Equity Small Cap Fund		69,196
IShares S&P/TSX 60 Index Fund		1,876
Greystone Mortgage Fund		71,192
Greystone Real Estate Fund Inc.		184,881
Agnico-Eagle Mines Ltd.		8,670
Agrium Inc.		10,944

(Thousands of dollars)

Security	Par Value	Carrying Value
Alimentation Couche-Tard Inc.		4,943
ARC Resources Ltd.		8,684
Bank of Montreal		19,232
Bank of Nova Scotia		22,276
Baytex Energy Trust		4,872
Boardwalk Real Estate Investment Trust		3,788
Brookfield Asset Management Inc.		6,673
CAE Inc.		978
Canadian National Railway Co.		14,673
Canadian Tire Corp.		6,601
Catamaran Corporation		7,000
CGI Group Inc.		8,766
Crescent Point Energy Corp.		7,804
Dollarama Inc.		6,082
Eldorado Gold Corp.		5,106
Enbridge Inc.		15,258
Finning Int'l Inc.		7,729
First Majestic Silver Corp.		4,038
Goldcorp Inc.		11,331
Husky Energy Inc.		4,861
Intact Financial Corp.		10,222
Magna International Inc.		10,554
Manulife Financial Corp.		12,444
MEG Energy Corp.		5,825
Metro Inc.		6,331
National Bank of Canada		13,412
Open Text Corporation		5,538
Peyto Exploration & Development Corp.		6,062
Precision Drilling Corporation		4,030
Saputo Inc.		8,413
Sino-Forest Corp.		142
Suncor Energy Inc.		18,965
Teck Resources Limited		9,986
Tim Hortons Inc.		4,881
Toronto Dominion Bank		30,423
Transcanada Corp.		13,550
Valeant Pharmaceutical Int'l Inc.		10,057
Vermilion Energy Inc.		5,612
Yamana Gold Inc.		11,248
Accenture plc.		1,484
Aflac Inc.		2,996
Altria Group, Inc.		2,656
American Tower Corporation		2,118
AmerisourceBergen Corporation		2,438
Apple Inc.		4,550
BorgWarner Inc.		1,761
Celgene Corp.		1,399
Check Point Software Technologies Ltd.		969
Chevron Corp.		3,824
Church & Dwight Co., Inc.		1,888
Cisco Systems, Inc.		1,519
Covidien plc		1,418
CVS Caremark Corporation		3,023
Express Scripts Holding Co.		2,179
Fossil, Inc.		1,095
Franklin Resources Inc.		2,293
General Mills		1,930
Google Inc.		1,888
Halliburton Company		1,835
Home Depot, Inc.		2,345
Honeywell International Inc.		2,759

(Thousands of dollars)

Security	Par Value	Carrying Value
Intel Corp.		1,987
IntercontinentalExchange, Inc.		1,751
International Business Machines Corp.		2,446
ITC Holdings Corp.		1,596
JPMorgan Chase & Co.		3,131
Marathon Petroleum Corporation		1,254
MasterCard Incorporated		1,542
Mead Johnson Nutrition Company		1,869
National-Oilwell Varco, Inc.		2,009
NextEra Energy, Inc.		2,340
Occidental Pete Corp.		1,446
Oracle Corp.		1,757
Pfizer Inc.		2,269
Praxair Inc.		2,711
Priceline.com inc		1,695
Qualcomm Inc.		2,090
Sherwin Williams Co.		1,463
TJX Companies, Inc.		2,285
Union Pacific Corporation		2,670
UnitedHealth Group Inc.		1,361
US Bancorp		2,707
Viacom Inc.		1,184
Yum! Brands, Inc.		2,111
	$ 403,327	$ 1,508,278

(Thousands of dollars)

Security	Par Value	Carrying Value
Discount Notes and Treasury Bills		
(maturity greater than 90 days)	$ 28,800	$ 28,673
Government of Canada Bonds	123,467	129,459
Provincial & Municipal Government Bonds	110,547	132,763
Corporate Bonds	140,513	152,987
	374,527	415,209
Templeton Global Equity Trust		165,642
Greystone EAFE Plus Fund		99,564
Greystone Canadian Equity Small Cap Fund		69,196
iShares S&P/TSX 60 Index Fund		1,876
Greystone Mortgage Fund		71,192
Greystone Real Estate Fund Inc.		184,881
Canadian Equities		378,004
Foreign Equities		94,041
		1,064,396
	$ 403,327	$ 1,508,278

Exhibit 2

Statement of Long-term Investment Dispositions (unaudited)

(Thousands of dollars)

Interest Rate %	Security	Maturity Date	Proceeds
	Discount Notes and Treasury Bills		
	(classified as long term investments)		$ 295,868
4.990	407 International	June 16, 2020	891
	Accenture plc.	U.S. Equity	1,287
	Aflac Inc.	U.S. Equity	414
	Agrium Inc.	Canadian Equity	522
7.181	Alliance Pipeline	June 30, 2023	19
	Altria Group, Inc.	U.S. Equity	512
	American Tower Corporation	U.S. Equity	74
	AmerisourceBergen Corporation	U.S. Equity	724
	Apple Inc.	U.S. Equity	2,809
	ARC Resources Ltd.	Canadian Equity	398
2.960	Bank of Montreal	August 2, 2016	2,649
FR	Bank of Montreal	July 8, 2021	4,765
	Bank of Montreal	Canadian Equity	875
FR	Bank of Nova Scotia	March 27, 2018	3,197
	Bank of Nova Scotia	Canadian Equity	982
	Baytex Energy Trust	Canadian Equity	1,864
4.950	Bell Canada	May 19, 2021	1,293
	BlackPearl Resources Inc.	Canadian Equity	2,276
	Boardwalk Real Estate Investment Trust	Canadian Equity	70
	BorgWarner Inc.	U.S. Equity	977
3.240	Cadillac Fairview Finance Trust	January 25, 2016	3,970
4.310	Cadillac Fairview Finance Trust	January 25, 2021	1,589
	CAE Inc.	Canadian Equity	3,115
	Cameco Corporation	Canadian Equity	4,438
2.750	Canada Housing Trust	June 15, 2016	4,465
3.150	Canada Housing Trust	March 15, 2015	12,447
3.750	Canada Housing Trust	March 15, 2020	6,917
3.800	Canada Housing Trust	June 15, 2021	5,809
4.100	Canada Housing Trust	December 15, 2018	3,953
FR	Canada Housing Trust	March 15, 2016	19,984
FR	Canada Housing Trust	September 15, 2016	23,679
FR	Canadian Imperial Bank of Commerce	June 6, 2018	2,145
	Canadian National Railway Co.	Canadian Equity	683
	Canadian Natural Resources Ltd.	Canadian Equity	13,876
	Canadian Tire Corp.	Canadian Equity	315
	Catamaran Corporation	Canadian Equity	125
	Celestica Inc.	Canadian Equity	3,062
	Celgene Corp.	U.S. Equity	524
	CGI Group Inc.	Canadian Equity	1,112
	Check Point Software Technologies Ltd.	U.S. Equity	1,888
	Chevron Corp.	U.S. Equity	703
	Church & Dwight Co., Inc.	U.S. Equity	725
	Cooper Industries plc	U.S. Equity	2,199
	Covidien plc	U.S. Equity	38
	Crescent Point Energy Corp.	Canadian Equity	2,185
4.543	CU Inc.	October 24, 2041	1,412
	CVS Caremark Corporation	U.S. Equity	116
	Dollarama Inc.	Canadian Equity	1,170
	Eldorado Gold Corp.	Canadian Equity	2,490
	Eli Lilly and Company	U.S. Equity	2,037
	Enbridge Inc.	Canadian Equity	580
5.650	Epcore Utilities	November 16, 2035	1,221
6.650	Epcore Utilities	April 15, 2038	324
	Express Scripts Holding Co.	U.S. Equity	91
	Express Scripts, Inc.	U.S. Equity	293
	Finning Int'l Inc.	Canadian Equity	2,316
	First Majestic Silver Corp.	Canadian Equity	192
	Fossil, Inc.	U.S. Equity	1,545

(Thousands of dollars)

Interest Rate %	Security	Maturity Date	Proceeds
	Franklin Resources Inc.	U.S. Equity	716
	Freeport-McMoRan Copper & Gold Inc.	U.S. Equity	1,877
4.550	GE Capital, Canada	January 17, 2017	2,371
4.600	GE Capital, Canada	January 26, 2022	2,133
5.730	GE Capital, Canada	October 22, 2037	1,979
	Gildan Activewear Inc.	Canadian Equity	851
	Goldcorp Inc.	Canadian Equity	3,860
	Google Inc.	U.S. Equity	1,332
0.750	Government of Canada	May 1, 2014	14,243
1.500	Government of Canada	November 1, 2013	25,127
1.500	Government of Canada	March 1, 2017	1,753
2.000	Government of Canada	June 1, 2016	7,318
2.750	Government of Canada	June 1, 2022	20,152
3.250	Government of Canada	June 1, 2021	13,730
3.500	Government of Canada	June 1, 2020	4,117
4.000	Government of Canada	June 1, 2017	1,710
4.000	Government of Canada	June 1, 2041	13,291
4.250	Government of Canada	June 1, 2018	9,299
5.000	Government of Canada	June 1, 2037	717
5.260	Greater Toronto Airports Auth.	April 17, 2018	883
4.650	Great-West Lifeco Inc.	August 13, 2020	2,602
	Greystone EAFE Plus Fund	Pooled Fund	3,670
	Halliburton Company	U.S. Equity	1,522
	Home Depot, Inc.	U.S. Equity	252
	Honeywell International Inc.	U.S. Equity	499
	IGM Financial Inc.	Canadian Equity	3,258
	Intact Financial Corp.	Canadian Equity	456
	Intel Corp.	U.S. Equity	869
3.839	Inter Pipeline Fund	June 30, 2018	1,371
	IntercontinentalExchange, Inc.	U.S. Equity	355
	International Business Machines Corp.	U.S. Equity	496
	iShares S&P/TSX 60 Index Fund	Pooled Fund	1,769
	ITC Holdings Corp.	U.S. Equity	266
	JPMorgan Chase & Co.	U.S. Equity	472
	Kinross Gold Corporation	Canadian Equity	7,555
	MacDonald, Dettwiler and Associates Ltd.	Canadian Equity	1,652
	Magna International Inc.	Canadian Equity	1,320
	Manulife Financial Corp.	Canadian Equity	2,321
	MasterCard Incorporated	U.S. Equity	1,836
	McDonald's Corp.	Canadian Equity	2,725
	Mead Johnson Nutrition Company	U.S. Equity	944
	Medco Health Solutions, Inc.	U.S. Equity	1,052
	MEG Energy Corp.	Canadian Equity	611
	Metro Inc.	Canadian Equity	2,468
	Mosaic Company, The	U.S. Equity	965
3.261	National Bank of Canada	April 11, 2022	1,173
4.700	National Bank of Canada	November 2, 2020	1,226
	National Bank of Canada	Canadian Equity	621
	National-Oilwell Varco, Inc.	U.S. Equity	567
	Nexen Inc.	Canadian Equity	10,319
	Occidental Pete Corp.	U.S. Equity	349
	Open Text Corporation	Canadian Equity	700
	Oracle Corp.	U.S. Equity	854
5.727	Ornge Issuer Trust	June 11, 2034	2,463
	Parker-Hannifin Corporation	U.S. Equity	1,589
4.890	Pembina Pipeline Corporation	March 29, 2021	1,019
	Pfizer Inc.	U.S. Equity	907
	Potash Corp of Saskatchewan Inc.	Canadian Equity	10,909
	Praxair Inc.	U.S. Equity	539
	Precision Drilling Corporation	Canadian Equity	462

(Thousands of dollars)

Interest Rate %	Security	Maturity Date	Proceeds
	Priceline.com inc	U.S. Equity	1,055
3.250	Province of British Columbia	December 18, 2021	2,580
6.350	Province of British Columbia	June 18, 2031	6,757
2.050	Province of Manitoba	December 1, 2016	3,832
3.850	Province of Manitoba	December 1, 2021	2,427
4.100	Province of Manitoba	March 5, 2041	1,469
4.150	Province of Manitoba	June 3, 2020	4,199
3.350	Province of New Brunswick	December 3, 2021	4,915
4.500	Province of New Brunswick	June 2, 2020	1,682
4.100	Province of Nova Scotia	June 1, 2021	1,482
4.700	Province of Nova Scotia	June 1, 2041	2,871
4.000	Province of Ontario	June 2, 2021	2,740
4.200	Province of Ontario	June 2, 2020	1,825
4.650	Province of Ontario	June 2, 2041	903
6.200	Province of Ontario	June 2, 2031	4,958
4.250	Province of Quebec	December 1, 2021	3,641
4.250	Province of Quebec	December 1, 2043	5,078
5.000	Province of Quebec	December 1, 2015	4,760
6.400	Province of Saskatchewan	September 5, 2031	633
4.570	PSP Capital Inc.	December 9, 2013	3,342
	Qualcomm Inc.	U.S. Equity	75
4.700	Rogers Communications Inc.	September 29, 2020	803
6.110	Rogers Communications Inc.	August 25, 2040	615
	Rogers Communications Inc.	Canadian Equity	8,228
5.209	Royal Office Finance	November 12, 2032	1,795
	Saputo Inc.	Canadian Equity	351
	Semafo Inc.	Canadian Equity	3,018
5.590	Sun Life Financial	January 30, 2023	1,601
	Suncor Energy Inc.	Canadian Equity	3,114
	Teck Resources Limited	Canadian Equity	304
5.050	Telus Corp.	December 4, 2019	3,904
4.200	Tim Hortons Inc.	June 1, 2017	754
	Tim Hortons Inc.	Canadian Equity	2,974
	TJX Companies, Inc.	U.S. Equity	1,396

(Thousands of dollars)

Interest Rate %	Security	Maturity Date	Proceeds
2.948	Toronto Dominion Bank	August 2, 2016	2,683
5.382	Toronto Dominion Bank	November 1, 2017	1,777
5.480	Toronto Dominion Bank	April 2, 2020	2,054
FR	Toronto Dominion Bank	November 2, 2020	749
	Toronto Dominion Bank	Canadian Equity	1,411
	Transcanada Corp.	Canadian Equity	2,457
	Trican Well Service Ltd.	Canadian Equity	3,571
	Union Pacific Corporation	U.S. Equity	1,197
	UnitedHealth Group Inc.	U.S. Equity	2,053
	US Bancorp	U.S. Equity	526
	Valeant Pharmaceutical Int'l Inc.	Canadian Equity	2,615
	Vermilion Energy Inc.	Canadian Equity	243
	Viacom Inc.	U.S. Equity	1,871
	W.W. Grainger, Inc.	U.S. Equity	1,295
	Wal-Mart Stores, Inc.	U.S. Equity	2,440
2.774	Wells Fargo Financial Canada Corp.	February 9, 2017	466
	Yamana Gold Inc.	Canadian Equity	2,765
	Yum! Brands, Inc.	U.S. Equity	1,304
			$780,219

Exhibit 3

Statement of Long-term Investment Acquisitions (unaudited)

(Thousands of dollars)

Interest Rate %	Security	Maturity Date	Par Value	Purchase Value
	Discount Notes and Treasury Bills			
	(classified as long term investments)			$ 259,566
4.990	407 International	June 16, 2020	588	681
	Accenture plc.	U.S. Equity		29
	Aflac Inc.	U.S. Equity		529
	Agnico-Eagle Mines Ltd.	Canadian Equity		8,794
	Agrium Inc.	Canadian Equity		1,166
	Alimentation Couche-Tard Inc.	Canadian Equity		4,958
	Altria Group, Inc.	U.S. Equity		51
	American Tower Corporation	U.S. Equity		1,895
	AmerisourceBergen Corporation	U.S. Equity		50
	Apple Inc.	U.S. Equity		336
	ARC Resources Ltd.	Canadian Equity		9,089
1.890	Bank of Montreal	October 5, 2015	5,107	5,107
2.240	Bank of Montreal	December 11, 2017	4,696	4,695
	Bank of Montreal	Canadian Equity		3,410
2.250	Bank of Nova Scotia	May 8, 2015	1,721	1,721
FR	Bank of Nova Scotia	April 15, 2019	3,070	3,202
	Bank of Nova Scotia	Canadian Equity		2,985
	Baytex Energy Trust	Canadian Equity		725
4.400	Bell Canada	March 16, 2018	184	198
4.850	Bell Canada	June 30, 2014	1,639	1,729
4.950	Bell Canada	May 19, 2021	1,130	1,241
	BlackPearl Resources Inc.	Canadian Equity		68
	Boardwalk Real Estate Investment Trust	Canadian Equity		3,861
	BorgWarner Inc.	U.S. Equity		518
	Brookfield Asset Management Inc.	Canadian Equity		6,459
3.240	Cadillac Fairview Finance Trust	January 25, 2016	732	762
	CAE Inc.	Canadian Equity		406
	Cameco Corporation	Canadian Equity		5,350
2.750	Canada Housing Trust	June 15, 2016	11,624	12,087
3.150	Canada Housing Trust	March 15, 2015	11,883	12,491
3.800	Canada Housing Trust	June 15, 2021	9,917	11,101
4.100	Canada Housing Trust	December 15, 2018	3,530	3,976
FR	Canada Housing Trust	September 15, 2016	11,043	11,043
FR	Canada Housing Trust	September 15, 2017	22,814	22,825
3.300	Canadian Imperial Bank of Commerce	November 19, 2014	2,078	2,141
3.400	Canadian Imperial Bank of Commerce	January 14, 2016	1,550	1,615
	Canadian National Railway Co.	Canadian Equity		3,958
	Canadian Natural Resources Ltd.	Canadian Equity		3,809
	Canadian Tire Corp.	Canadian Equity		1,818
	Catamaran Corporation	Canadian Equity		6,884
	Celestica Inc.	Canadian Equity		324
	Celgene Corp.	U.S. Equity		1,876
	CGI Group Inc.	Canadian Equity		1,266
	Check Point Software Technologies Ltd.	U.S. Equity		504
	Chevron Corp.	U.S. Equity		309
	Church & Dwight Co., Inc.	U.S. Equity		38
	Cisco Systems, Inc.	U.S. Equity		1,545
	Covidien plc	U.S. Equity		1,392
	Crescent Point Energy Corp.	Canadian Equity		2,383
3.805	CU Inc.	September 10, 2042	1,470	1,470
	CVS Caremark Corporation	U.S. Equity		2,986
	Dollarama Inc.	Canadian Equity		1,626
	Eldorado Gold Corp.	Canadian Equity		1,723
	Eli Lilly and Company	U.S. Equity		1,868
	Enbridge Inc.	Canadian Equity		14,791
4.490	Enbridge Pipelines Inc.	November 12, 2019	569	645
5.800	Epcore Utilities	January 31, 2018	825	948

(Thousands of dollars)

Interest Rate %	Security	Maturity Date	Par Value	Purchase Value
6.650	Epcore Utilities	April 15, 2038	1,463	2,000
	Express Scripts Holding Co.	U.S. Equity		276
5.077	Finning Int'l Inc.	June 13, 2042	1,028	1,028
	Finning Int'l Inc.	Canadian Equity		2,300
	First Majestic Silver Corp.	Canadian Equity		934
	Fossil, Inc.	U.S. Equity		482
	Franklin Resources Inc.	U.S. Equity	45	
4.600	GE Capital, Canada	January 26, 2022	1,954	2,065
	General Mills	U.S. Equity		1,937
	Goldcorp Inc.	Canadian Equity		2,594
	Google Inc.	U.S. Equity		36
0.750	Government of Canada	May 1, 2014	36,357	36,078
1.500	Government of Canada	November 1, 2013	2,885	2,908
1.500	Government of Canada	March 1, 2017	1,735	1,728
1.500	Government of Canada	September 1, 2017	8,644	8,713
2.000	Government of Canada	June 1, 2016	7,119	7,287
2.750	Government of Canada	June 1, 2022	25,499	27,644
3.250	Government of Canada	June 1, 2021	12,297	13,551
3.500	Government of Canada	June 1, 2020	3,627	4,094
4.000	Government of Canada	June 1, 2041	12,293	16,062
4.250	Government of Canada	June 1, 2018	6,259	7,232
5.000	Government of Canada	June 1, 2037	2,324	3,479
5.260	Greater Toronto Airports Auth.	April 17, 2018	295	340
5.300	Greater Toronto Airports Auth.	February 25, 2041	226	283
6.670	Great-West Lifeco Inc.	March 21, 2033	1,423	1,760
	Greystone Canadian Equity Small Cap Fund	Pooled Fund		8,456
	Greystone EAFE Plus Fund	Pooled Fund		5,903
	Greystone Mortgage Fund	Pooled Fund		3,074
	Halliburton Company	U.S. Equity		494
	Home Depot, Inc.	U.S. Equity		2,197
	Honeywell International Inc.	U.S. Equity		51
	Husky Energy Inc.	Canadian Equity		4,774
11.000	Hydro-Quebec	August 15, 2020	294	469
	IGM Financial Inc.	Canadian Equity		56
	Intact Financial Corp.	Canadian Equity		1,391
	Intel Corp.	U.S. Equity		265
4.967	Inter Pipeline Fund	February 2, 2021	1,222	1,358
	IntercontinentalExchange, Inc.	U.S. Equity		2,382
	International Business Machines Corp.	U.S. Equity		46
	iShares S&P/TSX 60 Index Fund	Pooled Fund		2,012
	ITC Holdings Corp.	U.S. Equity		281
	JPMorgan Chase & Co.	U.S. Equity		577
	MacDonald, Dettwiler and Associates Ltd.	Canadian Equity		1,816
	Magna International Inc.	Canadian Equity		2,037
	Manulife Financial Corp.	Canadian Equity		2,468
	Marathon Petroleum Corporation	U.S. Equity		1,173
	MasterCard Incorporated	U.S. Equity		29
	Mead Johnson Nutrition Company	U.S. Equity		265
	MEG Energy Corp.	Canadian Equity		2,496
	Metro Inc.	Canadian Equity		2,320
2.231	National Bank of Canada	January 30, 2015	1,141	1,141
3.261	National Bank of Canada	April 11, 2022	1,168	1,168
	National Bank of Canada	Canadian Equity		1,903
	National-Oilwell Varco, Inc.	U.S. Equity		274
	Nexen Inc.	Canadian Equity		7,456
	NextEra Energy, Inc.	U.S. Equity		2,386
	Occidental Pete Corp.	U.S. Equity		28
	Open Text Corporation	Canadian Equity		876
	Oracle Corp.	U.S. Equity		32

(Thousands of dollars)

Interest Rate %	Security	Maturity Date	Par Value	Purchase Value
	Peyto Exploration & Development Corp.	Canadian Equity		6,528
	Pfizer Inc.	U.S. Equity		43
	Potash Corp of Saskatchewan Inc.	Canadian Equity		2,787
	Praxair Inc.	U.S. Equity		51
	Precision Drilling Corporation	Canadian Equity		1,163
	Priceline.com inc	U.S. Equity		2,492
1.850	Province of Alberta	September 1, 2016	3,940	3,975
FR	Province of Alberta	May 27, 2016	900	900
2.700	Province of British Columbia	December 18, 2022	4,035	4,036
3.250	Province of British Columbia	December 18, 2021	2,445	2,589
6.350	Province of British Columbia	June 18, 2031	4,131	5,826
2.050	Province of Manitoba	December 1, 2016	2,322	2,364
3.850	Province of Manitoba	December 1, 2021	6,639	7,267
4.100	Province of Manitoba	March 5, 2041	2,438	2,709
4.150	Province of Manitoba	June 3, 2020	1,767	1,954
4.400	Province of Manitoba	September 5, 2025	343	393
3.350	Province of New Brunswick	December 3, 2021	4,660	4,749
4.100	Province of Nova Scotia	June 1, 2021	3,780	4,107
4.400	Province of Nova Scotia	June 1, 2042	2,489	2,968
4.700	Province of Nova Scotia	June 1, 2041	1,118	1,376
3.150	Province of Ontario	June 2, 2022	8,182	8,459
4.000	Province of Ontario	June 2, 2021	1,480	1,582
4.200	Province of Ontario	June 2, 2020	1,616	1,791
4.650	Province of Ontario	June 2, 2041	2,919	3,549
6.200	Province of Ontario	June 2, 2031	4,016	5,581
4.250	Province of Quebec	December 1, 2021	3,391	3,787
4.250	Province of Quebec	December 1, 2043	4,455	5,052
4.500	Province of Quebec	December 1, 2017	671	752
5.000	Province of Quebec	December 1, 2015	4,322	4,772
5.000	Province of Quebec	December 1, 2041	2,443	3,061
3.400	Province of Saskatchewan	February 3, 2042	1,876	1,953
6.400	Province of Saskatchewan	September 5, 2031	1,558	2,248
	Qualcomm Inc.	U.S. Equity		2,310

(Thousands of dollars)

Interest Rate %	Security	Maturity Date	Par Value	Purchase Value
4.700	Rogers Communications Inc.	September 29, 2020	1,055	1,156
6.560	Rogers Communications Inc.	March 22, 2041	527	618
	Rogers Communications Inc.	Canadian Equity		1,434
	Saputo Inc.	Canadian Equity		1,053
	Semafo Inc.	Canadian Equity		94
	Sherwin Williams Co.	U.S. Equity		1,457
	Suncor Energy Inc.	Canadian Equity		5,293
	Teck Resources Limited	Canadian Equity		3,122
5.050	Telus Corp.	December 4, 2019	1,934	2,166
	Templeton Global Equity Trust	Pooled Fund		4,349
4.350	Thompson Reuters	September 30, 2020	624	681
	Tim Hortons Inc.	Canadian Equity		1,917
	TJX Companies, Inc.	U.S. Equity		44
2.948	Toronto Dominion Bank	August 2, 2016	2,589	2,651
	Toronto Dominion Bank	Canadian Equity		4,192
	Transcanada Corp.	Canadian Equity		3,288
8.290	Transcanada Pipelines Ltd.	February 5, 2026	147	215
	Trican Well Service Ltd.	Canadian Equity		296
	Union Pacific Corporation	U.S. Equity		529
	UnitedHealth Group Inc.	U.S. Equity		26
	US Bancorp	U.S. Equity		52
	Valeant Pharmaceutical Int'l Inc.	Canadian Equity		1,412
	Vermilion Energy Inc.	Canadian Equity		748
	Viacom Inc.	U.S. Equity		23
	W.W. Grainger, Inc.	U.S. Equity		1,458
2.774	Wells Fargo Financial Canada Corp.	February 9, 2017	2,612	2,612
	Yamana Gold Inc.	Canadian Equity		6,450
	Yum! Brands, Inc.	U.S. Equity		41
				$816,374

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