2014 ANNUAL REPORT

Saskatchewan Workers' Compensation Board

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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:

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

History of WorkSafe Saskatchewan

2002 The Time Loss injury rate is 4.95%, the highest ever. WorkSafe Saskatchewan is formed.

2003 WorkSafe promises a 4.00% Time Loss injury rate by 2007, an ambitious 20% reduction.

2004 The average WCB premium rate for employers peaks at $2.05.

2005 Time Loss injury rate drops to 4.25%.

2006 The Total injury rate is 10.18%.

2007 Time Loss injury rate drops to 3.80% surpassing the goal of 4.00%.

2008 WorkSafe launches Mission: Zero at the WCB Annual General Meeting.

2009 Safe Saskatchewan adopts Mission: Zero. Total injury rate is 9.32%.

2010 The first Health and Safety Leadership Charter event is held. 127 leaders sign the Charter, promising to uphold seven principles of health and safety.

2011 The average WCB premium rate is $1.61, the lowest in a decade.

2012 Time Loss injury rate is below 3.00% at 2.79%. Total injury rate is 8.65%.

2013 341 Saskatchewan leaders have signed the Charter. The Total injury rate drops to 7.80%.

2014 Average premium rate is $1.51, the lowest since 1987. The Total injury rate drops to 6.99%. 382 Saskatchewan leaders have signed the Charter. 87% of Saskatchewan employers achieve Mission: Zero.

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Year at a Glance

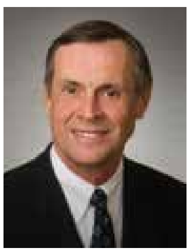
	2014	2013	2012	2011	2010
Number of workers covered [1]	**402,894**	398,774	385,856	377,004	370,659
Time Loss injury rate (per 100 workers) [2]	**2.41**	2.54	2.79	3.05	3.12
Total injury rate (per 100 workers) [2]	**6.99**	7.80	8.65	8.73	8.70
Number of claims reported	**35,836**	37,731	39,343	39,689	38,773
Number of Time Loss claims accepted [2]	**9,715**	10,116	10,774	11,516	11,574
Fatal claims accepted [3]	**39**	35	60	37	45
Average duration in days [4]	**37.01**	34.88	38.89	34.44	34.67
Active employer accounts [5]	**46,656**	45,649	43,611	41,972	40,365
Average premium rate [6] (per $100 of insurable earnings)	**1.51**	1.58	1.60	1.61	1.63
Number of appeals filed					
Appeals department	**1,070**	1,006	841	940	1,152
Board Level	**265**	274	270*	189*	243
Claims costs ($ millions)	**264.7**	283.4	196.1	199.7	228.3
Premium revenue ($ millions)	**291.2**	301.4	296.2	282.0	251.0
Investment income ($ millions) [7]	**159.5**	252.6	127.3	(33.5)	147.2
Benefits liabilities ($ millions)	**1,151.9**	1,085.5	1,005.4	1,013.9	1,021.3
Funded position ($ millions)					
Injury Fund [7]	**703.2**	521.1	298.3**	229.3	235.9
Reserves	**34.6**	117.6	150.4	60.8	61.3
AOCI [8]	**(4.1)**	(2.6)	(8.4)**		
Funding Percentage [9]	**132.2**	119.3	117.1**	119.0	111.5

1 Full-time equivalent workers based on Statistics Canada average wage and WCB payroll information as of December 31. 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 Prior years have been restated to now include fatalities for self-insured employers, there were 0 fatalities in 2014,1 in 2013, 4 in 2012, 1 in 2011 and 1 in 2010.
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 Unrealized gains and losses on investments are recorded in investment income when incurred.
8 For 2012-2014, Accumulated Other Comprehensive Income (AOCI) includes actuarial gains (losses) on the defined benefit pension plan.
9 The calculation of Funding Percentage excludes the unrealized gains and losses on investments in the Injury Fund.
* Restated to reflect the updated count of Board Level Appeals.
** Restated 2012 to reflect the change in accounting for defined benefit pension plans.

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 2014.



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-fifth Annual Report of the Workers' Compensation Board for the year ending December 31, 2014.

Respectfully submitted,

Gord Dobrowolsky
Chairperson

Marg Romanow
Board Member

Karen Smith
Board Member

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KL Smith

Karen Smith
Board Member

Gord Dobrowolsky
Chairperson

Marg Romanow

Marg Romanow
Board Member

Message from the Board

For over 85 years, the WCB has had a long and proud history of serving the workers and employers of our beautiful province of Saskatchewan. As Chairperson, on behalf of this Board, it is my sincere privilege to be part of this honourable service and to provide oversight and guidance to a dynamic and dedicated administration team and staff.

The retirement of Board member Walter Eberle after 13 years of dedicated service left a void in our Board; however, we are grateful for new member Marg Romanow and the experience and perspective she brings.

Provincially, we continue to witness the prosperity and growth that the recent decade of progress has afforded us here in Saskatchewan. Although tempered from previous years, we once again saw a strong and stable Saskatchewan in 2014, rich with opportunities, contributing to solid employment and continued steady provincial in-migration. Reflective of our stable economy is the provincial payroll at $20.07 billion.

As it has been for nearly a century, the Meredith Principles, which Sir William Meredith tabled in the Meredith Report laying the foundation for our system of workers' compensation, are the underpinning for the system we seek to advocate. We continue to be guided by the principles of his report and it is our obligation as a Board to govern the interests of our system of compensation holding fast to these core values. Values that today have proven their importance and meaning decade upon decade.

To uphold these values, we must ensure that we continue to meet our obligation as a Board by providing leadership and commitment to a clear set of governance principles that define our conduct, roles, authorities and responsibilities. We have developed and implemented policies and guidelines that enhance our accountability and we seek to further protect the interests of you, the workers and employers of this province, as our customers. True governance is not merely a legal checkmark but rather a moral obligation to do right by all those we serve. In that we are committed.

We commend the 87 percent of employers, over 40,000 businesses, who achieved the goal of Mission: Zero in 2014. They have proven that the goal of ending workplace fatalities, injuries and suffering is in fact possible here in Saskatchewan. When Mission: Zero was launched in 2008 it became the call to action and goal of employers. Today, sadly, Saskatchewan still has the second worst workplace Time Loss injury rate in Canada, which is more reason for us to band together in the belief that all unintentional injuries are predictable and preventable and to put safety first in all we do.

As you will read in our financials laid out in this document, we had a year marked with many successes and its share of challenges. Thanks to the execution of a stable and conservative financial plan, our administration has strongly positioned us to weather the kinds of recent economic instability that we've seen globally, nationally and right here in the province.

As a Board, we commit each year to push ourselves and the administration to strive further and to accomplish even greater things on behalf of employers and workers here in Saskatchewan. As stewards of this system of compensation, we want every interaction to be meaningful and successful by providing an exceptional service experience with dignity and respect.

Again, on behalf of the WCB Board, it is our sincere privilege to serve you as workers and employers and to carry out the duties and responsibilities this office holds. We look forward to serving you in the coming year.

The WCB Board: Structure, Mandate and Role

The WCB is an independent board that through 2013, administered *The Workers' Compensation Act, 1979*. On January 1, 2014, that Act was replaced by *The Workers' Compensation Act, 2013* (the Act). The WCB operates like an insurance company, but follows the Meredith Principles. 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 employer payrolls and are adjusted 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 46,000 firms with over 400,000 workers registered with the WCB in 2014. The WCB accepted approximately 28,000 injury claims this year. About one-third will be for Time Loss injuries. This means that the injury kept the worker away from work beyond the day of the injury. Just over $264 million in expenses were incurred on worker benefits and programs in 2014.

Board Structure

The WCB has a three-person Board: A Chairperson and two Board Members. Each is appointed by the provincial government. The Board Members are appointed after consulting with business and labour organizations. One Board Member is appointed to bring the viewpoint of employers to the Board, and one is appointed to bring the viewpoint of workers.

Gordon Dobrowolsky was appointed the WCB Chairperson in May 2013. From Prince Albert, Gord taught for five years before going in to business. He received his Bachelor of Education from the University of Saskatchewan. Gord served as Vice-Chair of the Saskatchewan Liquor Licensing Commission, was on Saskatchewan Executive Council for six years, and for eight years operated Delta Management Ltd., his public relations and marketing company. He spent 14 years in the cellular phone industry and received "Top Dealer" awards for nine years from SaskTel. He was appointed to the Prince Albert Parkland Regional Health Authority in 2009 and served as Chair for four years. Gord was a volunteer Board Member of the Victoria Hospital Foundation in Prince Albert for six years. He is a current member of the Prince Albert Chamber of Commerce, Prince Albert Elks Club, the Prince Albert and Saskatchewan Wildlife Federation, the Prince Albert Breakfast Club, and is a supporter of Special Olympics. Gord received his Professional Director designation from the Johnson-Shoyama School of Public Policy. In 2014, SaskBusiness named him one of Saskatchewan's Men of Influence.

Marg Romanow joined the WCB Board in 2014 and represents workers. She brings over 25 years of employee relations experience to the Board. Her career includes experience as a registered nurse and a staff representative with Saskatchewan Union of Nurses (SUN). Over the past 15 years, Marg was the Benefits Officer for SUN, assisting nurses with appeals, particularly those involving long-term disability. Marg has represented workers on a number of pension and benefit committees. In addition to serving on the health care pension board and the Canadian Blood Services National Pension Board, she holds a designation of Certified Employee Benefits Specialist (CEBS) from the International Foundation of Employee Benefits at Dalhousie University. Marg served as a regional council member for the Canadian Pension and Benefits Institute (CPBI) for a number of years and represented labour on previous OHS Division and labour standard review committees. She was a member of the 2006 and the 2010 WCB Committee of Review (COR) and also participated on the WCB Early Intervention Program Advisory Committee and the WCB Experience Rate Review Committee. Marg has facilitated numerous workshops for workers, primarily regarding pensions, retirement and duty to accommodate topics.

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 where she acquired her CEBS designation. Karen is active in the business community. She represented employers on the WCB's former Early Intervention

Program Advisory Committee. She also is 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 a life member of the Provincial Association of Resort Communities of Saskatchewan. She has served on the CPBI Council at the provincial level and also as a national board member. Karen obtained a Chartered Director designation from McMaster University and the Directors' College and earned a Tribunal Members' Certificate in Tribunal Administrative Justice from the Foundation of Administrative Justice. She is currently President of the Saskatchewan Administrative Tribunal Association and sits on the Board of the Council of Canadian Administrative Tribunals.

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. Approve long-range objectives and policies.
2. Approve recommendations regarding legislative change to the provincial government.
3. Safeguard the WCB's resources and assets.
4. Monitor the WCB's performance through the Balanced Scorecard.
5. Report to stakeholders.
6. Hear and decide the highest level of appeals on decisions:
   - for injured worker compensation and benefit decisions; and
   - for employer assessments and classifications.

Saskatchewan's appeal process is unique among Canadian jurisdictions. Saskatchewan is the only province with a full-time WCB Board dividing its duties between governance, including committee work and final appeal functions.

The Chairperson and Board Members meet their responsibilities through:

- Committees of the Board.
- Consultation with stakeholders regarding their issues and concerns.
- Attendance at stakeholder events.
- Regular and formal meetings of the Board, and between the Board and the WCB's Chief Executive Officer (CEO) and executive vice presidents.
- Regular review of the WCB's strategic direction and balanced scorecard measures.
- Requiring and receiving regular formal reports that monitor the WCB's financial and operational performance.
- In their role as the Board Appeal Tribunal, Board Members are the highest level of appeal. In 2014, the Tribunal received 317 applications which included 265 appeals and 52 non-appeal applications (for barring of lawsuit, orders for collection of overpayment and medical review panels). It decided 222 appeals and 50 non-appeal applications and conducted 96 oral hearings. The Board Members' direct involvement in the appeal process gives the Members valuable information that helps them to assess the effectiveness of WCB policies and to perform their role in the oversight of the WCB.
- Approval of new or amended policies. The Board has an ongoing policy review process to ensure every policy is reviewed every three years at a minimum. These policies are outlined in the 2014 WCB Stakeholders Report.
- Oversight of the WCB's enterprise risk management processes.

Board Members:

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

- 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.
- Take training offered through the Saskatchewan Administrative Tribunals Association.
- 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, which is a joint venture with the Rotman School of Management, and is affiliated with the University of Regina and University of Saskatoon.

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. A review of the Board's governance framework took place in 2012 and was finalized in 2014 when the Board Members completed the revision and development of key governance documents, including orientation manuals.

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

1. Setting Strategy, Monitoring Performance

Strategic planning continues to be the responsibility of the Board members. The CEO and vice presidents participate in strategic planning sessions with the Board and provide information which facilitates Board decisions. This includes an annual review of the WCB's Balanced Scorecard and risk register, and the vision, mission, principles and beliefs, values and strategy statements in its strategic plan.

The strategy statements formalize the strategic direction approved by the Board Members for the WCB. Currently, there are six statements, focusing organizational attention on:

- Customer service to injured workers, their families and employers, and care givers.
- Injury prevention and workplace health and safety, with attention paid to its own WCB employees, as well as Saskatchewan workplaces.
- Positive relationships that serve workers and employers.
- Planning processes that oversee and manage WCB operations effectively.
- Risk management practices that mitigate risks to corporate and strategic success.
- Employee relations that foster pride and encourage success among WCB staff.

Each year, the Board reaffirms the corporate Balanced Scorecard and strategic objectives. The CEO must submit a strategic and 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 the required reporting at the WCB's Annual General Meeting. The Saskatchewan WCB was the first Canadian compensation board to hold annual stakeholder meetings as part of its governance and accountability framework and continues to be the only Canadian jurisdiction to voluntarily hold the annual Compensation Institute.

2. Budget and Employer Rate Approvals

The CEO prepares an annual budget based on the strategic and operational plan for Board approval.

Monthly reports are provided to the Board, with variance explanations when financial targets are not met.

Employer premium rates are set through a rigorous process that includes the consulting advice and review of an external actuary. Once the proposed rates have been presented to stakeholders who have an opportunity to address concerns to the Board, the rates are approved by the Board.

3. 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 liabilities, the amount needed at the end of 2014 to meet future obligations was $1.152 billion. Investment assets, the financial resources that back up the funding guarantee to workers, were valued at $1.928 billion at the end of 2014.

The WCB Investment Committee is comprised of the three Board Members who oversee the WCB's financial policies and investments. The WCB's CEO, CFO (Chief Financial Officer) and Controller attend committee meetings. 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.

4. WCB Audit Committee

The WCB Audit Committee is comprised of three Board members whose role is oversight. The CEO, CFO and internal auditor attend meetings.

The Audit Committee:

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

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

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

5. Funding Status

The Board oversees the funding status of the WCB by establishing the policies that administration implements. The WCB's objectives when managing capital are to build a funded position that supports the long-term financial stability of the WCB and to ensure sufficient funds are available to meet required benefit levels and reduce the fluctuations in the average premium rate. The process for managing the WCB's funded position is determined based on its approved funding policy. The funding policy establishes guidelines for the maintenance of a fully-funded status and sets the target range for the Injury Fund, excluding unrealized gains and losses on investments at the end of the year, at 5 percent to 20 percent of Benefits Liabilities. Where the Injury Fund shifts out of the targeted range, the WCB has up to five years to replenish or regulate the Fund to maintain a targeted range. The Disaster Reserve is established to meet the requirements of the Act with respect to disasters. The Second Injury and Re-employment Reserve provides employers with cost relief on claims that are attributed to an earlier injury, an injury following re-employment and other circumstances established by the policies of the Board.

6. Board Appeal Tribunal

The Board sits as the highest level of appeal in the WCB. It also has exclusive jurisdiction to determine several types of applications under the Act. Functioning as an administrative tribunal, the Board's decision-making responsibilities include matters such as:

- Worker claims
- Employer appeals of worker claims
- Employer classification appeals
- Employer assessments
- Fines and penalties
- Medical review panels, applications and outcomes
- Determination of the right to sue
- Overpayments and collections

The Board oversees the development and monitors the effectiveness of processes for such applications and appeals to ensure that workers and employers receive fair and timely decisions. In 2014, the Board engaged a more in depth review of its appeals process to increase its efficiency and timeliness without sacrificing quality. Process improvements resulting from this review are currently being implemented.

7. The Fair Practices Office

The Board has responsibility for the appointment and oversight of the Fair Practices Office (FPO). The Fair Practices Office is a neutral, impartial and independent office of the WCB working to promote fairness in the WCB's practices, procedures and processes. The FPO receives, investigates and works to resolve complaints about unfair practices in all areas of the WCB service delivery raised by workers, employers and external service providers.

The FPO reports directly to the Board Members on a regular basis. The FPO provides the Board Members with statistical and anecdotal information in order to support the discharge of their duties, providing direct, independent information on operational performance to support the strategic direction statements. The FPO keeps the Board apprised of stakeholders' specific issues and concerns, as well as monitoring trends and systemic issues and makes recommendations for improvements. Information is also provided to help assess the effectiveness of the WCB policies to assist with the performance of their role in the oversight of the WCB.

8. Code of Conduct

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

The WCB management's corporate Code of Conduct and Ethics reflects the Board's own Code of Conduct, and is intended to guide employees in their decisions and actions. As such, all employees are accountable for ensuring individual and corporate actions are consistent with the Code.

Setting High Standards; Expecting Results

As stewards of the workers' compensation system, the Board expects management to meet high performance standards and holds the organization to a reporting standard that ensures transparency for 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 2000. Metrics include worker and employer service satisfaction measures, duration of Time Loss claims, Total injury rate, a Relationship Index, an HR Alignment Index, an Effective Process Index, Optimize Cost Index, and funded position.

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

Every four years, a mandated Committee of Review (COR) is appointed to review the Act and WCB administration. The Board encourages participation in this process.

WCB Board: Quality Oversight

The Board and the WCB's executive management recognize that compliance with legislation and policies, and effective and efficient operations, require continual monitoring of operations and, in particular, key work processes. In addition to the controls referenced earlier, this is achieved through:

- Quality control processes that start with front-line teams administering claims and include file reviews by team leaders for completeness and accuracy.
- The WCB's Service Excellence department 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 services to the Audit Committee of the Board and to management that evaluates processes for risk management, internal control and governance.
- An appeals process that provides injured workers and employers with an objective review of the WCB decisions and actions. Appeals are first considered by the Appeals department or the Assessment Committee and, if not resolved, then by the Board Appeal Tribunal.
- A Fair Practices Office reporting to the Board that receives concerns related to the fairness of the WCB 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 2014 Stakeholder Report and the 2014 Annual Report of the WCB's Fair Practices Office.

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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

Each year as an organization, we experience both achievement and challenge that helps shape our outlook on the coming year. This year was no exception. Successfully reaching the many goals that we set out for ourselves in 2014 required a dedicated team of caring and capable employees, Board members, partners and community leaders. Overall, 2014 has been a positive year in terms of the progress that we have made and the results we have achieved.

Together we grew as we built on the foundational initiatives established in recent years. Now, in 2014, we continue to witness the positive results and stability that come from building on a solid foundation, grounded by a sound strategic plan and strengthened with the inclusion of a balanced scorecard.

Despite the changes that we've implemented over the years, one thing will not change and that is our commitment to achieving Mission: Zero. While we've seen both Total and Time Loss injury rates continually decline over the past decade, we cannot risk losing sight of our purpose. For the first time in 12 years, we missed our Time Loss injury rate target, an indicator that we must remain vigilant. Our on-going focus and dedication to injury prevention is crucial because we truly believe it is possible to reach Mission: Zero in our province – zero injuries, zero fatalities and zero suffering. Also, we were pleased that Phil Germain, our Vice President of Prevention, received the 2015 Saskatchewan Safety Professional of the Year award from the Saskatchewan Safety Council and the Canadian Society of Safety Engineers.

During 2014, two particular business strategies continued to evolve – process improvement and service excellence. A key element to our success is to ensure we continuously identify and implement improvements to our processes. And, with the establishment of our Service Excellence department, we continue to reinforce our purpose for being here – to better serve our customers – the workers and employers of Saskatchewan.

The evolution to process improvement and service excellence has not been without its challenges. We conducted several process reviews and implemented employee and stakeholder-driven recommendations as part of our continuous process improvement in all our business units. The outcome of this effort has resulted in a unified commitment to our customers and a growing passion and potential within the team that will, without doubt, take us to our goal of excellence.

Once again, this has been a precedent-setting year financially. Our premium revenue was down slightly in 2014 and we saw another decrease in premium rates for most employers. For the first time since 2001, employers will receive an excess surplus distribution as a result of higher than expected returns from our investments. While we continue to have a positive outlook for the new year, and our province's economy remains fairly stable, we remain cautiously optimistic, particularly in light of uncertainties around the world creating market volatility and its economic impact here at home.

Despite these global uncertainties, we emerge from 2014 with renewed confidence that the steady-hand approach to change that we've embraced is resulting in the kinds of successes that we anticipated. Fiscal stability, process improvement and service excellence are the leading outcomes of our 2014 achievements. But these achievements could not have occurred without the vision and discernment of our Board and the perseverance and enthusiasm of our engaged employees. As we embark on the new year, above all we will remain committed to do all we can to support the workers and employers of Saskatchewan and promote injury prevention at every opportunity.

Balanced Scorecard

We first reported on our use of the Balanced Scorecard as a performance measurement tool in our 2000 Annual Report. The scorecard allows us to focus the strategic lens that we use to direct the organization.

Our requirements changed as we became more practiced at strategic and operational planning. We needed a more structured and integrated use of the scorecard methodology to guide planning and decision making, and to monitor performance. We also wanted our employees to have a clear line of sight from their tasks to corporate performance targets.

Our corporate strategy map documents our primary strategic objectives and shows how the four perspectives on the map link to reach our two overarching goals: Worker and employer service excellence.

Staff within our business units use defined score-cards and strategy maps for their departments to align corporately and translate the corporate strategic plan into action at the business unit level. Cascading the scorecards with attention to corporate alignment gives us that clear line of sight between strategic objectives determined by the Board and the work that is planned to accomplish those objectives.

The scorecard and strategy map methodology views our organization from four perspectives.

One perspective builds on to the other, leading to the achievement of strategic objectives. Each perspective has its own set of strategic objectives that assemble a step-by-step blueprint for corporate success. Targets and metrics track and analyze performance.

1. The Stakeholders Perspective

- Customer Satisfaction performance measures form the stakeholder perspective. Results lacking or targets not met here are a leading indicator of future corporate issues.
- The other three perspectives roll up to achieve the strategic objectives set for this perspective.

2. The Internal Perspective

- Metrics in this perspective tell us how well we are running programs and services.

3. The Enablers Perspective

- We are a knowledge-worker organization. People are our key resource, and effective and efficient processes are our primary work tools.

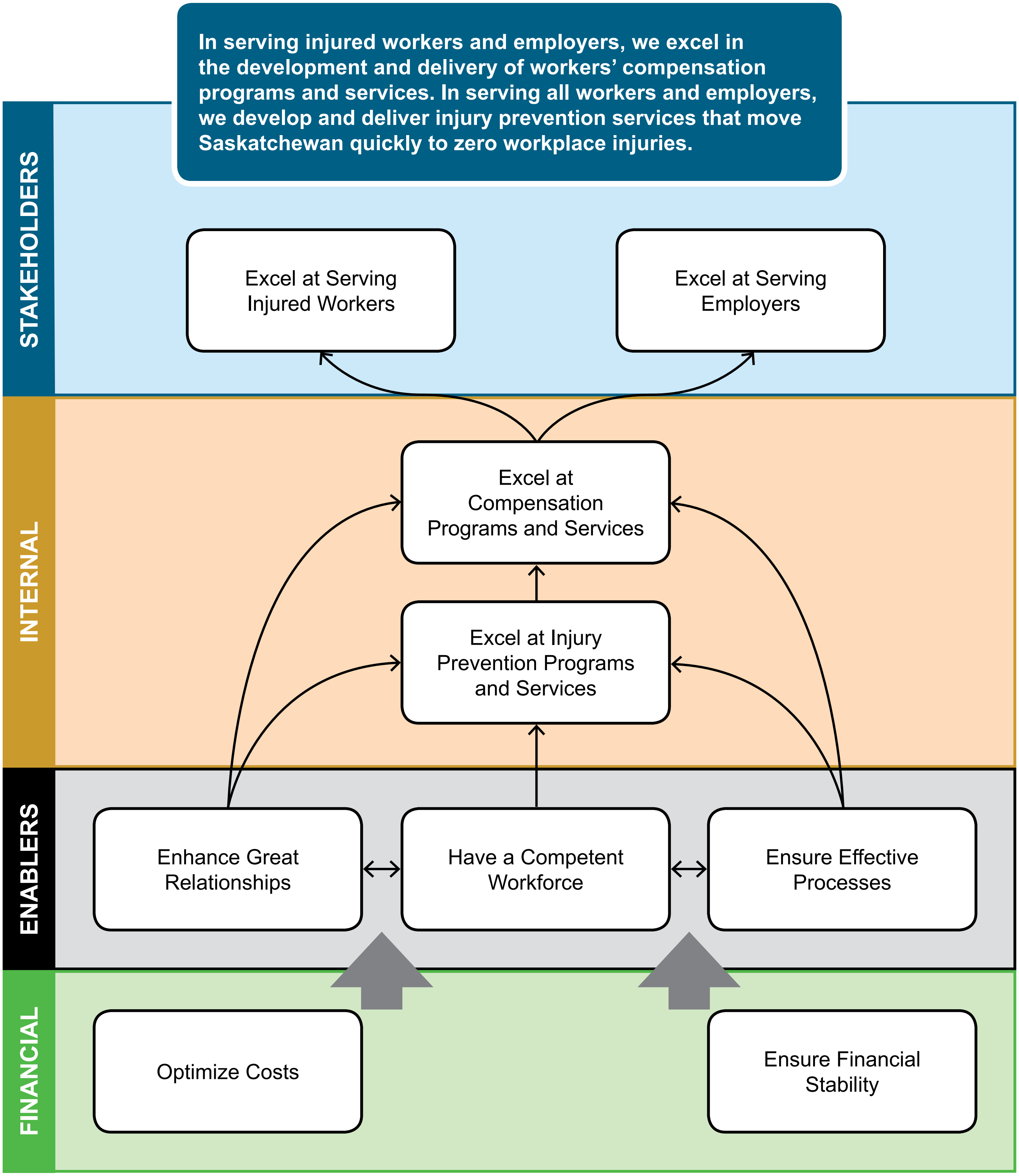
Metrics here help us focus activities related to internal and external relationships, recruitment, staff development, training and retention, and work quality and process improvements – all of which are integral to our success.

4. The Financial Perspective

- This perspective helps ensure that we have adequate financial resources to fulfill our legislated obligations and execute our plan. We strive to ensure adequate financial resources are maintained to meet obligations to injured workers, by collecting the right amount of premiums, maximizing investment returns and being cost effective.

Aligning business activities to the organization's vision and strategy is only one benefit of the contemporary scorecard and strategy map. The balanced scorecard and strategy map provides a framework for strategic and operational planning. It also improves internal and external communications by focusing attention on the critical few results and measures that indicate corporate success, and by monitoring our performance against strategic goals.

WCB Strategy Map

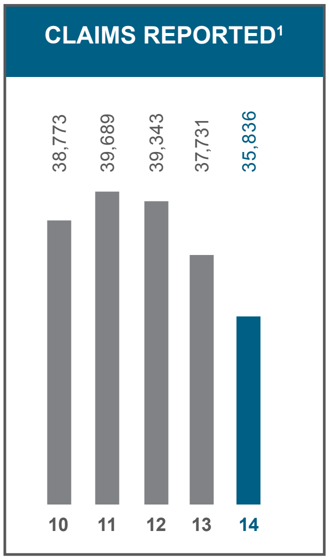


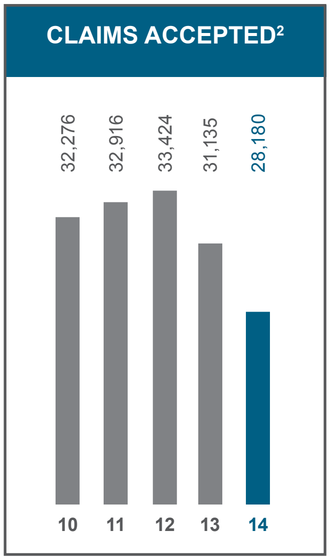
Saskatchewan Workers' Compensation Board

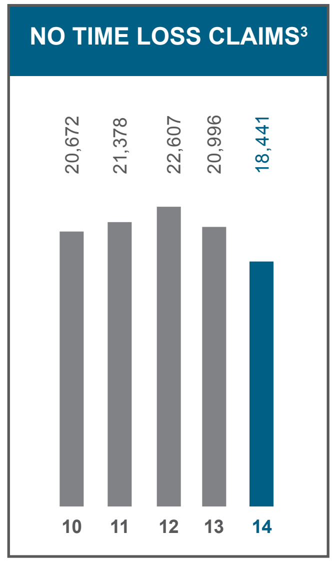
2014 Balanced Scorecard Targets and Performance

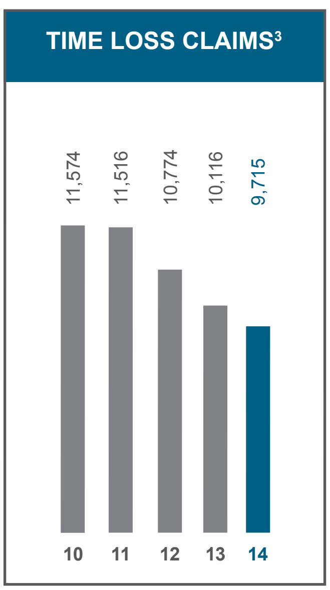
Corporate Objective	Indicator	Target	2014 Performance
STAKEHOLDERS PERSPECTIVE			
Excel at serving injured workers	Worker service satisfaction score	4.20	3.72
Excel at serving employers	Employer service satisfaction score	4.20	3.99
INTERNAL PERSPECTIVE			
Excel at compensation programs and services	Duration of Time Loss claims	34 days	37.01 days
Excel at injury prevention programs and services	Total injury rate	7.50%	6.99%
ENABLERS PERSPECTIVE			
Enhance great relationships	Relationship index	95%	94%
Have a competent workforce	HR alignment index	95%	99%
Ensure effective processes	Effective process index	95%	71%
FINANCIAL PERSPECTIVE			
Optimize costs	Optimized cost index	99%	92%
Ensure financial stability	Funded position	105-120%	132.2%

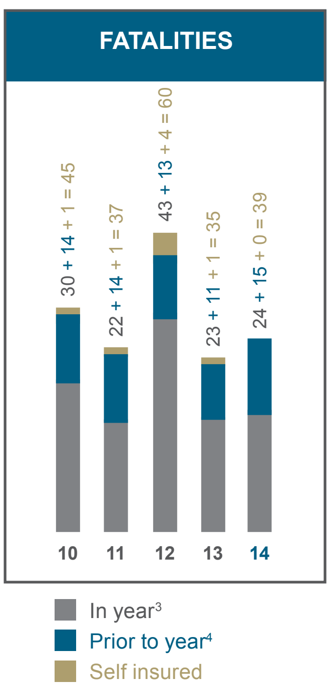
Statistical Summary

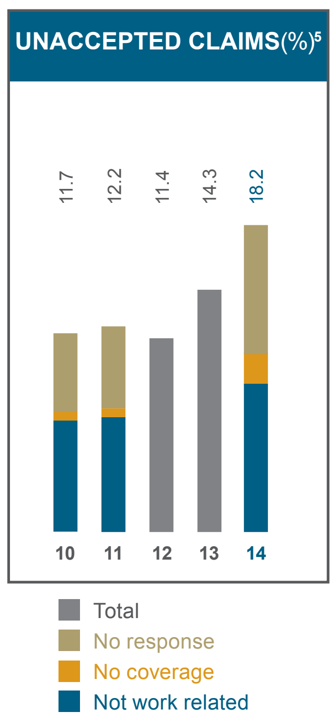












1 Claims Reported: New claims reported to the WCB in the current year, both accepted and unaccepted. Includes claims for self-insured employers. Additional claims reported information can be found on the WCB's website, www.wcbsask.com

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

5 Unaccepted claims are reported as a percentage of the total claims reported for the year. Entitlement decision status is at January 31, 2015 for 2014 claims reported. Claims are not accepted when the industry is not covered under the Act, a claim is not work related, or there is no response for further information following the initial report of the injury. Breakdowns for 2012 and 2013 are not available.

2014 Top Five Rate Codes With Injuries*

Rate Code	Number of Claims Accepted
G22 Health Authority, Hospitals, Care Homes	3,992
B13 Commercial, Industrial Construction	1,386
C32 Grocery, Department Store, Hardware	1,310
T42 Transportation, Courier, Commercial Bus	1,238
G31 Cities, Towns, Villages, RMs	1,191

* All claims reported and accepted in 2014, excluding self-insured.

2014 Top Five Occupations With Injuries*

Occupation	Number of Claims Accepted
Nurse aides, orderlies and patient service associates	1,273
Truck drivers	1,231
Construction trades helpers and labourers	967
Other labourers in processing, manufacturing and utilities	957
Welders and related machine operators	845

* All claims reported and accepted in 2014, excluding self-insured.

2014 Top Five Parts of Body Injured*

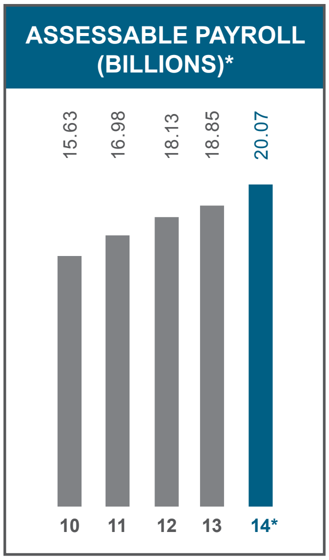
Body Part	Number of Claims Accepted
Hand	5,651
Back	4,585
Leg	3,522
Arm	2,535
Head	1,880

* All claims reported and accepted in 2014, excluding self-insured.

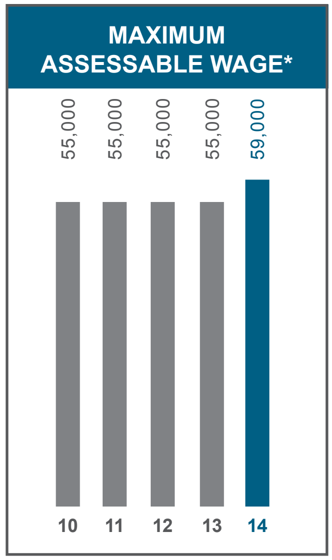
2014 Injuries by Age & Gender*

Age	Male	Female	Unknown Gender**	Total
Under 25	3,974	1,442	1	5,417
25 - 34	4,937	2,037	1	6,975
35 - 44	3,809	1,907	0	5,716
45 - 54	3,396	2,312	1	5,709
55 - 64	2,268	1,423	0	3,691
65 & Over	474	188	0	662
Unknown Age**	5	5	0	10
Total	**18,863**	**9,314**	**3**	**28,180**

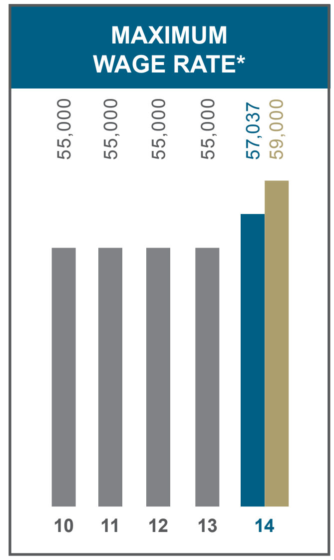
* All claims reported and accepted in 2014, excluding self-insured.
** At time of publication, there were 3 claims with unknown gender and 10 claims with unknown ages.



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



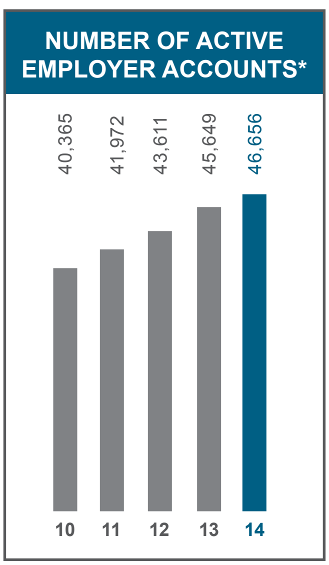
*Maximum wage per person reported annually by employers.



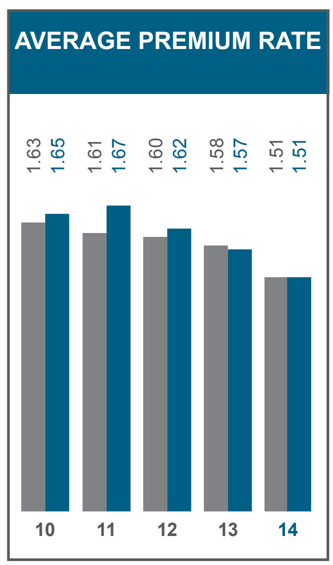
Claims registered prior to Jan. 1, 2014

Claims registered on or after Jan. 1, 2014

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



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



Average Provisional Premium Rate*

Average Actual Premium Rate**

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

** This rate consists of the base rate net of experience rating. 2014 rate was the Board-approved rate at time of publication. 2013 rate is restated to reflect actual 2013 experience rating.

Injury Rates

RATE CODE	DESCRIPTION	% OF WORKERS INJURED WITH TIME LOSS					% OF WORKERS INJURED				
		2014	2013	2012	2011	2010	2014	2013	2012	2011	2010
All Class*		2.41%	2.54%	2.79%	3.05%	3.12%	6.99%	7.80%	8.65%	8.73%	8.70%
A11**	Light Agricultural Operations	7.11%	6.42%	9.31%	6.96%	8.77%	16.18%	16.20%	20.00%	16.07%	18.96%
A21	Farming & Ranching	1.48%	2.45%	2.33%	2.73%	2.59%	3.89%	6.09%	5.39%	6.14%	6.76%
A31	Grain Elevators & Inland Terminals	0.53%	0.52%	0.75%	1.01%	1.36%	3.02%	3.16%	3.58%	4.00%	4.52%
B11	Construction Trades	3.50%	3.54%	3.29%	3.54%	4.60%	12.40%	13.59%	13.19%	15.02%	15.66%
B12	Residential Construction	4.39%	4.38%	4.98%	4.84%	5.52%	12.89%	14.13%	16.28%	14.60%	16.02%
B13	Commercial, Industrial Construction	2.22%	1.96%	2.27%	2.96%	3.31%	8.19%	9.22%	10.95%	13.05%	14.56%
C12	Light Commodity Marketing	1.20%	1.29%	1.47%	1.45%	1.19%	3.17%	3.72%	3.81%	3.67%	3.33%
C32	Grocery, Department Stores, Hardware	2.37%	2.52%	2.38%	2.56%	2.93%	6.30%	7.02%	7.39%	7.27%	7.75%
C33	Wholesale, Chain Stores	4.20%	4.59%	3.80%	4.00%	4.41%	10.18%	12.54%	10.76%	9.65%	10.40%
C41	Co-operative Associations	3.53%	3.36%	3.58%	4.02%	4.14%	9.40%	9.70%	10.37%	10.08%	10.57%
C51	Lumber Yard, Builders Supplies	4.02%	4.32%	5.33%	4.73%	4.96%	11.42%	12.32%	13.85%	11.89%	11.91%
C61	Automotive, Implement Sales & Service	1.83%	1.97%	1.98%	2.43%	2.10%	5.30%	6.16%	6.18%	6.60%	5.75%
C62	Automotive Service Shops, Towing	2.04%	2.35%	2.51%	2.43%	2.36%	7.57%	8.71%	8.99%	8.01%	8.77%
D32	Operation of Oilwells	0.51%	0.55%	0.85%	1.21%	0.76%	3.23%	3.39%	4.16%	4.28%	3.81%
D41	Oilwell Servicing	2.52%	1.97%	2.43%	3.33%	3.82%	8.81%	11.18%	13.04%	17.01%	17.49%
D51	Service Rigs, Water Well Drilling	2.26%	1.61%	2.09%	4.22%	2.96%	14.60%	16.63%	16.67%	25.63%	18.16%
D52	Seismic Drilling	1.55%	0.75%	0.88%	2.18%	1.93%	9.01%	9.68%	10.21%	18.61%	15.07%
D71	Open Pit Mining	2.28%	1.69%	0.75%	0.47%	0.69%	7.46%	14.40%	14.64%	14.58%	9.95%
D72	Underground Softrock Mining	0.78%	0.77%	1.19%	1.11%	1.27%	7.28%	7.25%	7.83%	9.01%	10.94%
D73	Underground Hardrock Mining	0.66%	1.16%	1.12%	1.54%	1.17%	5.06%	6.03%	9.55%	11.73%	12.52%
G11	Post Secondary Education	0.76%	0.99%	1.14%	1.13%	1.33%	3.08%	3.42%	3.23%	3.43%	3.80%
G12	Elementary & Secondary Education	2.79%	2.96%	3.45%	3.07%	3.16%	7.30%	7.84%	8.68%	7.53%	7.15%
G22	Health Authority, Hospitals, Care Homes	4.13%	4.62%	5.14%	5.79%	5.85%	9.47%	10.52%	12.21%	12.39%	12.60%
G31	Cities, Towns, Villages, RMs	3.59%	4.02%	4.41%	5.03%	5.04%	9.68%	11.53%	11.66%	12.10%	12.11%
G51	Government of Saskatchewan & Ministries	2.60%	2.80%	3.13%	3.09%	3.13%	7.17%	8.93%	8.27%	7.67%	7.58%
M31	Manufacturing, Pipeline Operations	0.66%	0.56%	0.79%	1.14%	0.82%	2.32%	2.23%	3.31%	3.88%	2.91%
M33	Refineries & Upgrader	0.96%	0.92%	1.02%	1.06%	1.37%	3.94%	4.22%	4.68%	4.47%	5.58%
M41	Dairy Products, Soft Drinks	4.96%	6.31%	11.25%	7.02%	8.44%	16.06%	18.78%	24.65%	20.53%	21.38%
M42	Bakeries, Food Prep & Packaging	3.07%	2.72%	3.42%	3.04%	4.03%	7.00%	6.65%	8.80%	8.08%	11.03%
M62**	Mills, Semi Medium Manufacturing	5.12%	6.06%	6.70%	7.29%	6.62%	14.87%	16.32%	19.26%	17.63%	16.62%
M72	Processing Meat, Poultry & Fish	7.24%	8.57%	8.51%	6.34%	6.11%	25.90%	30.92%	33.56%	27.74%	21.51%
M81	Metal Foundries & Mills	2.79%	2.79%	2.47%	2.16%	2.58%	12.40%	13.46%	10.75%	11.86%	11.01%
M91	Agricultural Equipment	4.81%	5.25%	6.10%	5.99%	5.27%	15.54%	16.60%	20.91%	20.23%	18.57%
M92	Machine Shops, Manufacturing	3.83%	4.16%	5.27%	5.94%	6.37%	11.84%	14.61%	16.93%	18.49%	19.12%
M94	Iron and Steel Fabrication	4.65%	5.29%	7.07%	7.94%	7.18%	14.48%	18.10%	27.91%	25.58%	24.22%
R11**	Road Construction & Earthwork	2.34%	2.23%	1.77%	2.71%	2.71%	7.71%	8.62%	8.59%	9.78%	10.01%
S11	Legal Offices, Financial, Drafting	0.29%	0.21%	0.26%	0.20%	0.31%	0.73%	0.72%	0.73%	0.82%	0.59%
S12	Offices, Professionals	0.54%	0.60%	0.63%	0.67%	0.64%	1.77%	1.90%	1.78%	2.04%	1.80%
S21	Community & Social Services	1.07%	1.29%	1.30%	1.44%	1.47%	2.99%	3.51%	3.91%	3.77%	3.75%
S22	Restaurants, Catering, Dry Cleaning	1.08%	1.12%	1.33%	1.32%	1.41%	3.29%	3.93%	4.38%	4.32%	4.46%
S23	Hotels, Motels, Taxis	1.55%	1.75%	1.71%	1.87%	2.24%	3.40%	4.36%	4.74%	4.65%	5.79%
S32	Personal, Business & Leisure Services	2.16%	2.22%	2.33%	2.77%	3.63%	6.54%	6.59%	7.56%	8.38%	11.52%
S33	Caretaking, Park Authorities	1.81%	1.77%	1.63%	2.27%	2.37%	5.82%	5.61%	6.23%	6.73%	5.90%
S41	Engineering, Testing & Surveying	0.68%	0.56%	0.68%	0.57%	0.61%	2.61%	2.66%	2.86%	2.43%	2.32%
T42**	Transportation, Courier, Commercial Bus	5.47%	5.95%	7.55%	7.38%	6.31%	11.62%	13.88%	16.03%	15.39%	13.27%
T51	Operation of Railways	2.29%	1.94%	2.07%	1.59%	2.06%	6.05%	5.35%	5.21%	5.15%	5.23%
T61	Commercial Air Transportation	2.77%	2.03%	2.02%	2.34%	2.11%	7.57%	8.19%	8.41%	6.32%	6.21%
U11	Telecommunications	1.88%	1.55%	1.99%	2.72%	2.38%	4.26%	3.86%	4.44%	4.96%	4.32%
U31	Electric Systems	2.54%	2.62%	2.68%	3.31%	2.48%	6.41%	6.41%	6.40%	6.87%	5.64%

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				
		2014	2013	2012	2011	2010
All Class*		37.01	34.88	38.89	34.44	34.67
A11**	Light Agricultural Operations	52.19	45.78	43.04	39.44	33.52
A21	Farming & Ranching	70.54	49.98	83.59	73.98	54.28
A31	Grain Elevators & Inland Terminals	31.50	23.48	26.62	27.95	17.52
B11	Construction Trades	39.36	30.76	35.52	27.48	27.21
B12	Residential Construction	50.61	50.52	55.07	54.94	46.11
B13	Commercial, Industrial Construction	53.89	53.29	62.01	55.36	54.98
C12	Light Commodity Marketing	28.68	21.39	36.26	26.56	27.64
C32	Grocery, Department Stores, Hardware	34.88	30.10	30.14	28.98	31.08
C33	Wholesale, Chain Stores	27.31	25.84	34.58	26.92	26.15
C41	Co-operative Associations	27.98	30.83	31.92	25.93	27.79
C51	Lumber Yard, Builders Supplies	28.69	26.24	31.95	30.53	31.10
C61	Automotive, Implement Sales & Service	30.05	29.25	36.46	33.73	31.45
C62	Automotive Service Shops, Towing	46.15	48.85	37.34	45.31	45.68
D32	Operation of Oilwells	53.19	57.64	49.82	31.40	31.74
D41	Oilwell Servicing	77.45	64.86	64.87	68.61	55.93
D51	Service Rigs, Water Well Drilling	42.52	38.23	74.10	62.05	66.09
D52	Seismic Drilling	78.90	64.63	80.66	66.51	83.33
D71	Open Pit Mining	29.00	55.83	17.25	45.00	61.35
D72	Underground Softrock Mining	53.16	35.91	47.25	46.90	52.63
D73	Underground Hardrock Mining	83.74	67.80	64.07	55.01	76.45
G11	Post Secondary Education	27.66	43.48	36.56	26.23	36.85
G12	Elementary & Secondary Education	32.34	30.53	37.20	37.21	31.05
G22	Health Authority, Hospitals, Care Homes	28.09	27.44	30.63	24.64	27.74
G31	Cities, Towns, Villages, RMs	30.97	29.01	27.29	26.20	24.27
G51	Government of Saskatchewan & Ministries	46.62	46.08	50.91	44.42	43.60
M31	Manufacturing, Pipeline Operations	13.36	28.29	36.29	36.50	16.60
M33	Refineries & Upgrader	36.41	38.88	26.74	25.40	31.69
M41	Dairy Products, Soft Drinks	31.69	30.63	33.32	33.31	22.62
M42	Bakeries, Food Prep & Packaging	28.97	43.11	34.84	35.54	28.54
M62**	Mills, Semi Medium Manufacturing	28.33	25.41	35.13	30.99	29.36
M72	Processing Meat, Poultry & Fish	29.20	31.82	35.47	33.67	35.36
M81	Metal Foundries & Mills	23.55	27.58	47.36	46.92	32.98
M91	Agricultural Equipment	21.27	19.14	20.08	23.97	25.66
M92	Machine Shops, Manufacturing	29.26	31.23	31.47	25.80	27.63
M94	Iron and Steel Fabrication	35.05	24.70	29.49	25.05	38.06
R11**	Road Construction & Earthwork	63.80	52.34	64.89	63.71	60.93
S11	Legal Offices, Financial, Drafting	40.00	24.74	24.31	23.78	18.69
S12	Offices, Professionals	29.92	28.31	34.29	32.16	28.64
S21	Community & Social Services	26.56	27.18	31.37	28.41	27.18
S22	Restaurants, Catering, Dry Cleaning	25.98	28.04	31.21	29.18	28.52
S23	Hotels, Motels, Taxis	37.88	28.30	43.18	33.33	29.31
S32	Personal, Business & Leisure Services	36.04	35.10	48.08	29.10	30.62
S33	Caretaking, Park Authorities	40.56	33.36	39.87	26.24	30.21
S41	Engineering, Testing & Surveying	50.05	39.59	31.88	29.15	39.24
T42**	Transportation, Courier, Commercial Bus	49.79	47.85	47.83	43.25	54.42
T51	Operation of Railways	41.79	49.05	58.42	74.52	49.10
T61	Commercial Air Transportation	25.71	25.62	32.76	30.84	34.44
U11	Telecommunications	21.02	19.80	24.49	15.36	23.27
U31	Electric Systems	13.58	16.29	25.91	23.12	17.12

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.

Statistical Summary

wcb Saskatchewan Workers' Compensation Board

Management Discussion & Analysis

The Management Discussion & Analysis (MD&A) is the responsibility of management. It is intended to provide an explanation of our financial position and results of operations for the year ended December 31, 2014. The Board carries 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 it complements and supplements these documents. Forward-looking narrative statements contained in this discussion and analysis represent our expectations based on information available as of March 9, 2015.

Forward-looking statements involve certain risks and uncertainties. Actual future results may differ from those anticipated in this discussion.

Business Overview

Effective January 1, 2014, *The Workers' Compensation Act, 2013,* provides our operating authority and mandate.

- We provide workplace injury insurance and services in Saskatchewan for industries covered by the Act.
- We are a monopoly, at arms-length from the provincial government and operate as an administrative tribunal.
- We are 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.
- We help injured workers and their families through recovery and rehabilitation following a workplace injury. Our goal is to return an injured worker to suitable employment as soon as it is medically safe to do so. In recent years, our mandate has evolved to include workplace safety and injury prevention programming.
- We raise funds for operations through premiums paid by employers and from market returns on our investments.
- We report to the provincial legislature through the Minister Responsible for the Workers' Compensation Board.

Our operations are guided by a Strategic and Operational Plan (SOP) developed by the Board and executive management. The SOP is reviewed annually and defines strategic priorities for the organization.

In 2013, the format of our SOP was changed to reflect our Balanced Scorecard strategy map. The SOP now presents initiatives to achieve corporate objectives in the:

- Stakeholders,
- Internal,
- Enablers, and
- Financial perspectives.

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

WorkSafe partners with other organizations to advance strategic objectives that serve the interests of workers or employers. For example, WorkSafe is a founding partner of Safe Saskatchewan, a non-profit organization dedicated to eliminating unintentional injuries at work, home and play. Working with Safe Saskatchewan, WorkSafe launched the Health & Safety Leadership Charter in June 2010. To date, 382 senior business and community 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 (ERM) identifies risks to achieving strategic and operational success, and the controls in place to manage those risks. We use identified risks as a reference in strategic and operational planning, budgeting and performance management.

To reflect the roles and responsibilities in the updated Governance Policy in 2014, the Board oversees the ERM process, which means the identification and evaluation of risk categories is completed by Executive Management with the Board reviewing the results. The eight risk categories identified by Executive Management in 2014 were:

1. Process – The risk of loss resulting from inadequate or failed internal processes.
2. Governance – There is a risk that the WCB's governance structure does not protect the interests of the WCB. Governance processes are not formalized and implemented. Governance processes, at all levels, are not directed to the proper level of management and do not provide oversight.
3. Human Capital (People) – Risks related to the adequacy and execution of human resource standards, policies and practices.
4. Regulatory and Political – The risk that changes to government and laws could negatively impact the WCB's business model and activities. The risk that our relationship with stakeholders deteriorates.
5. Systems – Risks related to the quality and integrity of our technology.
6. Suppliers – Service and product providers/ suppliers create a negative impact on business performance.
7. Financial – Risks related to achieving or maintaining the appropriate funding for the organization to function.
8. Environmental – A major adverse event that would impede the WCB's ability to conduct normal business activities.

Management has identified risk elements within each risk category and identified controls to manage the risks. Strategic and operational plans incorporate control requirements which prioritize process improvement initiatives and projects to reduce or mitigate identified risks.

2014 Operational Highlights and Future Prospects

MD&A content is presented through the four perspectives on our strategy map. This format reflects that success in the Financial, Enablers and Internal perspectives improves our ability to achieve our customer service objectives in the Stakeholders perspective.

Stakeholders Perspective

This perspective has two corporate objectives:

1. Excel at serving injured workers.
2. Excel at serving employers.

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

In 2014, employers rated their overall average satisfaction with claim services at 3.99 out of 5, down from the 2013 average of 4.09. Workers with Time Loss injuries who were surveyed had an average satisfaction of 3.72 out of 5, down from the 2013 average of 3.99.

Through the customer satisfaction survey, our customers tell us that we must address service quality issues to improve satisfaction ratings.

In 2014, we focused on improving service quality in all aspects of our business with a particular focus in the following areas:

- Claims Entitlement
- Payments
- Engagement of Health Care Providers
- Employer Registration
- Employer Payroll Reporting

Claims Entitlement:

We eliminated our backlog of unadjudicated claims and implemented a process to improve quality and timeliness of information exchange, decision making and payments.

Unaccepted claims have seen a significant increase in 2014, from 14.3 percent in 2013 to 18.2 percent. A newly adopted process specifically for initial adjudication of No Time Loss (NTL) claims is the major reason for this increase. The process now requires corroborating evidence to substantiate a NTL claim. In the past, some of these no response claims would have been counted as NTL's.

Payments:

Within Payments, we simplified forms, improved payment management processes, piloted improvements that eliminated the need for expense advancements and began an analysis of policy simplification options.

Engagement of Health Care Providers:

We have implemented process changes that will improve timeliness of primary care provider approvals related to secondary and tertiary medical rehabilitation, improved timeliness of booking diagnostic, specialists and day surgery services, and implemented new online forms to improve the identification and communication of injury-related restrictions that must be accommodated by the employer.

Employer Registration:

In 2014, we introduced a new online form that made it easier for employers to provide the required information and eliminated backlogs to improve timeliness.

Employer Payroll Reporting:

We redesigned the employer payroll statement based on customer feedback. We also improved the online form to make it easier for customers to provide the required information.

We recognize our customer satisfaction results, which have dropped in the past years as we make fundamental changes to our processes, require improvement. We believe that this short-term decline in satisfaction will improve once these fundamental changes are fully in place, ultimately resulting in the achievement of our overall strategic goals. All of the investments we are making in the compensation system today are intended to result in service improvements that will benefit our customers long term. These themes help guide our core process reviews, which are central to our service improvement strategy. In 2015, we will continue to develop, improve and review our core service delivery processes. Specific initiatives to address customer feedback are noted in the Enablers Perspectives.

Internal Perspective

This perspective has two corporate objectives:

1. Excel at compensation programs and services.
2. Excel at injury prevention programs and services.

Compensation Programs:

Return to Work – 2014: 97 percent (2013: 98 percent)

Average Duration – 2014: 37.01 days (2013: 34.88 days)

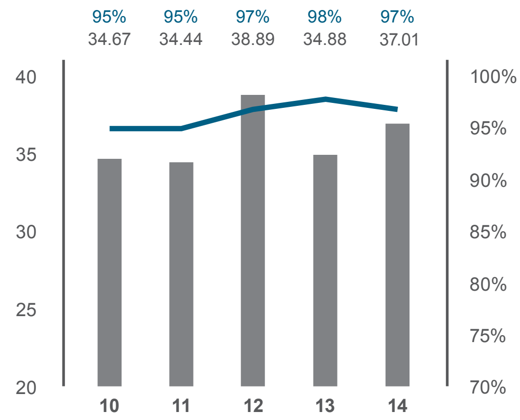
Claims management results in 2014 are on par when compared to those in 2013:

- 97 percent of injured workers sustaining a Time Loss injury returned to work, achieving the WCB's 95 percent objective, but down from 98 percent in 2013.
- Average duration, the measure of timeliness of Return to Work, increased 2.13 days to 37.01 days per Time Loss claim.

The trend in the changing distribution (by age of claim) of all claims in our system continued in 2014. The proportion of shorter, less severe claims in our system continues to decrease at a faster rate than longer, more severe claims. Last year, we reported that the five-year (2009-2013) impact of that trend on our average days per Time Loss claim measure was a 3.02 day increase. Year-end actuarial analysis shows the 2010-2014 five-year impact increased to 3.46 days. In 2014, other factors such as claims demographics and appeals awards also impact average duration. The primary driver behind increasing durations is the relatively higher proportion of more severe or long-term claims in our system.

Compliance of entitlement decisions measures the quality of initial claims decisions. This metric improved to 98 percent in 2014 exceeding our 95 percent target. We continue to monitor files from a quality perspective and we have enhanced our reporting of key quality measures.

We also measure time to first payment, which is the number of days it takes to issue a first payment after we are notified of an injury. The target is 75 percent of first payments are made within 14 days of injury occurrence.



CLAIM DURATION AND RETURN TO WORK PERCENTAGE

■ Duration in Days

— Return to Work Percentage

In 2014, our performance improved from 25 percent to 30 percent, as we focused on process and backlog clearing issues. We expect to see steady progress and achieve our objective in 2015. Reports at mid-February show improvements to 44 percent. At the end of 2014, our initial adjudication backlog was cleared and a new initial adjudication process installed. As noted in the previous section, these improvements are also critical to our overall claims service quality improvement plans. In 2015, we will expand the scope of our process improvement initiatives to include the core return-to-work process from end to end.

We continue to review and improve underlying processes, training programs, set and implement updated service standards, monitor files from an over-all quality perspective and report on results as part of our overall commitment to continuous improvement.

Injury Prevention Programs:

Time Loss Injury Rate – 2014: 2.41 percent (2013: 2.54 percent)

Total Injury Rate – 2014: 6.99 percent (2013: 7.80 percent)

Total Claims Reported – 2014: 35,836 (2013: 37,731)

Total Claims Accepted – 2014: 28,180 (2013: 31,135)

Injury prevention has been a key component of our 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 our Vision Statement making it clear that strategic success means zero workplace injuries, zero fatalities and zero suffering in Saskatchewan.

Progress was once again made in 2014, as injury rates continued to fall. Saskatchewan's workers, employers, safety organizations and WorkSafe partners deserve credit for their contributions to reducing the injury rate.

We understand that continuing and concerted effort is needed to bring injury rates down further. According to the latest statistics available from the Association of Workers' Compensation Boards of Canada (AWCBC), in 2013, Saskatchewan continued to have the second highest Time Loss injury rate in Canada.

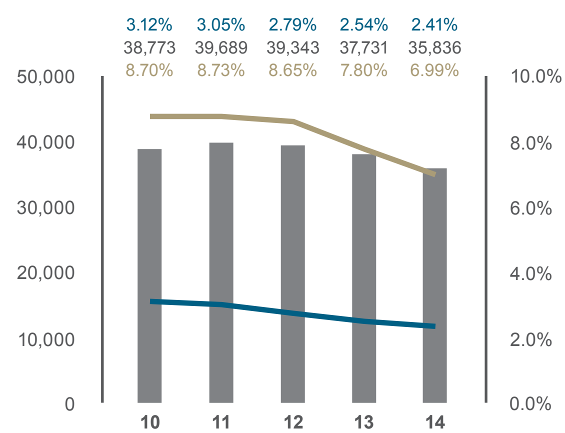
The Time Loss injury rate is calculated by taking the number of Time Loss claims (TLCs) accepted and paid in the year and dividing it by the number of workers covered. The number of covered workers is expressed as full-time equivalents, or FTEs, and is determined by dividing reported payroll by the average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

The Time Loss injury rate dropped for the twelfth straight year, from 2.54 percent to 2.41 percent falling just slightly short of the target of 2.40 percent. In 2014, there were 9,715 TLCs which was 401 fewer than in 2013. This is a positive sign given that we covered 4,120 more full-time workers in 2014. As well, the total number of claims reported decreased by 1,895 claims.

While lowering the number of Time Loss injuries and reducing the Time Loss injury rate is important, our vision speaks to eliminating all workplace injuries. Therefore, we also calculate a Total injury rate that includes accepted No Time Loss as well as Time Loss claims.

In 2013, the Total injury rate in Saskatchewan was 7.80 percent. Through our WorkSafe partnership, we set the goal of reducing the Total injury rate to 7.50 percent in 2014. As of December 31, 2014, Saskatchewan's Total injury rate was 6.99 percent, surpassing the target set for 2014.

The long-term drop in the Time Loss and Total injury rates shows that our strategic efforts through partnerships and joint initiatives are working. Going forward, we will continue to work with our partners and to look for new partnerships and opportunities that reduce all injuries – including fatalities – and that quicken the pace of reaching Mission: Zero.



CLAIMS REPORTED AND INJURY RATES

Claims Reported

Time Loss Injury Rate (per 100 workers)

Total Injury Rate (per 100 workers)

Our focused approach includes:

1. Awareness Campaigns: This includes both general awareness campaigns and targeted awareness campaigns.
2. Education & Training: This includes not only the development and delivery of certain courses like OHC Level 1 and Level 2, but it also includes the development of education & training guidelines, standards and quality assurance.
3. Targeting Initiatives: This includes focused support on employers, injury types, demographics and industries that have high number of injuries or high injury rates.
4. Partnerships & Leadership: This includes partnering with like-minded organizations in the development and delivery of injury prevention programs and services. It also means supporting leaders and leadership development to improve the culture of safety in Saskatchewan.

Awareness Campaigns:

Marketing efforts include television and newspaper ads, as well as social media. WorkSafe received international recognition for its Distracted Driving television ad in 2014. The message was one of 30 ads chosen to be shown at the International Media Festival for Prevention in Frankfurt, Germany. Our general awareness campaign continues to receive high recognition locally as well.

WorkSafe has also begun using a measurement called an Injury Tolerance Index. The Index asks the working public their level of agreement with six phrases to provide insight into their overall perception of injury prevention and provides a ranking from 1 to 5. A ranking below 2.49 is considered negative or very tolerant of injuries. A ranking of 2.49 to 3.49 is uncertain and a ranking above 3.49 is considered in the positive range or intolerant of injury. The Injury Tolerance Index was first used in June 2013. The baseline of 3.59 improved to 3.62 in December 2013 and improved again to 3.70 in December 2014.

Education & Training:

WorkSafe uses a variety of tools and partnerships to help educate the public about injury prevention. The WorkSafe website received 95,166 visits in 2014 compared to 86,977 in 2013. On behalf of WorkSafe, we provided training to more than 9,700 workers in both classroom and online training compared to 5,700 in 2013. We continue to work with federal and provincial partners to prepare for the implementation of the Global Harmonization System (GHS), the global version of the Workplace Hazardous Materials Information System (WHMIS) regulations. This will include the provision of education and related materials to ensure a solid understanding of the transition from WHMIS to GHS.

Targeting Initiatives:

WorkSafe once again reviewed and expanded their initiatives in 2014. Targeting initiatives now include:

Focused Firm (previously the **Priority 50**) – The 2014 Priority 50 employers once again achieved impressive results. Their combined Total injury rates decreased 23.12 percent. Given the year-over-year improvements by employers in the Priority 50 program, we determined it was necessary to revamp the criteria and process for focusing our resources on firms that can use our assistance in improving their injury performance. The new process has new criteria and no cap on the number of employers that are captured within the criteria. Starting in 2015 we will have over 100 employers being supported jointly by the WCB, OHS Division and safety associations.

Health Care Focus Strategy – Based on the high number of injuries and high injury rates, health care as an industry was identified in 2013 as the key industry we need to target and support. As Saskatchewan's largest employer, this sector's injury record significantly impacts the overall injury rate for the province. WorkSafe, with its partners, developed a new health care strategy that was rolled out in December 2013. Great progress has been made in all areas of the Health Care Injury Prevention Plan. We continued to work closely with all health regions; however, we focused our resources on 13 health care facilities with the highest number of claims. These 13 health care facilities reduced their combined Total injury rate by 25.79 percent, resulting in 255 fewer total claims in 2014.

Youth Targeting Strategy – Youth are statistically more likely to be injured on the job than a worker over the age of 25 years. In 2014, the goal was to lower youth injuries as a percentage of all injuries from 19.6 percent to 18.3 percent. The total number of youth workplace injuries in 2014 was the lowest in the past decade. Since its peak in 2008, the number of youth workplace injuries has dropped by 2,751. However, at December 31, 2014, the youth injury rate was 19.2 percent. WorkSafe continues to survey youth about their attitudes, behaviours and beliefs when it comes to safety and injury prevention. Working from Safe Saskatchewan's Community Education Safety Strategy, WorkSafe engaged all partners focused on youth injury prevention in the development of a new Youth Workplace Injury Prevention Strategy. This strategy includes four major pillars: The education system, community, parents and peers. The initial focus will be on community pillar, which includes employers. Work began on the development of a youth orientation package to be implemented in 2015.

Manufacturing Targeting Plan – Manufacturing was identified as an opportunity within the WorkSafe plan in 2012. Working with partners, a draft plan was developed in 2013. The continued development of the plan was started in the fourth quarter of 2014. In the meantime, we have continued to focus on certain employers within the industry and support the expansion and growth of the Safety Association of Saskatchewan Manufacturers.

Public Sector Targeting Plan – The combined Total injury rate for the public sector rate codes (excluding health care) decreased 14.10 percent in 2014. WorkSafe continues to work with this sector to address specific issues and further reduce the Total injury rate.

Fatalities Plan – There were 39 fatalities accepted by the WCB in 2014, which is an increase from 35 in 2013. Of the 39, the three leading causes were traumatic injury (13), occupational diseases (10) and heart attack (6). We continue to run a campaign in an attempt to create awareness about the dangers of distracted driving. We are also engaged in negotiations with the University of Saskatchewan to help with a full analysis of fatalities to better enable us to develop a comprehensive fatality prevention strategy.

Small Business Targeting Plan – We are currently researching best practices related to small business and injury prevention. In 2014, we developed a new resource for small businesses – the Small Business Log Book – with the support of the Saskatchewan Chamber and CFIB.

Partnerships & Leadership:

Establishing collaborative partnerships to advance mutual injury prevention goals and objectives is an opportunity to collectively invest fewer resources or achieve greater results.

The number of formal partnerships grew from 34 in 2013 to 37 in 2014 by adding key partners like the Shock Trauma Air Rescue Society (STARS), Saskatchewan Electrical Safety Symposium and the Prince Albert Chamber of Commerce.

Our Experience Rating Program (ERP) provides employers with financial incentives to improve or adopt workplace safety and injury prevention measures and effective return-to-work programs. A committee of employer representatives and worker representatives reviewed the experience rating program. The committee prepared a report with six recommendations for the WCB to consider and implement. The recommendations are currently being considered by the Board with planned implementation of any changes for 2016 rates.

The ERP ensures that the relatively small number of employers responsible for the majority of costs in the system 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 annual rates are set in the fall of each year and then are applied to the employer's industry premium rate for the upcoming year.

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.

Enablers Perspective

This perspective has three corporate objectives:

1. Enhance great relationships,
2. Have a competent workforce, and
3. Ensure effective processes.

Enhance Relationships:

One of the strategic objectives within this perspective is fostering great relationships. In 2014, the relationship index result of 94 percent was slightly below the established target. There are two aspects to this strategic objective – internal and external relations. The internal aspect is measured using an employee engagement survey tool which is administered every two years. Staff was surveyed in 2014 and the result was 61 percent engagement, slightly down from two years ago. During the year, we focused on opportunities to enhance engagement. An abbreviated survey process was developed and administered to measure engagement on a quarterly basis.

The other contributing performance measure within this index is external relations. Through WorkSafe, we continue to engage customers through meetings, presentations, customer surveys and partnerships that support program and service delivery goals and promote injury prevention and Mission: Zero.

Competent Workforce:

Having a competent workforce is a key strategic objective within the Enablers perspective. This strategy has multiple initiatives relating to three key areas – employee recruitment, development and retention, which form the corporate Human Resources Alignment Index. The result for 2013 was 89 percent. In 2014, the target of 95 percent was surpassed with an average of 99 percent for the year.

The Saskatchewan Employment Act came into effect in 2014 and managers were briefed accordingly. Employee relations continue to be stable within our business environment due to the signing of a four-year collective agreement which expires in December 2016. Our intent is to continue to work with our Union to ensure we have effective communication and employee relations in the future.

The organization was pleased to again be named as a top employer in Saskatchewan since this directly contributes to our recruitment and retention endeavors. WCB employees are dedicated to supporting workers and employers in a meaningful way and the organization continuously strives to improve upon making the WCB an even better place to work.

The organization is also committed to supporting the development of its employees. Human Resources worked with the Executive team to identify core management and leadership learning programs. Delivery of the management training modules and related content is scheduled to commence early in 2015.

Effective Processes:

The third strategic objective within the Enablers perspective is effective processes. This approach is being undertaken to allow us to continually improve on delivering value to customers. Priorities for improvement are set using Balanced Scorecard strategy maps and corporate value stream maps. Improvements to these processes to date have been executed through projects governed by our Portfolio Management Executive Committee (PMEC).

Staff involvement in improving processes was significant and will continue to be an important aspect of our process improvement in the future. For example, in early 2014, we began the implementation of a redesign of the claims intake process to make it easier for our customers to provide relevant information to process claims and to enhance our ability to serve our customers. Stakeholder feedback has been used in the redesign of this process and further refinements are underway. Throughout 2014, our effective processes indicator was below target. We will be undertaking initiatives in 2015 to enhance our ability to make improvements on a more continuous basis.

Process improvement methods will be used on an ongoing basis to ensure we continuously evaluate and adjust our capacity to deliver quality service to customers. As an example, a review of the front-end of the claims process and its recommended improvements are progressing towards a more comprehensive review of the end-to-end return-to-work process. Other areas of the business also completed process improvement initiatives concurrent with the claims process project. This has led to positive process changes and projects improving customer service.

Two additional initiatives undertaken in 2014 were aimed at providing improved service related to the employer registration process and employer payroll reporting process. Both initiatives position us to deliver more and better online services to our customers.

To support our customer service improvement goals, we have also formalized the Service Excellence department – to ensure that organizational initiatives are developed, coordinated and executed in a way that maximizes quality and timeliness and sustains gains in service delivery to our stakeholders. Service Excellence works hand-in-hand with our business transformation office to identify, document and improve internal processes and standards in internal areas that are critical enablers of service delivery to employers and workers. In 2015, we are looking to expand customer feedback from all customer facing areas of the WCB for a more comprehensive view of their experience with the objective of continuously improving customer service.

The newly formed Service Excellence department conducts independent claim file reviews to ensure quality outcomes for our customers. They also provide technical training and coaching to front-line Operations staff. Training materials are updated constantly to remain current with legislation and internal processes and procedures. Service Excellence is also responsible to work with internal partners to identify service standards and expectations and to develop and deliver related training to all staff commencing in 2015.

Our Communications area provides internal and external services and expertise. Among their many initiatives undertaken, a new employee communication tool was designed and built in 2014 for launch in Q1 2015. This new tool provides employees with userfriendly access to pertinent work-related data. Their work to redesign our external website has provided better access to content and increased opportunities for online services and information to help meet customer needs.

Financial Perspective

This perspective has two corporate objectives:

1. Optimize costs, and
2. Ensure financial stability.

Saskatchewan's economy remained strong in 2014 even with the drop in oil prices in November 2014. Global markets experienced another solid year. Investment income recorded was $159.5 million compared to the $252.6 million in 2013, the result of strong realized gains as detailed in this section of the MD&A.

In 2014, there was an underwriting loss of $60.3 million because of the increase in benefits liabilities. This compares to an underwriting loss in 2013 of $62.7 million. The underwriting loss in 2014 was mainly the result of an adjustment to benefits liabilities for the estimated impact of future latent occupational diseases as described in the benefits liabilities section that follows. There would have been an underwriting profit of $19.0 million if the adjustment had not been required. Investment income decreased in 2014 but more than offset the underwriting loss to produce a Net Income of $99.2 million. Including Other Comprehensive Loss of $1.5 million from the net actuarial loss on the Defined Benefit Pension Plan, the Total Comprehensive Income at the end of the year was $97.7 million. This Total Comprehensive Income combined with a drawdown of reserves results in a funded position at 132.2 percent. The funded position is discussed further below in the MD&A.

Premiums

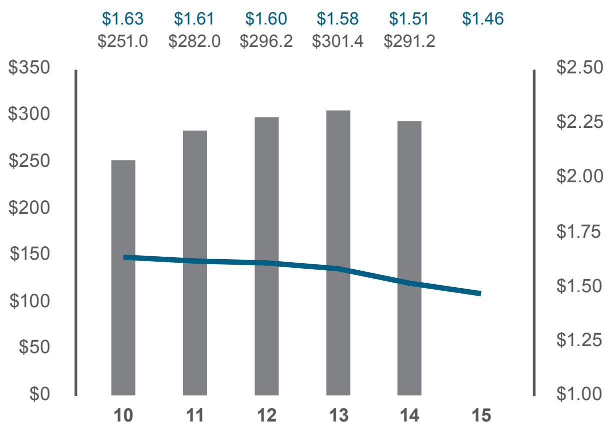
Total premium revenue is made up of base premiums plus discounts and surcharges through the ERP. There are two ERP programs: The advanced program applies to employers who pay more than $15,000 in WCB premiums over a three-year period; employers who pay less than this amount are in the standard program.

Employers in the ERP's advanced program are subject to a 200 percent maximum surcharge while employers in the standard program are subject to a 75 percent maximum surcharge. The maximum discount available to employers in the standard program is 25 percent. Employers in the advanced program are eligible for a maximum 30 percent discount.

In 2014, 1,563 employers paid $22.3 million in surcharges while 22,629 employers received discounts of $29.1 million. The number of employers affected by ERP was similar to 2013 when 1,494 paid surcharges and 22,406 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.

Employer assessable payrolls increased 6.5 percent to a provisional $20.07 billion in 2014 from an actual $18.85 billion in 2013. Increases to the maximum insurable earnings, effective January 1, 2014, account for approximately 1.2 percent of the 6.5 percent increase in assessable payrolls. Sectors that experienced the largest payroll increase were Commercial Industrial Construction, and Health Authorities, Hospitals and Care homes. However, base premium revenue decreased by 2.2 percent from 2013 to $297.8 million in 2014. This is due to a drop in the average premium rate from $1.58 in 2013 to $1.51 in 2014, the eleventh consecutive decline. The net cost of the ERP, which increased in 2014 to $6.8 million, also reduced premium revenue.

With continuing declines in the Time Loss injury rate and increases in reported payroll, the average premium rate for 2015 dropped 3.3 percent to $1.46 – down from $1.51 in 2014.



PREMIUM REVENUE AND AVERAGE PREMIUM RATE

Premium Revenue (millions)

Average Premium Rate (per $100 Insurable Earnings)

Expenses

We manage cost effectiveness in our five expense categories: Claims costs, administration, safety and prevention, annuity fund interest and legislated obligations.

Claims Costs

Claims costs include actual payments made for compensation purposes throughout the year plus the change in benefits liabilities. Benefits liabilities represent the amount required to pay the future costs of all claims. As reported in the Statement of Operations and Other Comprehensive Income, claims costs totalled $264.7 million in 2014, a 6.6 percent decrease from 2013. The total claims costs consists of $198.3 million in cash expenses plus a $66.4 million actuarial increase to benefits liabilities. The benefits liabilities represent legislated obligations to pay the costs of all existing claims into the future. Benefits liabilities are discussed in more detail further below.

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 2014, compensation costs paid were $187.9 million. This is a $4.4 million decrease from 2013, despite the fact that the maximum wage rate increased effective January 1, 2014. Administration costs for adjudicating and managing claims are also allocated to claims costs, bringing the total 2014 compensation payments to $198.3 million, a 0.2 percent or $5.0 million decrease from 2013.

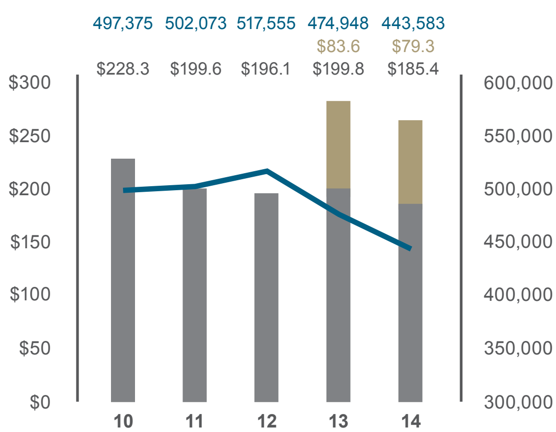
Durations and the number of TLCs are two key drivers of compensation costs.

The duration of TLCs paid increased 6.1 percent in 2014 to 37.01 days. There was a drop in the number of new TLCs for the year and also a reduction in the number of TLCs from previous years. As a result, total TLCs, that is all TLCs paid in 2014, were 11,985, or a 12 percent decrease from the 13,616 total TLCs paid a year earlier.

The decrease in total TLCs paid in 2014 offset the increase in durations which resulted in a 6.6 percent decrease in the total number of compensation days paid during the year, from 474,948 days in 2013 to 443,583 days in 2014. The drop in days paid resulted in short-term wage loss payments of $59.1 million in 2014, a 4.4 percent decrease over 2013. Payments for long-term disability or earnings replacement and survivor benefits remained constant in 2014 at $53.4 million. There was a drop in the number of injured workers receiving long-term disability or earnings replacement benefits of 106 to 4,797. This was offset by the fact that there was an annual CPI increase in pension payments.

Health care payments decreased 1.8 percent in 2014, to $71.7 million reflecting fewer claims in 2014. We continue to invest more 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. It provides the retraining and education needed when injured workers cannot return to their pre-injury job. Vocational rehabilitation costs decreased slightly in 2014 to $3.7 million. We remain diligent in our efforts to ensure that workers who require services are given the appropriate training, education and modifications to their homes and workplaces.



CLAIMS COSTS (MILLIONS) AND COMPENSATION DAYS PAID

- Claims Costs (millions)
- One Time Adjustment (millions)
- Compensation Days Paid

As referred to in the Benefit Liabilities section below, the benefit liability change in 2014 included a one-time $79.3 million adjustment for the provision for Latent Occupational Diseases. Total claims costs without the one-time adjustment would have been $185.4 million.

Benefits Liabilities

The benefits liabilities increased 6.1 percent in 2014 to $1,151.9 million. This is primarily because new actuarial standards require that the expected cost of future latent occupational disease be included in the benefits liabilities in 2014. The initial provision for latent occupational disease at December 31, 2014 is $79.3 million. Another change that resulted in an increase in the benefits liability is a decrease in the rate used to discount projected future benefit payments from 5.75 percent to 5.5 percent. The impact of this change is a $21.8 million increase in the benefits liabilities. The discount rate was reduced to reflect the decreased expectations for long-term asset returns.

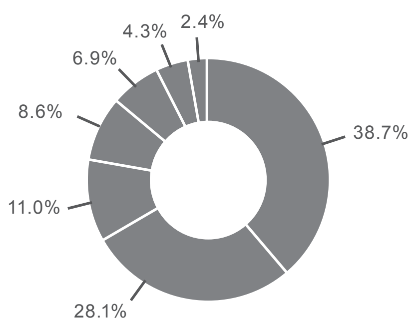
Excluding the impact of the provision for future latent occupational disease and the change in the discount rate, the benefits liabilities decreased by $32.9 million primarily because of positive trends in TLCs.

Except for using updated Saskatchewan population mortality tables published by Statistics Canada, the remaining long-term economic and actuarial assumptions used in determining future benefits and administration costs were the same as those used in 2013. Going forward, wages are expected to increase by 1.0 percent above the assumed 2.5 percent inflation rate and health care costs are expected to increase by 4.0 percent above inflation. We consider these assumptions to be a realistic best estimate of future expectations.

Most wage-based benefits are expected to increase at the rate of inflation and will be discounted at the nominal rate of 5.50 percent. This means that most benefits, for the purpose of calculating the benefits liabilities, are determined using the 3.0 percent real rate of return. However, all wage-based benefits including short-term and long-term disability and survivor benefits, are subject to a ceiling based on the maximum wage rate prescribed under Section 37 of the 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 include an amount set aside to administer benefits in future years. We have determined the allowance for the expenses included in the liability valuation should be 4.2 percent of the liability for long-term disability and survivor awards, and 6.3 percent of the liability for all other claims.

Future benefits administration accounts for $49.5 million of the $1,151.9 million total benefits liabilities.

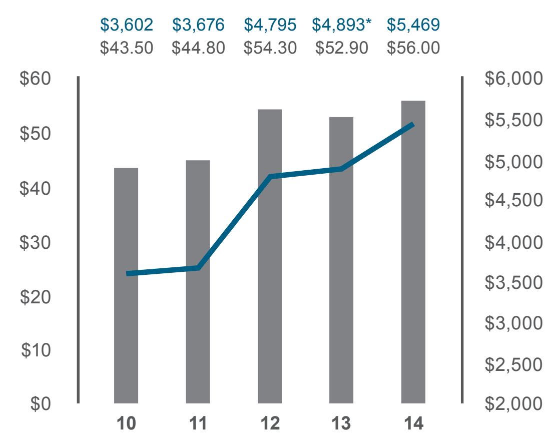


BENEFITS LIABILITIES

38.7%	Long-Term Disability	$ 445,923,000
28.1%	Health Care	$ 323,741,000
11.0%	Short-Term Wage Loss	$ 126,667,000
8.6%	Survivor Benefits	$ 99,068,000
6.9%	Latent Occupational Disease	$ 79,274,000
4.3%	Future Benefits Administration	$ 49,523,000
2.4%	Vocational Rehabilitation	$ 27,713,000
100%	Total	$1,151,909,000

Administration Expenses

Administration costs, before costs charged to Future Benefits Administration, increased to $56.0 million in 2014, a 5.9 percent increase from the 2013 administration expenses of $52.9 million. There was a negotiated increase in salaries and benefits and an increase in amortization, offset somewhat by a decrease in computer services.



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

Administration Expenses (millions)

Administration $ per Time Loss claim

* Restated 2013 to reflect AWCBC metric for comparability.

An important measure of administrative efficiency is our administration cost per TLC. We calculated this to be $5,469 in 2014 compared to $4,893 in 2013. The target for 2014 was $5,541. The increase reflects the drop in the pure number of TLCs and the increase in administration costs overall. In 2013, the most recent year that data is available from the AWCBC, Saskatchewan had the third-lowest administration cost per Time Loss claim in Canada.

A second measure of administrative efficiency is the administration cost per $100 of assessable payroll. The 2014 ratio was $0.26, below our target of $0.30

per $100 of assessable payroll. For 2013, the most recent year that data is available from AWCBC, the ratio was $0.27 per $100 of assessable payroll, making Saskatchewan the third lowest in Canada.

Safety and Prevention

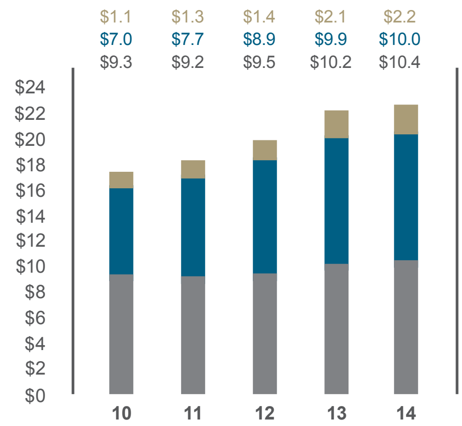
Safety and prevention is made up of funding to the OHS Division of the Ministry of Labour Relations and Workplace Safety, funding to safety associations and safety initiatives through the WorkSafe Saskatchewan partnership.

The role of OHS Division is to help workplace parties meet their responsibility to identify and correct health and safety hazards. As well, OHS Division inspects workplaces and enforces health and safety regulations.

The Act requires that we fund OHS Division operations; however the OHS budget is approved by the government of Saskatchewan through the provincial budgeting process. In 2014, OHS Division funding increased by 2.0 percent to $10.4 million.

Funding is provided to seven industry safety associations that represent 18 rate codes. Employers in these rate codes are charged a levy on their premiums to cover the cost of this funding. The total funds for the year increased $0.1 million to $10.0 million in 2014. Time Loss injury rates for industries with safety associations decreased from 3.28 percent to 2.45 percent since 2010. This 25.31 percent decrease compares to a 20.07 percent decrease in those industries without safety associations.

Expenditures on WorkSafe increased in 2014 to $2.2 million from $2.1 million in 2013, primarily due to increased OHS training costs. The WorkSafe partnership remains confident that expenditures to promote injury prevention and awareness will pay significant future dividends leading to fewer injuries to workers and lower costs for employers. Through its strategic and operational planning process, WorkSafe will focus its efforts to ensure funds are spent in areas most in need of improvement. Details on WorkSafe, 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 Division
- Safety Associations
- WorkSafe Saskatchewan

Annuity Fund Interest

The Act requires us to compensate injured workers for the loss of retirement income due to a workplace injury. We set aside an additional 10 percent of all eligible benefits payments into an injured worker's annuity fund once the worker has received benefits for more than 24 consecutive months. We continue to set aside funds until the worker reaches age 65 or returns to work. At age 65, the worker uses the funds set aside, plus interest, to purchase an annuity. During 2014, contributions to the fund amounted to $6.0 million, down from $6.2 million in 2013.

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

In 2014, interest earned totaled $17.3 million, due to an increase in the interest rate to 9.6 percent. This compares to $15.5 million earned in 2013 at an interest rate of 9.4 percent.

Total annuity payouts in 2014 were $10.1 million, up 9.8 percent from the $9.2 million paid out in 2013. The resulting $193.4 million annuity fund payable at December 31, 2014 increased 7.3 percent over the balance at December 31, 2013. There were 5,739 active claims with annuities at the end of 2014 compared to 5,803 at the end of 2013, which results in an average annuity fund of approximately $33,000 per claim.

Legislated Obligations

Under the Act, we are obliged to fund the operations of the Office of the Worker's Advocate. Funding in 2014 was $1.1 million, a slight increase over 2013. In addition, the initial costs for the 2014 Committee of Review came in at less than $0.1 million.

Investment Income

We ensure financial stability through our investment and funding policies. Investment income is an important revenue stream. It supplements premiums to cover expenses. The long-term assumption that investments will generate an annual nominal rate of return of 5.50 percent is built into the calculation of benefits liabilities, as well as the premium rate setting model. In 2014, our investment portfolio had a return of 9.2 percent at market compared to a return of 17.5 percent in 2013. Investment income includes both realized income and unrealized gains or losses on investments during the year and can fluctuate significantly year to year to reflect the change in the market value of investments. For example, excluding unrealized gains and losses on investments, our realized investment income increased $70.6 million from $68.2 million in 2013 to $138.8 million in 2014. However, investment income decreased a total of $93.1 million from $252.6 million in 2013 to $159.5 million in 2014. This is a result of the drop of $163.7 million in unrealized investment income since unrealized gains in 2014 were only $20.7 million compared to $184.4 million 2013.The $159.5 million in investment income is made up of:

- $20.7 million in net unrealized gains during the year on investments held at the end of 2014;

plus,

- $138.8 million of realized investment income made up of:
    - $68.4 million of income from interest and dividends,
    - $75.5 million from net gains realized from the sale of equities, bonds and real estate,
    - Less $5.1 million for investment expenses.

We record our investments at market value. Our Statement of Investment Policies and Goals (SIP&G) allows our investment managers to lend investment securities to third parties for the purposes of generating additional revenue. The investments under this Securities Lending Program are shown separately in the Statement of Financial Position. The combined investments on the Statement of Financial Position are $1,928.1 million, a $165.9 million increase from the 2013 total of $1,762.2 million.

Investment Strategy

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

Our Investment Committee reports to the Board and, with the assistance of an independent investment consultant, recommends the approval of the SIP&G and the appointment of the investment managers.

The Investment Committee recommends prudent policy goals and objectives to safeguard 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. Because of the significant fluctuations in financial markets over the last number of years, a 2013 review of the SIP&G included a review of the portfolio asset allocation with the aim of reducing the volatility of the portfolio returns while maintaining an actual rate of return equivalent to the current return. Changes to the investment asset classes from this review began in 2014. The SIP&G was modified in 2014 to include a Global High Yield Bond portfolio in the asset mix as the first step in implementing this revised asset allocation strategy to reduce the investment return volatility.

Funding Strategy

Our Funding Policy sets the parameters for the Injury Fund and each of our reserves. The targeted range for the Injury Fund is 5 percent to 20 percent of benefits liabilities resulting in a targeted Funding Percentage of 105 percent to 120 percent. The Injury Fund is maintained in this range to ensure sufficient funds are available to meet required benefit levels and to reduce fluctuations in the average premium rate.

If the funded status moves outside the targeted range, we will replenish or regulate the fund to maintain the targeted range. Where the funded status falls below 103 percent, the WCB, at its discretion, can replenish the Injury Fund through a charge to the premium rates as part of the annual rate setting process over a period not to exceed five years. Where the funded status rises above 122 percent, excess surplus will be distributed to employers, at the WCB's discretion, over a period not to exceed five years until the Injury Fund reaches 120 percent.

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, or
- Available for benefit enhancements.

Our Funding Policy, therefore, removes these unrealized gains and losses from the Injury Fund for the purposes of calculating the funding percentage. 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, 2014 we maintained the Disaster Reserve and the Second Injury and Re-employment Reserve. The Second Injury and Re-employment Reserve was established to provide employers with cost relief on claims that are attributed to an earlier injury and to help return to work through retraining. Currently, the $11.5 million in this reserve is 1.0 percent of the benefits liabilities as recommended by the Funding Policy.

The Disaster Reserve was created to meet the requirements of the Act with respect to disasters and has two components: One for less severe disasters that meet the threshold outlined in policy and one for rare but very severe disasters. The Funding Policy specifies 1.0 percent of benefits liabilities for each component. The total of the disaster reserve was $23.0 million at the end of 2014.

The balances in the two reserves combined for a total of $34.6 million at December 31, 2014, compared to a total reserve balance of $117.6 million at the end of 2013 which included $85 million for the Occupational Disease Reserve.

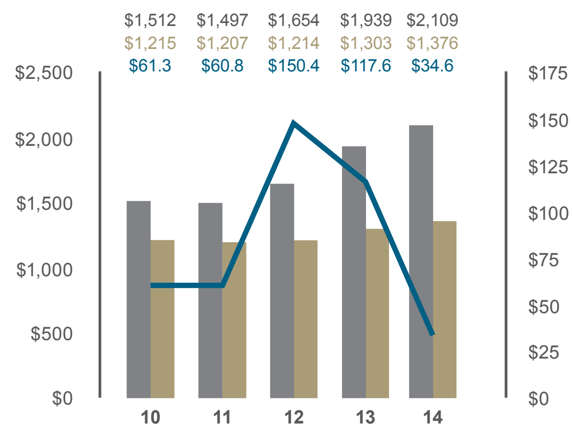
In 2013, the Board revised the Funding Policy to establish the level of the Occupational Disease Reserve at $85.0 million in anticipation of new actuarial standards. The new actuarial standards require that we include the expected cost of future latent occupational disease in the benefits liabilities for the 2014 year end.

The entire reserve was drawn down in 2014 to offset the $79.4 million increase in the benefits liabilities as a result of the provision for future latent occupational disease. At December 31, 2014, the reserve was a nil balance and is no longer required. The difference between the $85 million reserve and the $79.4 million liability was released into the injury fund.

The $99.2 million net income in 2014, plus a net $83 million decrease to reserves to comply with the Funding Policy, results in a balance of $703.2 million in the Injury Fund at the end of 2014. 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 $371.3 million at December 31, 2014. The calculation of the funding percentages is disclosed in note 19 of the financial statements.

Based on the Funding Policy, the funding percentage at December 31, 2014 was 132.2 percent, outside the targeted range of 120.0 percent. Pursuant to the Funding Policy, the Board has approved a distribution of excess investment earnings in 2015 of $78.9 million as calculated by its external actuary. This subsequent event will be accounted for as a distribution in 2015.

Through an external consultant, the WCB is currently conducting an Asset Liability Study. This study incorporates actuarial asset liability projections, reviews the current funding policy and assesses if future changes to the policy are required.



FUNDED POSITION AND RESERVES (MILLIONS)

- Assets
- Liabilities
- Reserves

Accumulated Other Comprehensive Income

All actuarial gains and losses on the defined benefit pension plan are recorded in Accumulated Other Comprehensive Income (AOCI). The accumulated actuarial losses of $4.1 million are recorded in AOCI as at December 2014 and the actuarial loss for the year of $1.5 million is recorded in the Statement of Operations in 2014.

Internal Control over Financial Reporting

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

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

In 2013, The Committee of Sponsoring Organizations of the Treadway Commission (COSO) presented an updated Internal Control Integrated Framework to replace COSO's existing framework used for assessing the effectiveness of internal controls. The updated framework assists organizations in adapting internal controls to changes in the business and operating environments that have become more global, complex and technology-driven. In 2014, the ICOFR Committee assessed the WCB's system of internal controls against this updated framework.

The assessments undertaken by the Committee in 2014 did not identify any weaknesses in internal controls over financial reporting that would result in material misstatement of the December 31, 2014 financial statements. The 2014 report by the Chief Executive Officer and the Chief Financial Officer can be found on page 42 of this annual report.

Looking Ahead

Economic Outlook

Saskatchewan's economy remained stable throughout most of 2014 despite the drop in oil prices. But continued low oil prices are expected to impact most economic indicators for 2015 with a recovery anticipated in 2016.

The Conference Board of Canada predicts that Saskatchewan's economy will avoid a recession in 2015, instead growing a modest 0.8 percent thanks to potash production, metal mining (including uranium) and construction projects that will offset oil industry volatility. And while agriculture sector growth was somewhat stagnated in 2014, small positive growth is expected for the future. Manufacturing is also anticipated to see moderate growth in 2015.

Saskatchewan's population has grown steadily to 1,129,900 according to Statistics Canada. This time last year, Saskatchewan had a population of 1,111,800 or a difference of 18,100 residents.

Business Outlook

We will continue to identify threats and opportunities to our corporate business plan during our strategic planning process and to create action plans to ensure we can meet with confidence future challenges in our operational and financial plan.

Specific strategic initiatives include:

- Review and improve core business processes;
- Advance injury prevention by increasing the number and focus of stakeholder partnerships;
- Establish a corporate data governance practice;
- Enhanced customer communications and online services;
- Continued expansion of our management and leadership development programs, updating our succession management;
- Focusing on service standards and service-related training across the organization;
- Expansion of injury prevention programs and resources, including the WorkSafe Saskatchewan partnership; and
- Implement an updated Statement of Investment Policy and Goals.

Saskatchewan Workers' Compensation Board

Responsibility for Financial Reporting

The financial statements are the responsibility of management and have been prepared in conformity with International Financial Reporting Standards. The preparation of financial information is an integral part of management's broader responsibilities for the ongoing operations of the WCB. Based on management's knowledge, having exercised reasonable diligence, the financial statements fairly represent in all material respects the financial condition, results or operations, and cashflows as at December 31, 2014.

Management maintains an extensive system of internal accounting controls to provide reasonable assurance that transactions are recorded accurately on a timely basis, are approved properly and result in reliable financial statements. The effectiveness of controls over financial reporting was assessed and found to provide reasonable assurance that internal controls at December 31, 2014 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 liability. 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 Board members regarding the fairness of presentation of the WCB's financial position and results of operations as shown in the financial statements. In carrying out their audit, the external auditors place reliance on the work of the actuary and his report on the benefits liabilities. The Auditor's Report outlines the scope of their examination and their opinion.

Peter Federko CPA, CA
Chief Executive Officer

Ann Schultz CPA, CA
Chief Financial Officer

March 9, 2015

Actuarial Certification

To the Board Members of the Saskatchewan Workers' Compensation Board

We have completed an actuarial valuation as at December 31, 2014 of the liabilities for benefits payable in the future under *The Workers' Compensation Act, 2013* in respect of claims that occurred prior to the valuation date.

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

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

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

The actuarial valuation of the benefits liabilities of $1,151,909,000 represents the actuarial present value at December 31, 2014 of all payments expected to be made in future years in respect of all claims occurring on or before December 31, 2014. In our opinion, the amount of the benefits liabilities makes appropriate provisions for all personal injury compensation obligations and the financial statements fairly represent the results of the valuation.

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

Aon Hewitt

Mark Mervyn
Fellow, Canadian Institute of Actuaries
February 27, 2015

wcb Saskatchewan Workers' Compensation Board

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, 2014, the statements of operations and other comprehensive income, 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 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, 2014, 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 9, 2015
Regina, Canada

As at December 31, 2014

Statement of Financial Position

(Thousands of dollars)	2014	2013
Assets		
Cash and cash equivalents (note 4)	**$ 120,514**	$ 102,994
Receivables (note 5)	**23,190**	31,423
Investments under security lending program (note 6)	**199,311**	292,091
Investments (note 6)	**1,728,831**	1,470,090
Property and equipment (note 7)	**10,969**	11,484
Other assets (note 8)	**26,659**	31,322
	$ 2,109,474	$ 1,939,404
Liabilities		
Payables and accrued liabilities (note 9)	**$ 30,400**	$ 37,587
Benefits liabilities (note 10)	**1,151,909**	1,085,532
Annuity fund payable (note 11)	**193,432**	180,245
	1,375,741	1,303,364
Funded Position		
Injury Fund	**703,248**	521,055
Accumulated Other Comprehensive Loss	**(4,072)**	(2,581)
Reserves (note 12)	**34,557**	117,566
	733,733	636,040
	$ 2,109,474	$ 1,939,404

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

Approved by the Board and signed on their behalf on March 9, 2015.

Gord Dobrowolsky
Chairperson

Marg Romanow
Board Member

Karen Smith
Board Member

Statement of Operations and Other Comprehensive Income

(Thousands of dollars)	2014	2013
Premiums (note 13)	$ 291,158	$ 301,382
Expenses		
Claim costs (note 10)	264,683	283,358
Administration (Schedule 1)	45,660	41,874
Safety and prevention (note 14)	22,636	22,277
Annuity fund interest (note 11)	17,344	15,511
Legislated obligations (note 15)	1,124	1,019
	351,447	364,039
Underwriting Loss	(60,289)	(62,657)
Investment income (note 6)	159,473	252,609
Net Income	$ 99,184	$ 189,952
Other Comprehensive Income (Loss)		
Employee Benefits		
Net actuarial gains (losses)	(1,491)	5,825
Total Comprehensive Income	$ 97,693	$ 195,777

See accompanying notes to financial statements.

Statement of Changes in Funded Position

(Thousands of dollars)	2014	2013
Injury Fund		
Balance, beginning of year	**$ 521,055**	$ 298,288
Net income	**99,184**	189,952
Appropriation of funds from reserves (note 12)	**83,009**	32,815
Balance, end of year	**703,248**	521,055
Accumulated Other Comprehensive Loss		
Balance, beginning of year	**(2,581)**	(8,406)
Other comprehensive income (loss)	**(1,491)**	5,825
Balance, end of year	**(4,072)**	(2,581)
Reserves		
Balance, beginning of year	**117,566**	150,381
Appropriation of funds to injury fund (note 12)	**(83,009)**	(32,815)
Balance, end of year	**34,557**	117,566
Funded Position	**$ 733,733**	$ 636,040

See accompanying notes to financial statements.

Statement of Cash Flows

(Thousands of dollars)	2014	2013
OPERATING ACTIVITIES		
Cash received from:		
Premiums	**$ 297,073**	$ 300,049
Dividends	**49,607**	23,063
Interest	**20,679**	19,934
	367,359	343,046
Cash paid to:		
Claimants, or third parties on their behalf	**202,453**	199,003
Employees and suppliers, for administrative and other goods and services	**52,712**	52,870
Safety and prevention programs	**22,487**	21,537
Ministry of Labour Relations and Workplace Safety	**1,020**	1,063
	278,672	274,473
Net cash provided by operating activities	**88,687**	68,573
INVESTING ACTIVITIES		
Cash received from:		
Sale and maturity of investments	**1,052,631**	956,090
Cash paid for:		
Purchase of investments	**1,121,585**	997,820
Purchase of property and equipment	**938**	527
Purchase of other assets	**1,275**	2,285
	1,123,798	1,000,632
Net cash used in investing activities	**(71,167)**	(44,542)
Increase in cash during the year	**17,520**	24,031
Cash and cash equivalents, beginning of year (note 4)	**102,994**	78,963
Cash and cash equivalents, end of year (note 4)	**$ 120,514**	$ 102,994

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 2014

1. NATURE OF OPERATIONS:

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

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

2. BASIS OF PRESENTATION:

Statement of Compliance

The financial statements for the year ended December 31, 2014 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 the WCB 's functional currency and are rounded to the nearest thousand unless otherwise noted.

Use of Estimates and Judgment

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the amounts estimated and the changes in estimates are recorded in the accounting period in which they are determined. The most significant estimation processes are related to the actuarial determination of the benefits liabilities (note 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 net income. Financial assets classified as available for sale are measured at fair value with unrealized changes in fair value recorded in other comprehensive income; however, unrealized losses considered other than temporary are recognized as a decrease to net income. Financial assets designated as held to maturity, loans and receivables, or other financial liabilities are measured at amortized cost using the effective interest method. The WCB has no financial assets and liabilities designated as available for sale or held to maturity.

The WCB has designated its cash and 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 is based on model pricing techniques that effectively discount prospective cash flows to present value taking into consideration duration, credit quality and liquidity. The fair value of the pooled mortgage fund is determined based on the market values of the underlying mortgage investments, calculated by discounting scheduled cash flows through to the estimated maturity of the mortgage. The fair value of the pooled real estate fund is determined based on the market values of the underlying real estate investments, normally based on appraisals.

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

Investments under Security Lending Program

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

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

Investment Income

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

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

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

Property and Equipment

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

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

Premium Revenue

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

Benefits Liabilities

The benefits liabilities are determined annually by an actuarial valuation that 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, 2014 has been determined by estimating future benefits payments in accordance with the WCB's administrative policies and practices in effect at December 31, 2014.

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

Intangible Assets

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

Annuity Fund Payable

The annuity fund is established pursuant to sections 73 and 81 of the Act. Where compensation is paid for a period exceeding 24 consecutive months, an additional amount equal to 10 percent of eligible benefits paid is set aside in the fund to compensate injured workers and dependent spouses for the loss of retirement income due to a workplace injury. The fund earns interest based on an internally calculated rate of return. At age 65, the client must provide direction to the WCB for the disposition of these funds.

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

Foreign Currency Translation

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

Employee Future Benefit Plans

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

Defined benefit plan

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

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

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

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

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

Defined contribution plan

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

Future Accounting Policy Changes

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

IFRS 4, Insurance Contracts

The IASB issued a revised exposure draft proposing changes to the accounting standard for insurance contracts in June 2013. The proposal would require an insurer to measure insurance liabilities using a model focusing on the amount, timing and uncertainty of cash flows associated with fulfilling its insurance contracts. Deliberations of the exposure draft continue with a final standard expected to be issued by the end of 2015. The effective date of the standard is not expected to be before 2019 and the full impact of the changes will be evaluated after the standard is finalized.

IFRS 9, Financial Instruments

In July 2014, the final version of IFRS 9 Financial Instruments (IFRS 9) was issued, and replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes guidance on the classification and measurement of financial instruments, impairment of financial assets and hedge accounting. Financial asset classification is based on the cash flow characteristics and the business model in which an asset is held. The classification determines how a financial instrument is accounted for and measured. IFRS 9 also introduces an impairment model for financial instruments not measured at fair value through profit or loss that requires recognition of expected losses at initial recognition of a financial instrument and the recognition of full lifetime expected losses if certain criteria are met. A new model for hedge accounting aligns hedge accounting with risk management activities. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The WCB is currently assessing the impact that the adoption of this standard will have on the financial statements.

IFRS 15, Revenue Recognition

In May 2014, IFRS 15 Revenue from Contracts with Customers (IFRS 15) was issued, and replaces IAS 11 Construction Contracts, IAS 18 Revenue and various interpretations. IFRS 15 establishes principles about the nature, amount, timing and uncertainty of revenue arising from contracts with customers. The standard requires entities to recognize revenue to reflect the transfer of goods or services to customers measured at the amounts an entity expects to be entitled to in exchange for those goods or services. IFRS 15 is effective for annual periods beginning on or after January 1, 2017. Insurance and investment contracts are not in scope of this standard; therefore, it will not impact the WCB's financial statements.

4. CASH AND CASH EQUIVALENTS:

(Thousands of dollars)	2014	2013
Bank notes	$ **124,169**	$ 104,454
Cash in bank, net of outstanding cheques	**(3,654)**	(1,460)
	$ **120,514**	$ 102,994

The effective interest rates on the bank notes are 1.2 percent (2013 - 0.9 percent to 1.2 percent).

5. RECEIVABLES:

(Thousands of dollars)	2014	2013
Premiums	$ **16,059**	$ 18,850
Other	**7,029**	8,221
Accrued interest	**3,419**	3,457
Interprovincial claims	**2,268**	3,779
Investment proceeds receivable	**-**	2,597
	28,775	36,904
Allowance for doubtful accounts	**(5,585)**	(5,481)
	$ **23,190**	$ 31,423

Premiums receivable includes an estimate of $4,500,000 (2013 - $8,710,000) for premium revenue to be assessed when employers submit their final insurable earnings information for 2014. The estimate is based on the total estimated premium revenue for the year less premiums received for the year. The total estimated premium revenue uses management’s best estimate and judgment in calculating the employers’ final payroll amounts for the year.

At the end of the year, receivables of $18,969,000 (2013 - $29,183,000) 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)	**2014**	**2013**
BALANCE, beginning of year	**$ 5,481**	$ 4,891
Amounts written off	**(1,605)**	(2,180)
Current provision	**1,709**	2,770
BALANCE, end of year	**$ 5,585**	$ 5,481

The aging of receivables is as follows:

(Thousands of dollars)	**2014**	**2013**
Less than 60 days	**$ 13,757**	$ 24,545
61 to 180 days	**3,608**	2,931
181 to 365 days	**1,604**	1,707
Greater than 1 year	**9,806**	7,721
	$ 28,775	$ 36,904

6. INVESTMENTS AND INVESTMENTS UNDER SECURITY LENDING PROGRAM:

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

(Thousands of dollars)	2014	2013
Investments		
Bonds and debentures	**$ 349,062**	$ 301,191
Pooled equity funds	**488,631**	458,240
Equities	**505,015**	382,432
Pooled real estate fund	**194,571**	206,487
Pooled mortgage fund	**133,572**	91,475
Short-term holdings	**57,980**	30,265
	1,728,831	1,470,090
Investments under Security Lending Program		
Bonds and debentures	**71,712**	104,385
Equities	**127,599**	184,707
Short-term holdings	**-**	2,999
	199,311	292,091
	$ 1,928,142	$ 1,762,181

Notes

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)		**2014**		**2013**	
	Term to Maturity In Years	**Fair Value**	**Average Effective Yield**	Fair Value	Average Effective Yield
Government of Canada Securities					
	Less than 1	**$ -**	**- %**	$ 17,014	2.00%
	1 - 5	**70,159**	**1.53%**	43,127	1.53%
	6 - 10	**1,479**	**2.30%**	27,776	3.43%
	Over 10	**23,409**	**3.43%**	19,914	4.57%
Provincial & Municipal Securities					
	1 - 5	**1,628**	**1.42%**	12,182	4.83%
	6 - 10	**46,266**	**3.24%**	52,099	3.61%
	Over 10	**79,032**	**3.97%**	61,101	5.25%
Corporate Securities					
	Less than 1	**22,272**	**2.35%**	3,845	2.68%
	1 - 5	**102,117**	**2.84%**	101,311	3.33%
	6 - 10	**41,816**	**3.69%**	33,404	4.33%
	Over 10	**32,596**	**4.63%**	33,803	5.66%
Total		**$ 420,774**		$ 405,576	

(ii) Equities and pooled equity funds:

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

The WCB's equity investments includes foreign equities of $139,345,000 (2013 - $130,464,000).

The WCB has an investment in a pooled equity fund for Europe, Asia and the Far East (EAFE) with a carrying value of $128,839,000 (2013 - $129,946,000). The WCB also has an investment in a pooled global equity fund with a carrying value of $267,886,000 (2013 - $243,934,000), an investment in a Canadian Equity Small Cap fund with a carrying value of $91,906,000 (2013 - $82,186,000) and an investment in an S&P/TSX Index fund with a carrying value of $Nil (2013 - $2,174,000).

(iii) Pooled real estate fund:

All of the 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 $194,571,000 (2013 - $206,487,000).

(iv) Pooled mortgage fund:

The WCB has an investment in a pooled mortgage fund with a carrying value of $133,572,000 (2013 - $91,475,000)

(v) Short-term holdings:

Short-term holdings is comprised of treasury bills and bank notes with effective interest rates of 0.9 percent to 1.3 percent (2013 - 0.9 percent to 1.2 percent) and average term to maturity of 4.4 months (2013 – 2.1 months).

(vi) Securities lending:

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

At December 31, 2014 the WCB had $199,311,000 (2013 - $292,091,000) in equities, bonds and debentures and short-term investments on loan to various counterparties. At December 31, 2014 the total amount of collateral pledged to the WCB amounted to $209,277,000 (2013 - $306,696,000).

(b) Investment income

Net investment income was derived from the following sources:

(Thousands of dollars)	2014			2013		
	Realized	**Unrealized**	**Total**	Realized	Unrealized	Total
Cash and cash equivalents	**$ 421**	**$ -**	**$ 421**	$ 328	$ -	$ 328
Bonds and debentures	**18,014**	**16,629**	**34,643**	15,126	(18,824)	(3,698)
Pooled equity funds	**49,941**	**(25,845)**	**24,096**	10,457	113,670	124,127
Equities	**60,630**	**23,587**	**84,217**	41,345	73,118	114,463
Pooled real estate fund	**8,225**	**3,294**	**11,519**	-	21,606	21,606
Pooled mortgage fund	**5,227**	**3,056**	**8,283**	4,186	(5,165)	(979)
Short-term holdings	**1,403**	**-**	**1,403**	1,237	-	1,237
Investment expenses	**(5,109)**	**-**	**(5,109)**	(4,475)	-	(4,475)
	$ 138,752	**$ 20,721**	**$ 159,473**	$ 68,204	$ 184,405	$ 252,609

(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. There are three levels of the fair value hierarchy:

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
Level 3 Inputs that are not based on observable market data

Assets at fair value as at December 31, 2014

(Thousands of dollars)	Level 1	Level 2	Level 3	Total
Bonds and debentures	**$ -**	**$ 420,774**	**$ -**	**$ 420,774**
Pooled equity funds	**488,631**	**-**	**-**	**488,631**
Equities	**632,614**	**-**	**-**	**632,614**
Pooled real estate fund	**-**	**194,571**	**-**	**194,571**
Pooled mortgage fund	**-**	**133,572**	**-**	**133,572**
Short-term holdings	**-**	**57,980**	**-**	**57,980**
	$ 1,121,245	**$ 806,897**	**$ -**	**$ 1,928,142**

Assets at fair value as at December 31, 2013

(Thousands of dollars)	Level 1	Level 2	Level 3	Total
Bonds and debentures	$ -	$ 405,576	$ -	$ 405,576
Pooled equity funds	458,240	-	-	458,240
Equities	567,139	-	-	567,139
Pooled real estate fund	-	206,487	-	206,487
Pooled mortgage fund	-	91,475	-	91,475
Short-term holdings	-	33,264	-	33,264
	$ 1,025,379	$ 736,802	$ -	$ 1,762,181

During the year, no investments were transferred between levels.

(d) Financial risk management

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

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

(i) Market risk

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

Equity price risk

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

The following table indicates the approximate change that would be expected to net income based on a 10 percent change in the WCB's benchmark indices at December 31, 2014:

Change in Equity Benchmarks

(Thousands of dollars)	2014	2013
S&P/TSX Composite Index	**$ 43,149**	$ 48,502
S&P 500 Index	**15,328**	15,265
MSCI EAFE Index	**11,080**	13,903
World (ex-Canada) Index	**26,789**	24,393
S&P/TSX Small Cap Index	**7,353**	7,479

Interest rate risk

The WCB is exposed to fluctuations in interest rates that can impact the fair value of its bonds and debentures. Interest rate risk is minimized by managing the duration of the bonds and debentures within predetermined prudent policy limits. Duration is a measure used to estimate the extent market values of bonds and debentures change with a change in interest rates. Using this measure, it is estimated that a 1.0 percent increase in interest rates would decrease net income by approximately $25,534,000 at December 31, 2014 (2013 - $27,551,000), representing 6.1 percent (2013 - 6.8 percent) of the $420,774,000 (2013 - $405,576,000) fair value of bonds and debentures.

Foreign exchange risk

The WCB has certain investments denominated in foreign currencies. During 2014, the WCB did not undertake hedging strategies to mitigate currency risk of foreign equities and currency influenced short-term returns. In the SIP&G, the WCB limits its holdings in foreign equities to 32 percent of the investment portfolio. As at December 31, 2014, the WCB's holdings in foreign equities and pooled equity funds had a fair value of $536,070,000 (2013 - $504,344,000) representing 27.8 percent (2013 - 28.8 percent) of the fair value of the total investment portfolio, including cash equivalents. At December 31, 2014, it is estimated that a 10 percent appreciation in the Canadian dollar versus the U.S. dollar and the EAFE currencies would result in a decrease in net income of approximately $26,818,000 (2013 - $26,040,000).

(ii) Credit risk

Credit risk on financial instruments arises from the possibility that the issuer of a fixed-term instrument may fail to meet its obligations. The WCB's credit risk arises primarily from cash equivalents, receivables, short-term holdings, bonds and debentures and the mortgage pooled fund. The maximum credit exposure related to these financial instruments is $756,030,000 (2013 - $664,732,000) which is managed through the minimum quality standards for investments set in the WCB's SIP&G. The SIP&G allows for a maximum of 15 percent to be invested in BBB rated bonds and the remainder of the bonds must be rated A or higher. For cash equivalents and short-term holdings, the minimum quality standard is R-1. The SIP&G also specifies that there shall be no bond holdings from one issuer, other than the Government of Canada or a Canadian province, over 10 percent of the market value of the bond investment portfolio. The WCB does not anticipate that any issuers will fail to meet their obligations. A provision for credit losses in receivables is maintained in an allowance account that is periodically reviewed by the WCB (note 5).

Credit ratings for the bonds and debentures are as follows:

(Thousands of dollars)	**2014**		**2013**	
Credit Rating	**Fair Value**	**Percent of Portfolio**	Fair Value	Percent of Portfolio
AAA	**$ 110,751**	**26.3%**	$ 138,555	34.2%
AA	**149,311**	**35.5%**	146,942	36.2%
A	**109,514**	**26.0%**	83,651	20.6%
BBB	**51,198**	**12.2%**	36,428	9.0%
	$ 420,774		$ 405,576	

Notes

(iii) Liquidity risk

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

7. PROPERTY AND EQUIPMENT:

(Thousands of dollars)	2014						2013
	Land	**Buildings**	**Leasehold Improvements**	**Office Furnishings**	**Computer Equipment**	**Total**	**Total**
Cost							
BALANCE, beginning of year	**$ 1,375**	**$ 14,017**	**$ 6,078**	**$ 3,682**	**$ 2,231**	**$ 27,383**	$ 27,570
Additions during the year	**-**	**-**	**180**	**119**	**669**	**968**	502
Disposals during the year	**-**	**-**	**(12)**	**(221)**	**(676)**	**(909)**	(689)
BALANCE, end of year	**$ 1,375**	**$ 14,017**	**$ 6,246**	**$ 3,580**	**$ 2,224**	**$ 27,442**	$ 27,383
Accumulated Amortization							
BALANCE, beginning of year	**$ -**	**$ 7,459**	**$ 3,769**	**$ 3,051**	**$ 1,620**	**$ 15,899**	$ 15,150
Amortization for the year	**-**	**351**	**414**	**136**	**582**	**1,483**	1,438
Disposals during the year	**-**	**-**	**(12)**	**(221)**	**(676)**	**(909)**	(689)
BALANCE, end of year	**$ -**	**$ 7,810**	**$ 4,171**	**$ 2,966**	**$ 1,526**	**$ 16,473**	$ 15,899
Net Book Value	**$ 1,375**	**$ 6,207**	**$ 2,075**	**$ 614**	**$ 698**	**$ 10,969**	$ 11,484

8. OTHER ASSETS:

(Thousands of dollars)	2014	2013
Intangible assets	**$ 26,123**	$ 29,973
Prepaid expenses	**536**	710
Net accrued pension benefit asset (note 16)	**-**	639
	$ 26,659	$ 31,322

Intangible Assets

Intangible assets are comprised of the following:

(Thousands of dollars)	2014			2013
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
System development				
BALANCE, beginning of year	**$ 64,549**	**$ (34,576)**	**$ 29,973**	$ 32,492
Additions during the year	**1,127**	**-**	**1,127**	2,096
Amortization for the year	**-**	**(4,977)**	**(4,977)**	(4,615)
Disposals during the year	**(81)**	**81**	**-**	-
BALANCE, end of year	**$ 65,595**	**$ (39,472)**	**$ 26,123**	$ 29,973

During the year, $1,127,000 (2013 - $2,096,000) of internally-generated system development costs were capitalized.

9. PAYABLES AND ACCRUED LIABILITIES:

(Thousands of dollars)	2014	2013
Occupational Health & Safety Division	**$ 10,367**	$ 10,218
Premium refunds	**8,175**	8,319
Employee benefits liability	**5,937**	5,962
Net accrued pension benefit liability (note 16)	**2,565**	-
Other	**2,180**	4,316
Worker's Advocate	**1,100**	979
Accrued investment purchases	**76**	-
Interprovincial claims	**-**	7,793
	$ 30,400	$ 37,587

At the end of the year, payables and accrued liabilities of $30,174,000 (2013 - $37,379,000) were due within one year.

Accrued investment purchases represent transactions traded in December 2014 but not settled until January 2015.

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, 2014 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 5.50 percent 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.

	2014	2013
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	**5.50%**	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)	2014								2013
	Short-Term Disability	Long-Term Disability	Survivor Benefits	Health Care	Vocational Rehabilitation	Future Benefits Administration	Latent Occupational Disease	Total	Total
BALANCE, beginning of year	**$130,566**	**$450,307**	**$104,702**	**$321,230**	**$28,698**	**$50,029**	**$ -**	**$1,085,532**	$1,005,443
ADD:									
Claim costs incurred:									
Current year injuries	**51,473**	**19,985**	**9,829**	**67,040**	**2,550**	**8,688**	**79,274**	**238,839**	174,211
Prior years' injuries	**3,723**	**18,420**	**(4,841)**	**7,198**	**162**	**1,182**	**-**	**25,844**	109,147
	55,196	**38,405**	**4,988**	**74,238**	**2,712**	**9,870**	**79,274**	**264,683**	283,358
DEDUCT:									
Claim payments made:									
Current year injuries	**21,575**	**751**	**400**	**23,879**	**113**	**2,912**	**-**	**49,630**	52,903
Prior years' injuries	**37,520**	**42,038**	**10,222**	**47,848**	**3,584**	**7,464**	**-**	**148,676**	150,366
	59,095	**42,789**	**10,622**	**71,727**	**3,697**	**10,376**	**-**	**198,306**	203,269
BALANCE, end of year	**$126,667**	**$445,923**	**$99,068**	**$323,741**	**$27,713**	**$49,523**	**$79,274**	**$1,151,909**	$1,085,532

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)	
2015	$ 152,296
2016 - 2019	336,772
2020 - 2024	256,825
2025 - 2029	158,376
2030 - 2034	97,302
2035 - 2039	62,711
2040 and beyond	87,627
	$ 1,151,909

Notes

The following is a reconciliation of the benefits liabilities:

(Thousands of dollars)	**2014**	**2013**
BALANCE, beginning of year	**$ 1,085,532**	$ 1,005,443
ADD:		
Provision for current year injuries	**159,134**	168,481
Provision for prior years' injuries		
Interest allocated	**58,145**	53,489
Prior years' claim cost experience lower than expected	**(47,824)**	(11,022)
Effect of actual cost of living adjustment lower than expected	**(4,045)**	(11,163)
Provision for latent occupational disease	**77,461**	-
Change in actuarial assumptions		
Change in actuarial assumptions	**19,999**	-
Impact on provision for latent occupational disease	**1,813**	-
Impact of 2013 Act	**-**	83,573
	264,683	283,358
DEDUCT:		
Benefit payments	**187,930**	192,293
Claim adjudication expense	**10,376**	10,976
	198,306	203,269
BALANCE, end of year	**$ 1,151,909**	$ 1,085,532

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)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
End of year	$239,920	238,181	224,353	236,797	226,606	215,210	205,368	199,930	184,235	$160,912
One year later	240,804	245,633	237,772	238,196	228,692	208,289	201,553	198,801	175,597	
Two years later	236,875	247,968	237,159	238,298	218,576	202,151	204,460	190,772		
Three years later	230,513	247,839	233,523	237,440	213,522	206,462	204,591			
Four years later	226,371	245,161	230,983	236,567	217,359	203,238				
Five years later	219,191	240,162	228,319	242,545	216,330					
Six years later	215,243	237,599	235,318	242,435						
Seven years later	213,480	239,197	234,418							
Eight years later	213,131	236,999								
Nine years later	211,671									
Estimate of cumulative claims	211,671	236,999	234,418	242,435	216,330	203,238	204,591	190,772	175,597	160,912
Cumulative payments	(177,374)	(195,540)	(185,794)	(190,850)	(163,625)	(150,586)	(146,936)	(123,347)	(101,561)	(50,977)
Benefits liabilities	$34,297	41,459	48,624	51,585	52,705	52,652	57,655	67,425	74,036	$109,935
Post-2004 benefits liabilities										$590,373
Pre-2005 benefits liabilities										482,262
Latent occupational disease										79,274
Total benefits liabilities										$1,151,909

Sensitivity of Actuarial Assumptions

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

The actuarial assumption most sensitive to change is the assumed long-term investment return of 5.5 percent. The approximate impact of a 1.0 percent decrease in the assumed long-term investment return results in a $100,247,000 increase in the benefits liabilities.

A 1.0 percent increase in inflation rates for general prices, wages and health care costs (while holding the assumed investment return constant), results in a $94,921,000 increase in the benefits liabilities.

Health care benefits liabilities are calculated assuming a future rate of escalation of health care costs of 7.0 percent per year. A 0.5 percent increase in the escalation factors used for future health care costs would increase benefits liabilities by approximately $19,440,000.

Calculation of the benefits liabilities for the loss of earnings benefit uses the WCB's injured worker claim termination experience. A flat reduction of 5.0 percent in these termination rates would increase benefits liabilities by approx-imately $9,034,000.

Calculation of the benefits liabilities for long-term disability and survivor benefits was based on Saskatchewan mortality experience. A flat reduction of 5.0 percent in these mortality rates would increase benefits liabilities by approximately $1,372,000.

Insurance Risk Management

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

11. ANNUITY FUND PAYABLE:

(Thousands of dollars)	**2014**	**2013**
BALANCE, beginning of year	**$ 180,245**	$ 167,722
ADD: Contributions		
Principal	**5,974**	6,195
Interest	**17,344**	15,511
	23,318	21,706
DEDUCT: Payouts		
Principal	**4,273**	4,072
Interest	**5,858**	5,111
	10,131	9,183
BALANCE, end of year	**$ 193,432**	$ 180,245

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, 2014.

(Thousands of dollars)	
2015	$ 12,654
2016 - 2019	44,095
2020 - 2024	55,976
2025 - 2029	45,799
2030 - 2034	17,619
2035 - 2039	10,460
2040 and beyond	6,829
	$193,432

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

12. RESERVES:

(Thousands of dollars)	**2014**				**2013**
	Disaster Reserve	**Occupational Disease Reserve**	**Second Injury & Re-employment**	**Total**	**Total**
BALANCE, beginning of year	**$ 21,711**	**$ 85,000**	**$ 10,855**	**$ 117,566**	$ 150,381
Appropriation from (to) Injury Fund	**1,327**	**(85,000)**	**664**	**(83,009)**	(32,815)
Appropriation to fund cost relief for employers	**13,815**	**2,077**	**20,390**	**36,282**	50,119
Allocations for cost relief for employers	**(13,815)**	**(2,077)**	**(20,390)**	**(36,282)**	(50,119)
BALANCE, end of year	**$ 23,038**	**$ -**	**$ 11,519**	**$ 34,557**	$ 117,566

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

(a) The Disaster Reserve will provide all employers with cost relief in the event of a disaster and will cover potential volatility in rare but very severe disasters as well as less severe disasters that meet the requirements of the Act. In total, the funding policy specifies 2.0 percent of benefits liabilities for this reserve. During the current year, $1,328,000 was transferred from the injury fund into this reserve.

(b) The Occupational Disease Reserve was used to cover costs that may have arisen from latent occupational diseases where exposure today may result in the establishment of a future claim. In 2014, the benefits liabilities included a provision for Latent Occupational Diseases; therefore the Occupational Disease Reserve was eliminated and its $85,000,000 balance transferred to the Injury Fund.

(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 1.0 percent of benefit liabilities for this reserve. During the current year, $664,000 was transferred from the injury fund into this reserve.

13. PREMIUMS

(Thousands of dollars)	**2014**	**2013**
Premiums	**$ 297,805**	$ 304,597
Experience Rating Program - discounts	**(29,065)**	(26,847)
Experience Rating Program - surcharges	**22,253**	23,137
Other premium-related income	**165**	495
	$ 291,158	$ 301,382

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

The Government of Canada is a self-insured employer whose claims are administered by the WCB. The Government reimburses the WCB for all claims paid out on their behalf plus an administration fee. Gross premiums reported are net of amounts received from the Government of Canada and, accordingly, claim costs do not include self-insured claims. Monies paid to the WCB for reimbursement of these claims are reflected in the Statement of Cash Flows as cash received from premiums and monies paid out relating to these claims are recorded as cash paid out to claimants or third parties on their behalf. The total Government of Canada self-insured claim costs in 2014 were $4,566,000 (2013 - $6,297,000).

14. SAFETY AND PREVENTION:

(Thousands of dollars)	2014	2013
Occupational Health & Safety Division	**$ 10,367**	$ 10,218
Safety associations	**10,048**	9,930
WorkSafe Saskatchewan	**2,221**	2,129
	$ 22,636	$ 22,277

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

The WCB levies an additional premium on certain industry groups to collect funds that are used to fund the safety associations representing those industries. In 2014, 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)	2014	2013
Worker's Advocate	**$ 1,100**	$ 979
Committee of Review/Legislative Review	**24**	40
	$ 1,124	$ 1,019

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

16. EMPLOYEE FUTURE BENEFITS:

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

Defined Benefit Plan

For the defined benefit pension plan, the WCB uses actuarial reports prepared by an independent actuary for accounting purposes. The net defined benefit plan expense is based on the results in the most recent actuarial valuation of the pension plan as at December 31, 2014.

i) Actuarial Assumptions

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

	2014	2013
Discount rate	**3.80%**	4.50%
Average rate of compensation increase	**3.25%**	3.25%
Average remaining service period	**1 year**	1 year
Inflation	**2.00%**	2.50%

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

	2014	2013
Longevity at age 65 for current pensioners		
Males	**22.4**	19.6
Females	**24.2**	19.2
Longevity at age 65 for current members		
Males	**22.8**	20.0
Females	**24.9**	20.5

At December 31, 2014 the weighted-average duration of the defined benefit obligation was 11.6 years (2013 - 10.5 years)

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

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

(Thousands of dollars)	2014	2013	2014	2013	2014	2013
	Defined Benefit Obligation		**Fair Value of Plan Assets**		**Net Accrued Pension Benefit (Asset) Liability**	
Balance at January 1	$ 35,140	$ 39,097	$ (35,912)	$ (33,684)	$ (639)	$ 5,413
Included in profit or loss						
Current service cost	2,183	4	-	-	2,183	4
Interest cost (income)	1,525	1,421	(1,569)	(1,226)	(44)	195
	3,708	1,425	(1,569)	(1,226)	2,139	199
Included in OCI						
Remeasurement loss (gain)						
- Actuarial loss (gain) from change in assumptions	3,538	(2,968)	-	-	3,538	(2,968)
- Return on plan assets excluding interest income	-	-	(1,914)	(2,989)	(1,914)	(2,989)
	3,538	(2,968)	(1,914)	(2,989)	1,624	(5,957)
Other						
Employer contributions paid	-	-	(426)	(427)	(426)	(427)
Employee contributions paid	-	-	-	-	-	-
Benefits paid	(2,512)	(2,414)	2,512	2,414	-	-
	(2,512)	(2,414)	2,086	1,987	(426)	(427)
Asset ceiling adjustment					(133)	133
Balance at December 31	$ 39,874	$ 35,140	$ (37,309)	$ (35,912)	$ 2,565	$ (639)

Employer contributions to the defined benefit plan will be $426,000 for 2015.

(iii) Plan Assets

(Thousands of dollars)	2014	2013
Bonds and debentures		
Government of Canada and Guarantees	**$ 3,334**	$ 3,594
Provincials and Guarantees	**3,985**	4,920
Corporate Bonds	**6,514**	5,301
	13,833	13,815
Equities	**9,776**	9,078
Pooled Equity Funds	**10,457**	10,779
Short-term investments	**2,246**	1,589
	36,312	35,261
Other	**997**	651
	$ 37,309	$ 35,912

The strategic investment policy of the defined benefit pension fund can be summarized as follows:

- All equity securities and bonds and debentures have quoted prices in active markets.
- All bonds are rated BBB or better with no more than 15 percent of the bond portfolio invested in BBB rated bonds.
- Any single equity holding is limited to 10 percent of the fair value of the related portfolio and any single equity holding is limited to 10 percent of the common stock in any company.
- Investments in pooled equity funds are limited to 10 percent of the market value of each fund.

The asset category target range of the defined benefit pension plan assets is as follows:

Asset Category	Target Range
Short-term investments	0 - 30%
Bonds and debentures	30 - 60%
Canadian equities	15 - 35%
Foreign equities	15 - 35%
Mortgages	0 - 5%

(iv) Sensitivity Analysis

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

As at December 31, 2014	Defined Benefit Obligation Percentage Increase	Defined Benefit Obligation Percentage Decrease
Discount Rate (1.0 percent change)	-10.6%	12.9%

Defined Contribution Plan

The WCB also has employees who are members of a defined contribution plan. The WCB's financial liability is limited to matching employee contributions of 7.25 percent to the plan. During the year, the WCB incurred costs of $2,261,000 (2013 - $2,284,000) 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. The WCB has elected to take a partial exemption under IAS 24, Related Party Disclosures, which allows government related entities to limit the extent of disclosures about related party transactions with government or other government related entities.

ii) Key Management Compensation:

Key management personnel is made up of 10 people (2013 - 10 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)	**2014**	**2013**
Salaries and other short-term benefits	**$ 2,400**	$ 2,370
Post-employment benefits	**148**	137
	$ 2,548	$ 2,507

18. CONTINGENCIES:

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

19. CAPITAL MANAGEMENT:

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

The process for managing the WCB's funded position is determined based on its approved funding policy. The funding policy establishes guidelines for the maintenance of a fully-funded status and sets the target range for the Injury Fund, excluding unrealized gains and losses on investments at the end of the year, at 5 percent to 20 percent of Benefits Liabilities.

Where the Injury Fund shifts out of the targeted range, the funding policy states that the WCB will replenish or regulate the fund to maintain the targeted range. If the funded status falls below 103 percent, the WCB, at its discretion, will replenish the Injury Fund through a change to the premium rates over a period not to exceed five years. If the funded status rises above 122 percent, funds will be distributed back to employers, at the WCB's discretion, over a period not to exceed five years.

The 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)	**2014**	**2013**
Injury Fund	**$ 703,248**	$ 521,055
Unrealized gains on investments	**(331,949)**	(311,227)
	$ 371,299	$ 209,828
Benefits Liabilities	**$ 1,151,909**	$ 1,085,532
Injury Fund as a percentage of Benefits Liabilities	**32.2%**	19.3%
Funding Percentage (note 20)	**132.2%**	119.3%

20. SUBSEQUENT EVENT:

At December 31, 2014 the WCB's Funding Percentage was 132.2 percent. On February 23, 2015, in accordance with the WCB's funding policy, the Board approved a $78,900,000 distribution to employers from the Injury Fund. The distribution will be paid in 2015.

21. 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.

Schedule 1 – Administration Expenses

(Thousands of dollars)	2014	2013
Salaries and employee benefits	**$ 42,172**	$ 40,216
Amortization (note 7 & 8)	**6,460**	6,052
Computer services	**2,061**	2,827
Building operations	**1,628**	1,539
Communications and postage	**1,141**	1,078
Consulting services	**1,113**	921
Office rental	**830**	734
Printing and office expenses	**785**	567
Travel and automobile expenses	**751**	609
Professional services	**550**	497
Community relations	**138**	151
Market research	**102**	105
Advertising	**72**	45
Miscellaneous	**57**	(34)
	57,860	55,307
Less:		
Fees charged to self-insurers	**1,824**	2,457
	56,036	52,850
Less:		
Administration costs charged to Future Benefits Administration (note 10)	**10,376**	10,976
	$ 45,660	$ 41,874

wcb Saskatchewan Workers' Compensation Board

Head Office
200 – 1881 Scarth Street
Regina, Saskatchewan
S4P 4L1

Toll Free: 1.800.667.7590
Phone: 306.787.4370
Fax: 306.787.3915

www.wcbsask.com

MISSION: ZERO