Saskatchewan Workers' Compensation Board
Annual General Meeting May 4 & 5, 2016
Questions and Answers

Saskatoon

Gord Dobrowolsky

This brings us, Ladies and Gentlemen, to the question and answer, comment portion of the AGM. And just a couple rules of engagement, if you will. We are taping this portion of the program and so when you go to the microphone -- give us your name and the organization that you represent. Everyone will be given an opportunity to ask two questions, to allow everyone a chance to ask questions, and then if everyone is done asking questions we can start again. So with that, the floor is open to comments, questions and discussion.

Julie Sanderson

Hi. Julie Sanderson, the Canadian Union of Postal Workers. I have a question and I'm not exactly sure if this is the correct forum, but whatever, I'm going to ask it anyways because it's imperative that I have the answer. I could probably find it elsewhere, but -- my first question is, and I have, I do have two, so I'm going to ask both questions -- when there is a labour dispute, does WCB continue to pay wage loss earnings?

Peter Federko

Currently, our policy with respect to compensation with strikes and layoffs, the short answer is it really depends. So under the current policy, if someone is on a return-to-work with partial wage loss and their return to work is interrupted as a result of a strike or a layoff or termination or business closure or what have you -- what we would do is we would continue to pay partial benefits. If there is full recovery and they are on 100% payroll continuance, paid by the employer and it was interrupted by a strike, we would pay nothing. If there is long-term earning and replacement going on, we would continue to pay that and in any case we would pay all of the, any medical that's required for ongoing treatment. However, that policy has recently been changed and effective June 1 we will no longer be doing that. It will really depend on the recovery, where the worker is at in their recovery. So if a worker is in a partial return to work but continues to have medical restrictions, so they might be paid partly by the employer, partly but us, but they still have medical restrictions, there is a strike or a layoff, they are not able to compete for another job someplace else, we will put them back on full benefits, which is a big change from what the old policy used to say. We will continue to provide medical -- if they are 100% recovered, though, still with ongoing medical and they are laid off or terminated, we will not pay them any benefits. So the modification is, if there are still medical restrictions, physical, functional restrictions that are preventing the worker from doing either their rehabilitated retrained work or their pre-injury work, we will put them back on full benefits for the duration of the walk of a strike. So I don't think it's up on our website yet, but it will be -- as I said, it becomes effective June 1st.

Julie Sanderson

Okay, thank you. Yeah, that was great, that was good. That answered my question. So my next question I wanted to ask -- and you covered the long-term income replacement in your answer to that, as well, right, long-term income replacement continues?

Peter Federko

Yeah. There is no change in that.

Julie Sanderson

Okay. So we have seen all of the models with a focus on reduction of injuries and costs, but no graph that represents the numbers of disallowed claims. So I was curious how those affect the rates. As well, I am employed by an employer that I feel the no time loss injury label may be -- and I hate to use the word "fudged," so please excuse me, but I think that maybe there is a bit of a grey area in terms of no time loss, because we have got an employer that calls employees to come into work to fill out paperwork or will pick up the phone and call an employee at home and say, "Hey, what's going on with you?" and I get the reports from the employer and they are calling that no time loss. Well, it is. They are at home, they are injured and can't come to work. But I don't understand how they can call that a no time loss and I actually think that it would negatively impact the numbers that you have, thereby that's why I use the word fudged because they don't, it doesn't seem accurate to call a no time loss for somebody that's sitting at home. So I was wondering if you could respond to that.

Peter Federko

Phil? The reason I pick on Phil is because we are actually working on a plan do study adjust around the recording of time loss, no time loss claims. But if an individual is injured but comes

back to work and are put back on wages, we would call, count that a no time loss claim. That doesn't mean there wasn't an injury, which is one of the reasons that we pay as much attention to the total injury rate as we do the time loss injury rate, because an injury is an injury.
But the staying at home and not coming to work but continue being paid would not really fit our definition of a no time loss claim --

Julie Sanderson
Nor does it fit mine, so.

Peter Federko
-- not an accommodation. So you would have to bring those -- we would have no way of knowing that and you would have to bring those specific issues somehow forward to us and we could have a look into that? But do you want to add to that, Phil, at all?

Phil Germain
Yeah, I was just going to reiterate your point. The employer may be categorizing the claims the way they are categorizing them. That's not necessarily the way we would categorize them. We have -- time loss claim is -- obviously any time that you miss your first day, if you don't go back to your next regularly scheduled shift and/or miss any portion of a day going forward -- that's automatically a time loss in our system.

Julie Sanderson
Okay, that is definitely not the understanding my employer has.

Phillip Germain
So it could be just the way your employer is choosing to define it within their own system, but if you were –

Julie Sanderson
Would that not negatively impact those, the rates, the (INAUDIBLE)?

Phillip Germain
No, the employer doesn't code the claims in our system. We do.

Julie Sanderson

Okay.

Phillip Germain

We define them as time loss or no time loss. The employer doesn't.

Julie Sanderson

Okay. Okay, thank you very much.

Gord Dobrowolsky

Thank you.

Jim Bence

Good morning. Jim Bence, Saskatchewan Hotel and Hospitality Association. It's good to have a bit of a discussion beforehand about your experiences in our industry, having been in it, and it's a bit different than ten years ago. Our industry right now is absolutely under siege with this latest downturn. We have seen record lows in revenues and occupancy. We are getting killed. Taxes will be going up next year with a re-evaluation and I am sure you can only just imagine the outrage that I am hearing today about these surpluses. We are stretched beyond our capacity. We had six hotels close in one quarter alone. There's 285 million -- it doesn't -- I think my position is clear. We get this part. $285 million dollars needs to be in the mail Monday, the other 185 on Tuesday, just so that we can put that out there, that right now that's employers' money. They understand that. That's their money, not yours. They want it back. The question I have is related to the question that I had last year. At last year's AGM I asked what was the expected refund for 2015 and I was told it was 91 million dollars. It turned out to be 285. That's kinda 200 million out. What's the expected surplus position for 2016?

Gord Dobrowolsky

Okay. Jim thanks. I'm not surprised that that question and comment was coming from you, and well stated. First of all, let me be perfectly clear to everybody with regards to the surplus, and that is, first of all, it's a board decision what we are going to do with that. And we will listen to all stakeholders with regards to their position, both verbally and written. And as I had mentioned to you, I think it was late last week, in our telephone conversation, not only will we be listening to stakeholders here today and tomorrow in Regina with regards to the surplus, but we will be putting out a discussion paper next week which will be going to major stakeholders and anyone else that would like to comment so that they can comment in writing as well as verbally today and tomorrow. But what we have to do as board, do the responsible thing, is listen to all stakeholders, see what their position is, and then once we have those positions, both verbally and in writing, then we will meet and make a decision. And that decision, Jim, will be what's best for the system.

Jim Bence
What's best for the system?

Gord Dobrowolsky
Yes.

Jim Bence
As opposed to what's best for the employers?

Gord Dobrowolsky
That's part of the system.

Jim Bence
Right, a biggest part .

Gord Dobrowolsky
Oh, absolutely.

Jim Bence
Right.

Gord Dobrowolsky
No disagreement there.

Jim Bence
Okay. And as far as the rate setting review - that was supposed to happen last year or at least start. We heard that it was in the RFP process. When is this rate setting model going to get

looked at? This is taking way too long.

Gord Dobrowolsky

The rate setting model, quite frankly, the executive has been going over what the asset/liability study had recommended, Ecklar, if you will, and you got a copy of that.

Jim Bence

A year ago, yeah.

Gord Dobrowolsky

Yeah. And so we are in the process of meetings with regards to the rate setting model and obviously haven't made a decision yet, but it's very much on our radar, Jim.

Jim Bence

But being on the radar, though, it's -- we have grown past frustration and we are migrating into anger here. These are things that we have been bringing up for years and all we see is stalling. These are things that -- you have had the asset/ liability study for a year now and out of those recommendations on the last page they said, "This is third party. You need to have a look at your, at the investments and you need to have a look at the rate setting model" and yet I don't hear anything. I heard just now, Gord, is nothing. I don't -- we are -- quantify this for me. When and where -- qualify it, quantify it -- when and where is this going to happen? Where are you at in the RFP process?

Gord Dobrowolsky

I can't give you an answer to that as I stand here because we are in the process of meetings and discussions. Stalling, Jim? Might take exception with that. In fact I do.

Jim Bence

Sure. Okay, well, great.

Gord Dobrowolsky

Yeah. With all due respect, we are not stalling. We are very proactive, we are, as a board, to make these decisions, but at the same time they have to be prudent decisions, no kneejerk reactions, anything like that. So we are on it.

Jim Bence

You won't be ever accused of kneejerk reactions.

Peter Federko

So just, but just to clarify. The RFP was issued in December, maybe January, Jim. It was --

Jim Bence

Of this year, the RFP?

Peter Federko

Yes, for the rate model review, yeah.

Jim Bence

Right. But it was in your annual report or your stakeholders report that that RFP process was going to happen last year and I have wondered why it didn't happen until January.

Peter Federko

Because we didn't, we couldn't get the responses from the actuaries in time to deal with any of this. So we finally got them narrowed down and we had to confirm. We had five responses to the RFP, we had to narrow it down, and we picked. Ecklar -- again, Ecklar, as I said in my comments, is winding down the actual recommendation of the report. I think we have a meeting next week? Next Tuesday, with Ecklar, to explain all of the recommendations with our board so the board can be informed about the implications of any of the recommendations that he might not be making. Just for clarity, while the asset/liability study may have been dated a year ago, that report was not actually finalized or received until late July last year. As you can appreciate, maybe, none of these elements operate independently from the other. The rate making model is directly impacted by the asset/liability study, which directly impacts the funding policy. They all work together. So to deal with one in isolation of all the others creates yet a continued fractious system. So it is not delaying, it is not stalling, it is actually trying to integrate all of the various pieces into a logical, fair, and transparent financial system that speaks to the level of funding required, speaks to the way in which funding is determined, and speaks to the way the premium revenue is generated or premium rates are calculated and how our investments can best be distributed to create stable returns over the long term. As I said in my comments, Jim, we are hopeful that come fall the board will have made a decision with respect to the rate setting and we will be using it to set the 2017. But I can't tell you that. I can't tell you -- just as I was wrong last year in projecting 91 million, if I give you a number today I guarantee you I'm going to be wrong again and you're going to get up next year and say, "What's going on here?" I could tell you the difference between the 91 and the 281, and we can talk about the 185 too if you want. But it's the same thing we have talked about every year, that as part of the transition from one asset class to another, assets within our portfolio move, and as Ann reported, the amount of realized income was substantial. I don't remember the exact number, but like 200 million dollars in realized income as a result of disposal of assets, compared to100 million that we were forecasting. Because of the way the funding policy is stricken -- and I know you don't like it -- we ignore the unrealized portion and only bring in the realized portion. So even though we report a comprehensive loss of 7 ½ million dollars, our funded position actually increased above the 132 we reported last year because of the quantity of the realized income that went into the funded calculation. That's the difference. I make no apologies for not having understood how the markets were going to react in 2015, but I challenge anyone in this room to give us a better estimate. There is nothing nefarious about what's going -- this is extremely transparent. I can't give you a number. The 185 -- you know that the existing policy says we ignore unrealized gains and losses and we can debate till the cows come home about whether we should include them or not. The reality is, and I know the Ecklar asset/liability study has been pointed to multiple times saying "You should move to fair value assets." But if you read on further, past that, it actually says, "This significantly increases the volatility of the funded position." So if you look at the change just in unrealized from one year to the next -- and, Ann, help me out because I'm drawing a bit of a blank -- but I believe there was a 146.5 million dollar reduction in unrealized gains between 2014 and '15. If we had a policy that would have gone straight fair market value and paid out the entire funded position based on market value last year, we would be 146 ½ million dollars short this year. And so the intention of that policy is to take the volatility out of the market values and only deal with real cash in the bank. Now, not to put words in the board's mouth, but I am assuming there will be a consultation process as recommendations for changes to the funding policy will come forward to the board and they go out to and we haven't even talked about this. I'm not if maybe the board has or not. But there will be an opportunity at that particular point in time to say, "Is this good? Is this not good? Do you have another view? Do you not have another view?" So either than that, I don't know what else I can tell you, Jim.

Jim Bence

Well, and I think it just comes back to the idea of customer service and when you talk about stakeholder involvement. And, really, for us it's responsiveness, it's the unresponsive rate setting model that have, it's responsiveness to asset/liability study recommendations, it's all these things. We have had lots of discussions. And I just don't want to be here next year bringing this up again. And I guess that's my last question.

Gord Dobrowolsky

Jim, I will take that as your first question. And just for the record, I do appreciate the passion and the commitment that you talk, where you express your views on behalf of your industry, I do appreciate that passion and commitment that you portray. So with that, second question?

Jim Bence

Well, you know what? Last year I took up way too much time, so I'm good for now. I know that there is other people – Well, yeah, live with that.

Gord Dobrowolsky

All right. Thanks, Jim.

Gord Samulak

Gord Samulak, Postal Workers Union. I have a couple of questions here. What does WCB have for programs specifically designed, or study groups, classes, being offered in the high school system to prevent injuries or deaths once the young workers come onto the workforce?

Phil Germain

Yeah. So there's a few different things. So we started to develop a youth injury prevention strategy starting in 2008, and part of that was creating awareness, so we started to develop a number of campaigns. One of the campaigns and one of the initiatives we did was called a Safety Ambassador, safety glasses, where we partnered with 47 different organizations and we went into schools, tens of thousands of students, speaking to them about rights, responsibilities, the importance of injury prevention, the importance of -- and that program continues today. I'm thinking May in Balgonie there is another 3,000 students that are going through this program in one day. In addition, we partner with the Saskatchewan Safety Council on a program called the Early Safety Training Program. They go into high schools with boot camps and prepare kids for ready, work ready training in their first jobs. That program is in, it's been in various forms over many years, but that provincial program is in its third year and its growing momentum -- in fact, they can't handle all the requests they are getting for that program. The third one is we partner with the Ministry of Labour Relations and Workplace Safety on a program called the Young Worker Readiness Certificate course. It's about labour standards and health and safety. Every 14 and 15-year-old is required to take that course before they can actually work. And if an inspector finds a youth working in a workplace without that training as a 14 and 15-year-old, in theory they could be fined for that. In addition to that, we organize an annual youth video contest and we get kids from all over the province and that youth video contest is very specific to injury prevention. The new one we have got started is helping youth with their safety orientation. And there's some offshoots to that. The Industry Education Council works with youth to prepare themselves and part of that is promoting injury prevention training as they get ready for work. And the last one I want to talk about, but it's not the only one, is a partnership with Skills Canada, and they make sure as youth learn the skills of, you know, creating robots or welding or whatever it is they are working on, there is a whole safety program that manages all those competitions as well as providing training to youth as they go in to learn that skill. So those are kind of the highlights of what we have been working on.

Peter Federko

Just maybe a couple other things, we partner with the Federation of Labour, too, on our Ready for Work program, and they actually go into the high schools -- and they provide the volunteers, we provide money for their coordination efforts -- and talk to the kids about the importance of safety and rights and responsibilities. And then I know that Service, Hospitality Safety Association, you guys do a lot of -- because it's mostly young folks, who start their jobs in the McDonalds and hotels or wherever of the world – I know you guys have had done a lot around, you know, the education for youth piece as well. And I see George is next at the mic, so.

Gord Samulak

And this all sounds wonderful. I'm just wondering, what are the injury rates like, for that age from 14 to 19?

Phil Germain:

Well, from youth? The number of youth injury rates, so the total number, has been dropping. It's the third year in a row they have been the lowest number since we have started tracking that number, as well as the percentage of youth injured in terms of the whole system is going down. We don't actually have a youth injury rate because we don't know how many youth are actually working. But we track, we look at Statistics Canada, how many youth are working, and we look at the number of youth related injuries and it's going down, it's steadily been going down for the last few years. And last year and this year were all time lows.

Gord Samulak

Okay. One more question, if I could ask a question my sister didn't get an answer to.

Julie Sanderson

Oh, yeah, of course. Okay. Sorry, in my original question, my first or maybe my second question, I had asked about your graphs and how it represented disallowed claims. I didn't see anything like that and I'm not sure we answered that question.

Peter Federko

No, and I didn't. And not because I didn't want to. In our annual report -- there is actually a bar chart in there that shows the deny grade. And the only caution -- and, I'm sorry, I don't remember off the top of my head -- the only thing I can caution is the denial rate doesn't just include claims denied because of our decision. It's also claims, we might get a claim from an industry that isn't covered by our regulations or our legislation and those would all be included in those numbers. I can say from a decision making perspective they are fairly flat. And abandoned claims too. Sometimes someone will throw in a claim and they never come back to us even though we reach out to them -- so that includes all of them. I can tell you the denial rate, though, in terms of decisions that we make is pretty constant. It's somewhere between -- and I mean it bounces -- six and eight percent.

Julie Sanderson

Okay. Thank you very much.

George Marshall

Good morning. I'm George Marshall, CEO of SHSA. You asked earlier on for feedback and I have a quick comment and then I have a couple of questions. Just as a feedback -- and I don't want to get into it at length about this, but this is more for the board -- you know, when it comes to the way you are presenting your financials at this particular meeting, I'm not sure it's as illuminating as you might think and I would even go so far as to say it might actually obscure rather than illuminate, though I did appreciate the discussion on postage expenses. That was great. My questions for you: the first one -- and this is also going to be a -- you said I was an old face, and I've been here a number of different times. Well, I'm going to ask the same questions.

Gord Dobrowolsky

Said that with respect.

George Marshall

I appreciate that. I'm aging fast, though, Gord, and I can tell you about that some other day. The questions I have got, the first one's for Peter, and similar to what I asked I think last year, Peter. My understanding is you have now been CEO of Workers' Compensation Board for somewhere around 21, 22 years and in that entire time only one time has Saskatchewan WCB fallen below the 100% fully funded status. So, again, my congratulations to you for that, that's terrific. Approximately how many millions of dollars were we below the 100% fully funded status mark? Do you -- like could you ballpark, nothing to hold you to?

Peter Federko

I can't. I mean this was a while ago. Actually, I have only been -- it's only 20 years, but -- or it will be this July. But -- this was back in the late '90s that -- I would have to look at the calculation, George, because it would be a percentage of the liability and I don't remember what any of those numbers were from back then. I don't know, the tens of millions of dollars probably back then -- which would have been a very big number. I mean, you know, when I think about it -- like when I look at our statement of financial position today like I just get kind of blown away because I look at the investments and it's like 2.2 billion dollars. And when I became the CEO I think we were holding about 500 million dollars in investments. And so in relative terms, I can tell you about one of my first jobs when I was pumping gas how much I was paid too, which, you know, who cares about that except anybody who remembers what it was -- but I just can't even tell you in relative terms how much it was. It was a few percentages below a hundred, is what I remember -- but I can't tell you what that converted to.

George Marshall

Well, fair enough, Peter. I appreciate that. My question, then, going to Gord -- and, again, this is similar to a question that I asked last year -- and I want to preface the question by saying, as a safety association we are certainly appreciative of the support we get from WorkSafe and the support we get from other safety associations working together to try to motivate and support employers in improving their health and safety, working with their workers as well. In times when the economy is getting rough, that gets harder and harder. Our industries, community services, hotels, restaurants, etc., they are like the canary of the economy. They get hit really fast when there's fluctuations, and they are getting hit fast. And so when we as a safety association try to engage them, what they are dealing with is a choice: "Do we keep our lights on and keep operating or do we send whatever staff we can to training sessions?" And I will tell you, it's pretty easy to see what they sacrifice. You know, last night alone, when I checked into my hotel here in Saskatchewan, the general manager greeted me at the front desk and checked me into my room. I don't think I have ever had that at a major hotel, ever, the general manager's working behind the desk because he can't afford any staff anymore. So there is an opportunity here, all right? The industries are hurting. And to go back to my original, or my point and my question to you, which is, if I understand correctly, the funding policy targets about 120% -- now I know it can go to 103 to 122, but it targets about 120% -- right now you are sitting at 144.7%. Last year I asked the question about unrealized gains. I know the asset/liability study has said WCB should consider taking into account unrealized gains. If you took into account the 185 million in unrealized gains, you get to that total number up there on the screen, under 2015 actual, which is 695 million dollars. So right now WCB has 695 million dollars to buffer against a one in 20 year occurrence where we drop in the tens of millions below. Again, my question to you this year is, how much of a buffer is enough?

Gord Dobrowolsky

George, thanks for the question. You know what the funding policy is and the policy states that we need that 120% as a buffer now. We have had comments and presentations from other associations saying that it should be 110% or even less. So the board sets policy, as you well know. So if something like that is a continual concern to you, I suggest to you, give us something in writing that we can look at and we can go from there. But, I mean, the policy, George, of 102 to 122% has been there for a long time for good reason. And we look at it, certainly we look at it at times like this where we have that surplus to say, is it accurate, is it reflective of what we, of a decision that we are going to be making in the next little while? But, in any event, a good question and one that we as a board have looked at and not changed anything but it's something that we have looked at, George.

George Marshall

Well, thank you so much, Gord. And as I go sit down, I will sneak in one last quick question.

Just to be clear, you and the other two members of WCB's board -- and think this is the smallest board in Canada -- if you so chose, you could sit in a room today and change that policy, couldn't you, in theory?

Gord Dobrowolsky

Yes.

George Marshall

Okay. Thank you.

Gord Dobrowolsky

It won't happen, George, but -- yeah. We don't do anything quite that quickly. We will always want to make sure we make the right decision at the right time, but I know where you are going with this. Being from the private sector, I certainly understand quickness and how things can be changed quickly, I understand all that, certainly, and so do the board members as well. But your comments are well received and thank you. Yeah.

Clifford Gerow

Clifford Gerow from Injury Solutions Canada, just for those who don't know who I am. We represent employers in their dealings with the Workers' Compensation Board. My question is not nearly as heady as George's is today. My concern is service delivery. We have noticed over the last two years that we have been in business what seems to be a decrease in good quality service delivery from the Board across the frontline services. And I guess our question is -- because we keep running across the same excuse -- is that, "I can't do this. I'm covering for somebody else, I'm covering for this one and I am too busy." As an example, we phoned in, had a question, was given six weeks to get a response back, which at least we can mitigate that, we can deal with that once we have a timeline. We phoned back six weeks later and we were told, "I have no idea when I'm going to get to this. You will just have to wait." That's not getting to be an isolated issue and its concerns for us, it's concerns for the employers that we are dealing with, and we are just wondering what action plan the Board has in place to deal with these either perceived shortages or actual shortages.

Peter Federko

I'm just going to give you a general comment and then I'm going to pass it on to Graham and somebody else. Our whole approach, Cliff, from our process improvement perspective that, you know, Mick, both Mick and Donna alluded to, is we are not quick to jump to solutions until we actually understand what the problem is. And I know that you have recently written me a letter where you were actually challenging and attributing this to not enough resources in-house. We are not about to run out and simply add a bunch more people until we understand exactly what the underlying issue is and can put in an appropriate and sustainable and efficient solution to whatever that particular problem is. I just got your letter yesterday, I will be responding in due course, but from, as Graham alluded to -- just, again, high level and if he has got anything more specific I will turn it over to him right away -- we are looking, continuously looking at ways to improve the processes on dealing with our primary customers which are our employers and workers. I don't know what your particular issue is. We are really quite focussed on getting decisions made and in getting claims registered and payments out to those who are waiting to be paid and getting people back to work. So depending on what your particular issue is, I don't know, but I am sure in the course of me responding to your letter I will discover what that is. Graham, do you want to add anything to it?

Graham Topp
We are not against adding resources. In fact, we have -- Donna probably has the numbers and I'm not sure what they are. In Operations we have done that. What we are against, in philosophy and what I am against personally because I'm tired of fighting, we have time and time and time and time and time again fought fires with people, those fires keep recurring. It's not people, it is process. We have not given the folks a good process. We refight these fires. And as Peter pointed out, we are trying to get at the root cause of some of these things so it doesn't recur. I know we have coverage -- like I get those calls too. We have turnover, we have training issues, we will probably talk to several people in this room about some of those issues. We are trying to fix them once and for all without impacting. So I know cost relief is an example of yours. Our service levels, like we are supposed to respond in five days, sometimes we get -- it spikes and we will go to 17 days and then to the -- all of that kind of stuff. And then it takes three months in the end or something like that. We don't really have a good idea about how to deal with such variable incoming. But it's not more people, even though we will probably maybe in the short-term, add someone to try and experiment with the new process. But we are not against adding people, but we are really focussed on process improvement to put the fires out forever.

Clifford Gerow

And that's a great approach. The only problem from, again from our perspective, being very selfish, is that our employers are left in the lurch so to speak. A lot of them that we deal with deal with the ISNetworld's companies of the world and their contracts and their ability to bid contracts and/or hold those contracts depends on some timely service delivery. And especially in this environment right now, in the world we are living in, losing a 30 million contract or an ongoing contract with a bunch of large employers isn't just inconvenient, it costs real jobs. These employers are laying people off because now they are not in a position to bid on something that they should be able to once these issues have been addressed. Now I know there is a bigger issue at play here maybe with processes and so on, but that's difficult to explain to somebody who just got laid off. So I will leave that with you. We support the improvement in processes and the service delivery and of course we are always available to help wherever we can. But we are not looking for a fight, we are just looking for some good answers. I will leave that with you. Thank you.

Gord Dobrowolsky

Well, Cliff, thanks for that. But, again, as chair of the board I can tell you that the administration is constantly, every minute of every day, focussed on process improvement as of better service to our customers. So we get the message, for sure. Thank you. Yes?

Dwayne Marling

Hi. Dwayne Marling with Restaurants Canada. We have changed our name recently and I'm still trying to get used to the new one. So I just wanted to reiterate some of the points that others before me have made and express our concerns with funds being at 144.7% funded. And I will be honest with you. If you want to be proactive and responsive and open and transparent in dealing with employers, I would strongly urge the board to adopt a very simple policy. When funds are above 120% -- it doesn't take a board decision -- that's employers' money that has been over collected and it should be refunded automatically. This doesn't, this shouldn't require a new board resolution every time. Furthermore, refunding back to a 120% funding level, as we saw last year, seems crazy because we are in a situation again where we are once again in the same situation. And as long as we have the current rate setting model in place -- and I speak for a rate code that for the last 13 years has over contributed, 13 consecutive years. I have been variously told by Workers' Compensation Board officials that, "Geez, over a period of five years that should average out." Then I was told seven. Most recently I was told ten. I'm wondering when I’m going to hear 20 or 50 or some other number. Because that to me is a very clear indication that the rate setting model isn’t just not quite right, it’s broken. It’s nonresponsive, it doesn’t recognize industries that are growing, and it needs to be addressed. As a point of clarification to something that one of the others in the room asked, three directors being small, it’s the smallest by far in Canada. The Saskatchewan Workers’ Compensation Board’s board of directors is less than half the size of that of Prince Edward Island, with a population of 120,000 people in the entire province. So there are some structural issues in this organization that need to be addressed and they need to be addressed sooner rather than later. And when we talk about actuarial reports -- I’m not even talking about -- we talk about what’s responsible, fair and transparent. Why is it that -- and I stand to be corrected if there is one or two others, but virtually every other workers’ compensation board in the country recognizes at least some portion of unrealized net assets. When I have spoken to representatives of other workers’ compensation boards in this country and they learn that Saskatchewan does not recognize any unrealized net assets, they roll their eyes into the back of their head. That’s your colleagues across the country that are doing that. Imagine what employers and how they feel and respond to that.

Gord Dobrowolsky

Could you get to the question, sir?

Dwayne Marling

The question is really simple. Can you give me one reason that would be fair and transparent as to why you would not refund the full 281 million dollars to Saskatchewan employers, quickly?

Gord Dobrowolsky

One comment with regards to the structure at WCB, first of all, that’s in the Act. If you disagree with the structure, the governance structure at WCB, did you make any presentations to COR?

Dwayne Marling

Absolutely. The Committee of Review and the Minister are well aware of our concerns and those of others in that regard.

Gord Dobrowolsky

Well, then you have gone, then you have gone through the right process.

Dwayne Marling

And I appreciate your comment on that -- yes.

Gord Dobrowolsky

Yeah, for sure. With regards to giving you one reason why we wouldn't distribute the entire amount immediately, I can't do that here and now. The board hasn't had a discussion on it. We are waiting to hear, like we are doing right now from you and many other stakeholders in the, across the province, to give us direction both verbally and in writing what they think we should do. It might surprise you, sir, that -- you are asking for it all immediately, today, tomorrow -- there are actually other stakeholders that say we shouldn't be distributing any of it. Does that surprise you?

Dwayne Marling

I would like to know who they were and have a good conversation with them.
I also want to know, though, what is -- fair enough, you say that's the case. Well, what's different between this year and last year? You were funded 141 million dollars last year, the full amount, when that was not your original intention, you heard from stakeholders last year. The economy in this province has not improved since then, at least for those in my sector -- and I think in the vast majority of sectors. So my question is, what's changed? If the decision last year based on the same relative issues at stake were to refund the entire 141 million dollars, what's changed that now all of a sudden that it's twice that amount, you wouldn't consider doing the same thing?

Gord Dobrowolsky

Well, again, I can't get into a public debate on what the board's going to do because the board hasn't had that discussion yet. But we are going to have that discussion very, very soon and certainly by the end of May, after we have received verbal and written submissions from people like yourself.

Sarah Wenaus

This is the first time I've come to one of your AGMs, and I appreciate it. I have learned a lot by, through the process. So I have more than a question. I'm hoping I can make a comment. Is that okay? I'm going to come at this from a different angle. As opposed to throwing out numbers and going at it from an intellectual standpoint, I'm going to go at it from a different standpoint, which is that, coming in as somebody from the outside, when I see that particular number, that largely funded number -- and this is not to create a defensiveness at all -- my first reaction to that is, “Wow. That’s a lot of money that these guys are holding onto. Why are they holding onto so much money?” okay? So I understand your policies, your board, you have got different things in your Act that define how much you can be funded and whatnot, but I guess the question I would ask you to think about when you go to make that decision as a board, is what is not the, intellectually the right thing to do, but what’s the ethical and the right thing to do from here, from your heart, using the head and the heart together. Because when I hear this, I hear a lot of intellectual banter back and forth about, “Well, this says this,” “That says that.” “Well, according to this we can do this,” “we can do that.” But to me when you are holding onto that amount of money, there is -- there is something inside of me, and maybe on an intuitive level, that tells me it’s just not right. So I’m just going to make that comment so that when you guys go to make your decision that you think about that. Thank you.

Gord Dobrowolsky

Thank you. Well spoken, well presented. As I went around the room earlier this morning I ran into so many -- as I mentioned in my initial comments -- so many first timers here, and every one of you promised me you would make a comment or ask me a question at the mic and this is the first lady that’s done it. Okay, I might be exaggerating.

Ken Ricketts

Ken Ricketts with the Safety Association of Saskatchewan Manufacturers. And I’m afraid that I’m going to be somewhat agreeing with the WCB and maybe dissenting from the table I am sitting with. But I have some questions. You are forecasting an underwriting loss, correct? And yet we talk about the employers of today paying the costs associated with the claims of today. Are we not using the found money, if you will, of the market to support and actually underwrite current premiums? That is the one question. To cut to the chase, are premiums somewhat artificially low because of money that we are getting from the stock market, if you will, from the investments? And I do have to agree that only using the realized investment is smart money. There’s too much money disappears off of the Dow in a blink like that and we would be in a severely underfunded position.

Peter Federko

A couple of things, Ken. So, first of all, again, caution -- this is a projection. Okay? And I said at the start of talking about these projections, that we have not adjusted the 2016 for the 2015 results. So I am going to suggest to you that these claim costs for 2016 are probably overstated because we have an actuarial increase assumed in those claims costs, and given what we have seen in terms of the adjustment that the actuaries made in 2015, that's probably overstated. The second question, though -- and I have mentioned this -- this is second nature to us because we deal with this every day and all these numbers are just kind of mind boggling -- but this is not entirely an apples to apples comparison. So this premium, up here, reflects the premium collected in 2014 to pay for 2014 claims. These costs are costs of all claims paid in 2014 regardless of when the injury occurred. So if you looked over the long-term and sliced it year-by-year, you would not see this kind of mismatch of premium we collected in 2000 compared to the cost of claims in 2000. So it's more just -- that 20-year view I showed with it bouncing all over the place -- is more to give you the sense that overall it's kind of flat.

Ken Ricketts

Okay. The only other thing I was going to, the only other comment I was going to make, is -- and we -- Phil and I spoke about before -- I think this is the first time since I have been coming here, for ten years, that manufacturing is not one of the fifth-worst industries. So for all you manufacturers out there, way to go.

Brian Henschel

Hi. I'm Brian Henschel from Russel Metals, so I'm approaching this question kind of from a different angle instead of the funding side of it. My question is kind of more on the whole kind of return to work aspect. As an employer, one of our biggest struggles we have seen -- and when I've gone to a lot of the WCB's classes and networked with other employers -- what I really see from an employer's side for struggles is on the cooperation and participation from physicians. And it's one thing that -- when the Act was under review we did a presentation on it as well. I deal with Alberta, Manitoba, Saskatchewan and Ontario for my regions and the legislation. And I was wondering, whenever we run into issues with like a physician not kind of cooperating or filling out paperwork, and we kind of bring that back up, it's all a "deal with it" and hindsight and usually the comment, statement I get is, "Well, physicians may not be aware of it" or have kind of been burned in the process before. So I was wondering, is there any initiatives currently going on right now with your guys' vendor on kind of awareness and to the return-to-work programs?

Graham Topp

It's a recurring theme. I appreciate your comment. I believe it's happening less and less often, so I think it's getting better, but it does recur. There's new doctors coming in and out and some don't know how the system works. So we take a -- it's not a punitive, it's a remedial, it's educational approach. Some of the doctors that have been around for a long time, it's tough to get them to cooperate and immediately provide objective restrictions and that type of thing. There's couple of things we are doing, we are trying right now. One is that instead of the insurance company going to the doctors -- although we partner with the SMA fairly well, but we go to their conferences and you would see the insurance company standing up saying, "Blah, blah, blah. Cooperate" -- it's marginally effective. So right now we are trying to get -- I think they have 13 districts, 13 presidents -- we are trying to get those presidents who are doctors to be champions of the policy and of playing nice, I call it, of cooperating with the common intent in the system. Most do. The other thing that we have been doing recently with some impact is that if there is a name that keeps coming up, our Chief Medical Officer, in concert with the SMA, will send them a letter just reminding them, pointing them to their responsibilities -- they actually have policies on this kind of stuff, the College does, and there is a bunch of educational stuff on our website if they don't -- and just clarifying the expectations. And a couple times recently there has been a self-correction and the problem has gone away. I'm going to give you my card after this. If there's some common things, perhaps I can help.

Brian Henschel

Thank you.

Kim Sutherland

Thank you. I'm Kim Sutherland with Alpine Interior Systems. Similar to the last speaker -- and this is a comment -- we have run into this quite a few times with health care professionals with the return-to-work information. We have based our forms on the WCB forms, basic information, what can the worker lift, what are their restrictions, and we are finding the health care professionals will not fill it out. Like an emergency room physician will say, "Follow up with your family doctor. Get them to fill out the form." So now we have a second visit, which is another added cost, and that family physician will often say, "I'm not equipped to evaluate this. Go to a physiotherapist. Get them to fill it out." So now we have a third visit. And it's often for a simple injury, if there is such a thing as a simple injury. And we have got ourselves into a situation where we've got the system down. We're 700,000 hours without a time loss injury, four years, so it's very frustrating. We just want the information and we can't get it. So there's a problem in the system and it's breaking down at the health care providers. So if we could urge you guys to get them on board, it would be really helpful. So that's my first comment. My question to you guys -- and I want to make sure that I understood this right when you guys were talking -- and it has to do with the maximum assessable. Did I understand that you guys intend to raise that again, going forward? Is that "yes"?

Peter Federko

Yeah, yes. It's actually in the law. So the legislation now provides for a continued increase in that maximum. So prior to the changes in 2014 the only way that maximum could be changed is if you opened up the Act and changed it. And now the law provides for us adjusting the maximum insurable so that it reflects 165% of the average industrial wage by 2019 and every year thereafter it will automatically be indexed by the change in CPI. So that's in the law now.

Kim Sutherland

Right. Okay. Because we can celebrate premiums going down, but if that maximum assessable keeps going up, I think we are going to keep seeing our overfunded position going up. Like I think that's part of why we are in there. Do you understand -- like –

Peter Federko

Two things: first of all, we are not in an overfunded position because of the premium, that the excess earnings are 100% the result of investment performance. Secondly, the way the rates are calculated -- again, I'm oversimplifying this, but we just estimate our total costs and we divided by estimated payroll. So payroll is going to go up at the same time as the maximum goes up, because if employees are earning in excess of the maximum, then you are going to have to report more payroll to us, and that payroll is then going to go into the calculation of cost divided by payroll. So even if the costs go up -- and when the actuarial study was done prior to the introduction of the legislation, there is a lag between when the premiums are affected and when the costs are affected. So, effectively, they should offset each other. The increase in the maximum in theory, according to the actuarial analysis, should not affect the premium rate, right, because it's just math. If your claims costs, are increasing because of the increase in the maximum, so is the amount you are reporting to us, because the insurable and compensable are the same number. You're not looking like you understand?

Kim Sutherland

No, I'm not.

Peter Federko

Okay. So today, or this spring, whenever, when you completed your payroll statement, you would have sent us in your payroll number -- and Phil alluded to this -- sent us in your payroll numbers based on a maximum of 62,000 and change.

Kim Sutherland

Right.

Peter Federko

Okay? Sorry, 65,000. I'm always one year behind here. So in 2014 you would have reported payroll on the basis of 62,000. So if you have an individual who let's say makes $70,000 a year, last year you would have only reported to us $62,000 of that wage.

Kim Sutherland

Right.

Peter Federko

This year, because of the increase in the maximum, you are going to report to us $65,000.

Kim Sutherland

Right.

Peter Federko

If that individual had a claim, their claims costs are going to be based on exactly the same $65,000 that you submitted.

Kim Sutherland

But as an employer the premiums that I pay -- because I pay -- whatever my rate is, if it's $2.00 per hundred, I pay you based on that 65 –

Peter Federko

Absolutely. But remember –

Kim Sutherland

And so next year when it goes up, I'm going to pay based on 70 -- and then in a year it's 72.

Peter Federko

Yes, if in our rate making we weren't adjusting the payroll by the increase in the maximum. So the rate -- if my claims costs are a thousand dollars on a base of ten dollars, my rate's going to be 10%. Okay? If that $10 payroll goes up to $15 and my claims costs go up to 1.5, it's still only 10%. The rate -- it's just like the mill rate we pay for property taxes or whatever. The assessed value of the property might go up and your property -- the costs of running the city might go up but your mill rate could stay the same. Because your base is growing, your rate does not need to be as high in order to collect the same amount of money.

Kim Sutherland

I don't think that that math checks out. Because if you –

Peter Federko

It does. If you work out the averages –

Kim Sutherland

-- because if you look at our payroll, what we submitted in the two different years, we paid more, and our premium rates went down.

Peter Federko

You -- yes, in fact you could, because as I said, there is a lag between when it hits the payroll and when we actually see the claims. But, again, over - what period of time -- but this all, the rate is ultimately impacted by the change in the increase in maximum because both the top and the bottom are changing. So at one point it's going to get to the point where the costs are going to be greater than the premium simply because of that lag time. So we will get into this situation, but -- but the math will work, over time.

Kim Sutherland

But I think it's an issue that people need to be aware of and I think we aren't –

Peter Federko

Fair enough.

Regina

Bob Beekman

My name is Bob Beekman. I'm General Manager of Canadian Linen & Uniform, here in, Service here in Regina and we employ over 110 people. Our people work very hard and we have a great partnership with many industries in the city and in Southern Saskatchewan. There has been a lot of talk this morning, about Mission Zero, and it's near and dear to my heart. We have had a decrease in the branch since 2008 of injuries/costs of close to 60%, which is substantial for our employees and the most important thing, obviously. Certainly it hits the bottom line, but our focus is on our employees. As the General Manager of the branch, I drive the culture change and I drive the mindset and I expect my middle management to do the same, and further to that I expect the employees to follow suit, as we are a team. So the one thing that I haven't heard yet this morning is about WCB as an employer and where WCB sits as an employer as far as their rates, whether they are in a position of being in a position of surcharge or discount. So that would be my first question. Where is WCB as an employer today?

Donna Kane

So the organization itself is actually in a surcharge position. And we, like other employers here, are very committed to Mission:Zero; there is no question about it. We talk about this all the time, we've got a health and safety strategy internally and part of our health and safety strategy is prevention. And so we look to developing and implementing many different prevention initiatives within the organization. By way of example, healthy lifestyles. We work with, we have lunch-and-learns, we involve employees in health and safety and prevention as well. So is the fact that we are in a surcharge position something that we are proud of? Absolutely not. Are we working towards Mission:Zero? Absolutely.

Bob Beekman

And with all due respect, we have been working towards Mission:Zero for probably 20 years. Working towards and achieving are two different things and we haven't achieved Mission:Zero, as well, so, you know, I get it. My branch has been earmarked as a problem or a priority employer in 2016 through OH&S and we have got action plans in place on how we can improve our rates, injure less people, and drive to that Mission:Zero status. Is WCB being in a surcharge position, is WCB held to the same standard that I am being held to and is WCB as an employer a priority employer, as was spoken of earlier?

Phil Germain

I can speak to that on the priority employer side. So a couple pieces: I just want to add to Donna's and then answer your question directly. Our total injury rate is below the industry average for the last couple years, so we are making gains on the injury rate side. So from that perspective, I think I would have to go back to 2006 when WCB was on the priority employer list. It hasn't been for the past several years. And like I said our total injury rate is below the industry average the last couple of years. The surcharge in particular -- and many of you employers will experience this, because we talk about this when we come out and visit priority employers -- some of that is associated with old claims. In fact, last year we had a shoulder surgery and it's an old, old, old claim, so the costs on what our direct safety performance is on a direct correlation over time, You would understand that, so.

Bob Beekman

Yeah. And I'm not here to debate numbers or to debate status, just make a couple of questions and make one final statement. Again, as I said earlier, it's leadership driven. You know, I own the leadership of Canadian Linen and our group and if I am not engaged and I'm not leading the charge, I can't expect anyone else to be. I'll leave it at that.

Donna Kane

To your point about leadership, as well, one of the things that we do is we actually report to the board quarterly and part of our quarterly reporting is all about our claims and our sick leave, in fact. We do report to the board. Our directors, our leadership, very much directly involved in injury prevention, absenteeism as a whole, but from a prevention standpoint for claims, absolutely. And, in fact, yesterday we were in Saskatoon for the AGM -- Graham and I went around the Saskatoon office and did an ergonomic assessment of all of our employees there, as well. Yeah, that's a very good point. One of the other things that we do is through a continuous process improvement we have daily huddles. And with our daily huddles that we have with our teams, injury prevention is one of the things that we are measuring, so the number of incidents and hazards that we have as well.

PETER FEDERKO

As the leader of this organization of course it all starts here. And I can tell you that, we actually walk the talk too. There were actually a couple of old claims that put us in a surcharge position. But from a Mission:Zero perspective, so we have a very active Occupational Health & Safety Committee and if I am around I attend those monthly Occupational Health & Safety Committee meetings to reinforce the importance -- and not that I have any great ideas about how to necessarily improve our safety record, but to reinforce the importance. And if I'm not available, then one of my executive members goes, to reinforce the importance of that. We have also started -- last year we started something called a Safety Ambassador Program with our staff. And I was looking for a way to actually engage our staff personally in not only making things better for themselves but helping spread the word of Mission:Zero into the community. And we have our staff divided up into teams and we are asking them to undertake acts of safety that can be verified -- we give them this very small budget. They could go out and buy bottles of water and find workers or people working in the parks or whatever and hand out bottles of water to keep them hydrated with a very simple safety message. We do take this very, very seriously. I think we had four injuries last year. We are in a very, very low rate code from a premium rate perspective. And so all of things, as you would know, Bob, impact whether you are going to be at a surcharge position. But I just wanted to reinforce that from this office's perspective this is a key priority for us as an employer.

Sandra Cripps

Good morning. Thanks for the opportunity to ask questions, and thanks for the presentation today. The information provided is very informative and it helps me I think bring forward this request to you, Peter, and your board. While I'm not that proud about our injury rate, I am very proud of the work that we have done in the health care industry over the last probably three years or more. There's a lot of really good leaders in safety in health care today, I would say, than there has ever been. Most importantly, I think it is built on the partnerships that we have with WCB and LRWS and the frontline and our union partners as well. We are at the lowest in 11 years that we have ever been for our premiums in health care, which I think says something.

But it is all this together in partnership that's getting us to the gains and sustained gains that we need to see. I also take a little bit of comfort today hearing that there hasn't been a firm decision on how the surplus distribution is going to happen. And what I was curious to ask you and the board, is there an opportunity to present to the board sustainable prevention initiatives that would go a long way in a return on investment, and not just today but in the out years as well? Acts of violence and aggression in health care we know across the province are escalating in severity and frequency. We know, also with our partners in Ontario that have had great gains in a prevention initiative working towards a workplace violence prevention toolkit -- I am hoping that we are able to collaborate on a future picture for Saskatchewan, something similar that Ontario has been able to achieve, which they too have done on the surplus dollars from their WCB. So I hope that we are able to kind of lean on one another to kind of go forward in that prevention conversation and action out something that would be a huge benefit for all of us, because I do think that because health care is such a large employer, having a huge impact in that particular industry rate would have an impact overall in the province's injury rate.

Gord Dobrowolsky

Thank you, Sandra. And thank you for your cooperation with the good work that you do with your safety, with your association with regards to what we want to do at WCB. First of all, you mentioned the board hasn't come to any firm decision. We haven't come to any decision with regards to the surplus. The whole idea with the board is with these AGMs, is to listen to verbal feedback with regards to the surplus, and shortly after the AGM next week there will be a discussion paper that will be sent province wide to key stakeholders and anyone else that would like to make a presentation in writing, and then at that time we will put that all into the hopper, so to speak, and at that time then the board will make a decision. And that will happen by the first week of June. Okay?

Sandra Cripps

So I guess just one final comment is, you know, thank you for your current and existing investment in health care safety through G22 Safety Associations, because we do appreciate the collaboration.

Todd MacKay

Todd MacKay with the Canadian Taxpayers Federation. First a question about last year's rebate of 141 million dollars: obviously governments are the biggest employers in the province. How much of that money went to government?

Gord Dobrowolsky

I don't have that figure off the top of my head, but it's well documented. Ann's got a binder about a foot thick, but –

Todd MacKay

I was going to say, I saw a lot of paper there and it's probably there somewhere. Yeah, I would look at all levels of government and all associated government entities

Peter Federko

Yeah, so that was going to be my point, Mark. If you want to define government as being, you know, both executive government as well as well as municipal, the cities, towns and villages, as well as all, health regions or whatever -- I don't know the number off the top of my head, but as Sandra said, the largest industry that we have from a workers' compensation perspective in Saskatchewan is health care and so I know that there were some very large cheques that went to the health regions, but I can't tell you off the top of my head.

Todd MacKay

Sure. That's understandable. If we could get that number -

Peter Federko

We will sure get that for you, Todd, yeah.

Todd MacKay

Yeah, we would really appreciate that. Which brings me to a question about this year: obviously governments, all levels of government, federal, provincial, municipal, are struggling with their budgets, badly right now. Our estimate is that health probably put in about 40 million dollars in contributions and education was probably at least 7 million, in that neighbourhood as well. I guess my question is, why the delay, why the discussion, why the debate about a refund when this money is so clearly needed by governments and the taxpayers they represent?

Peter Federko

Two things first with respect to government. I think some might know, but maybe not everybody knows, that on the recommendation of the Provincial Auditor the financial results of the Workers' Compensation Board are actually consolidated with the results of the Province of Saskatchewan through the GRF. So if you look at the Blue Book -- that 694 million dollars that you see on our financial statements will be consolidated with the province's financial statements. So whether this money is distributed to government or not, their financial position is already being affected, if you will –

Todd MacKay

Well, I suspect some health regions would sure appreciate the –

Peter Federko

But, you know, the budgetary process with respect to funding for health care is outside of the workers' compensation system. So if they, if health care needs an increase in the budgets, we don't tell the government whether to give them money or not. That would go through the typical Treasury Board process.

Todd MacKay

But if that money is tied up at WCB, it's not going to frontlines.

Peter Federko

But what I'm telling you, Todd, is from a funding perspective, the Provincial Government's funded position is already taken into account the full 694 million dollar surplus in the Workers' Compensation Board. So from a budgetary funding perspective, it's really not about the cash, it's the entire surplus that's included in their budget. So whether the money is actually paid out or not would not change the funded position of the Province of Saskatchewan.

Todd MacKay

I'll just conclude by saying, obviously from a taxpayer's perspective we want to see this money rebated as quickly as possible. Why have a policy if you're not going to follow it? That's the policy and it needs to go back as quickly as possible.

Peter Federko

So just for clarity, the policy does say "at the discretion of the board up to five years." And so I think the contemplation is, is the time right for this, that or the other thing? I don't know. I'm not going to second guess what the board's going to decide. But just for clarity.

Todd MacKay

All right.

Mark Cooper

Mark Cooper with the Saskatchewan Construction Association. I have two questions and then if I can I would just like to comment on what Todd had to say, if that will be all right. One question is actually related to something that Phil raised. Phil, you were talking about the creation of safety associations, right, and sort of looking for the threshold of industry support to -- I know in some provinces like in Manitoba I think they actually have a -- I don't know if it's legislated or in policy but they have a threshold that says -- I think if you have 50% of the companies participating in a rate code, then that's something that they can look at. Do we have something similar in Saskatchewan or what's the threshold that we look for in creating safety associations?

Phil Germain

So our policy would be -- in Saskatchewan right now we do have a policy on that and it's an either-or policy. So the first one is, is you have to get at least 50% of employers within a rate code to sign on and/or at least 51% of employers that represent payroll. So we look at it from two perspectives, right? If enough employers, regardless of how large they are, want to support this, we would support it, or if those that are paying the bill, so to speak, want to support this, either way we would look at that and say, "Okay, that's industry support significant enough to move forward with this."

Mark Cooper

Okay, perfect. Thank you. My second question relates a little bit to the partnerships component and specifically on the future and the legalization of marijuana. It's where we are headed. It appears nationally in terms of the legalization of that narcotic. What that's going to mean on construction jobsites is a concern that employers are still wrestling with in terms of how they monitor that and how they manage that to ensure the continued drive towards Mission:Zero. What are some initial thoughts from WCB in terms of facilitating or leading that discussion and helping employers get ready for what we hear may come as soon as next year?

Peter Federko

I think the additional risk you are talking about, Mark, is just the ease of access to marijuana as it becomes legalized. I guess we will all be happier, but we will all be riskier. And we, from a medical treatment perspective, do not recognize smokeable marijuana as an effective treatment for anything. In certain circumstances we recognize the synthetic version called Marinol for treating cancer patients and for some chronic pain conditions. So from a medical insurance perspective we will continue not to pay for smokeable marijuana. But I know that's not your question. Your question is, how do we maintain safe workplaces when marijuana becomes readily available? I guess I don't know the answer to that and I certainly would be interested in engaging in a conversation with many industries about that. But, off the top of my head I would say, what do workplaces do today to monitor alcohol use, which, effectively is a legalized drug, and are there testing programs or whatnot? I don't know and I don't know the legality of that from a human rights perspective or whatever, but I do know -- I mean there is a business in Saskatchewan who makes a good portion of their revenue from actually administering urine tests -- on workers for whatever it is that they are testing, I don't know. But beyond that, I guess it's the same thing, how do we make sure there isn't a mickey in somebody's lunch kit as opposed to -- what do you call those things? -- a cigarette?

Mark Cooper

Yeah. Except the challenge is that today when you drug test, if somebody has marijuana and THC in their system, you can move towards disciplinary action, right? When it's a legal substance, it changes the dynamic of the game in a way that employers are not yet certain of what that means, right? And so I would like to encourage WCB to be a proactive leader in beginning some of that discussion and bringing experts from around the world who are dealing with this to help us figure out how to wrestle with that to ensure that just because it's legal doesn't mean that it's therefore impairing action on the jobsite leading to, and not just injuries but death, which in construction is a real reality if people aren't safe.

Gord Dobrowolsky

Yeah, a very good point that you make. Just because it's legal it doesn't mean its right.

Mark Cooper

Well, I mean it can't happen on the jobsite, but it -- when it's something that remains in your system for an undetermined amount of time, and the medical science doesn't appear, at least to me appear to be clear, we just need to get some better answers around that.

Peter Federko

We've got pretty good information on the medical side, but what we don't have, because we haven't had to, is on the legal side, and that's a great point. And I think as we develop our strategies from a prevention perspective I think that's definitely one of the things we need to look at sooner rather than later.

Mark Cooper

Okay. And just a comment on the surplus, of course: as the Construction Association, we support the rebate of the surplus to employers. I want to address the prevention point which I think is an important one. We do need to continue to invest in prevention and I think the appropriate way to do that is not through the surplus, however, but through identifying specific plans, specific initiatives, that will be done and then funding that through the rate system as would be appropriate. And so not using the surplus, but building it into the base plan moving forward.

Marilyn Braun-Pollon

Marilyn Braun-Pollon with the Canadian Federation of Independent Business. Thank you for your presentations this morning. I guess it's more of a statement and you have answered some of my question about what your plan is to determine the surplus rebate. But I think it's really important to just state that at a time of economic uncertainty in the province -- and also our research shows month after month after month small business optimism is at a record low -- we really do believe that rebating 100% of the 281 million into the hands of entrepreneurs is the right thing to do. You did the right thing last year and we just think it's better in the hands of entrepreneurs than sitting in WCB's account. That's more of a statement. I have to say that employers last year -- I talked to many of them and, you know, when you look at a difference of staying open or expanding or not laying that person off -- it's a critical time, even more so than last year. I know I talked to a car dealership, and, you know, they just couldn't believe they got $9,000 back that was reinvested back in the business. The time is now to put that money immediately in the hands of employers. So my question was, "What is your plan to immediately rebate?" but I think the sooner you can make the decision the better and communicate that to give some certainty in a very uncertain time for employers. So I think I still have two questions left, because that wasn't really a question. Oh, good. Thanks. I didn't know there were quotas now of questions, so hopefully that --

Gord Dobrowolsky

Yeah, just some clarification. You had mentioned that business, or optimism with small business is at an all-time low.

Marilyn Braun-Pollon

Right.

Gord Dobrowolsky

Is that Saskatchewan, Canada, Western Canada?

Marilyn Braun-Pollon

Right. So we do a monthly business barometer looking at the Canadian economy in every province and Saskatchewan's index has been on the decline. It levelled out last month, thankfully. We are still, you know, 20 points ahead of where Alberta is. They are at a historic low of optimism levels. But our index is at about 48, and when you look at an economy growing to its potential it should be at about 65 to 70. And we have been accustomed to leading the pack at 65, you know 68. But, again, we are seeing the impact of the slowdown. So I think that your decision could not come too soon and I think that if you could even speed that up we don't mind if you put a short timeframe on that feedback because frankly I think that you need to make the decision sooner than later.

Gord Dobrowolsky

Well, rest assured, there will be a short timeframe in that feedback, for sure.

Marilyn Braun-Pollon

Okay. I guess the other point, too, is when Peter was talking about kind of next steps and such and you are looking at the rate model review and we are awaiting some response to the asset/liability study, our research does show that Saskatchewan is one of the most overfunded boards and so we think that ratio does need to be looked at. And my other question was, "What's your plan to look at that funding ratio," but Peter did answer that with respect to some decisions coming forward. So I think that's another decision that needs to be made so we're not back here next year looking at this massive surplus. I think the fact that research does show --

and I think you have even reported it in the last annual meeting -- that there has only been one time in the last 18 to 19 years that you were below the 105. So I think when you look at that, you are well within your range and have been above for the last couple of years, substantially.
So that's the question that we get on a regular basis. The last point I want to make is, I did notice that with your balanced scorecard you talk about on the financial bucket optimizing costs and I also noticed that in your admin costs I see an increase in building operations. So my question is this: what's the current market value of your ownership interest in the WCB office building and is there a plan to relocate to a more economical, and as important, accessible office space?

Peter Federko

So I have no idea what the market value of our building is. We have not had a recent appraisal on that. With respect to the building operation expense, that was just an air conditioner repair.
I am not aware of any immediate plans. I have not received any direction from the board to start looking at other sites other than the one that we are currently in.

Marilyn Braun-Pollon

Because you do rent in Saskatoon, correct?

Peter Federko

We do rent in Saskatoon.

Marilyn Braun-Pollon

Right. Okay. So it is something for -- I know I get that question from employers -- it's something for the board to consider as you look to contain costs going forward and also have I think a more accessible office building for those that actually need to go to the office to speak to, account reps and that kind of thing. So thank you.

Gord Dobrowolsky

For sure. Thank you, Marilyn. Just if I could make a comment with regards to your comment. The board is on the surplus, for sure. You know, we are going to make a decision very quickly. We are going to go to consultation, as you already know, and the timeframe will be very short, but we look forward to those written submissions, for sure. The second thing is the funding policy, the third thing, premium rate setting policy, and the fourth is the investment policy, all hitting the board at one time. So we are focussed, we are very busy, we have a lot on our plate, and so we have a lot of decisions to make in the next little while. Just so you know, we're on it. Thank you.

Jim Bence

Jim Bence from the Saskatchewan Hotel and Hospitality Association. Thanks for the opportunity to ask some questions. As I had said yesterday at the AGM in Saskatoon, our industry is particularly hard hit right now. There's record lows in occupancies and revenues and we have got employers that are out there that are struggling to survive. And as part of that consultation process in offering you feedback, I can tell you that between the last time we spoke and now there has been plenty of it, and reiterating that point, that the speed of which you give that back is imperative for us. 280 on Monday, 185 on Tuesday would be great. So I understand that you are going to go through a different process, but that's just so you get it from the horse's mouth. The piece that I'm a little bit ashamed of from yesterday was, is that I think I forgot my roots. Another speaker had mentioned about how a general manager had been checking him in, and that is true, that's happening across the board. We have got employers that are going to skeleton staff, we've got people that are getting laid off. I forgot my roots. I should never do that. Being a pool boy in Calgary at a hotel in '83, I remember what that effect the economy had on me. I had my hours slashed and then again in '87. And that's, I guess when it comes to the employee, they may not have a voice in this at all, and I feel a responsibility to speak on behalf of the employees of the province. If you get that back quicker, they get back to work faster, they get their full-time hours back. And this is imperative that we go down this road I think the sooner than later, so. I can appreciate that you have a process, but I think that if you can be quick that would be great. The other question I have –

Gord Dobrowolsky

Point taken.

Jim Bence

The other question that I have is for Peter. Yesterday I had asked if there was any idea as to what the surplus would be for this year, for 2016. I know that we are a quarter into it now, you know, and based on trends -- was there an opportunity over the last 24 hours to at least get a sense -- are you able to give us an idea -- and I won't hold you to it because I realize that it could be like throwing a thread -- and I'm on record, right, so I can't hold you to it -- but is there any idea as to what that surplus is going to look like next year?

Peter Federko

No. So as Ann reported earlier -- and I don't know if you were in the room or maybe stepped out for a second -- but in the first, to the end of March 30th we have lost 30 million dollars in our investments. So, payroll is coming in kind of as expected. It doesn't look great. But the what we threw up there in terms of projections, Jim, is really the best throw at the dartboard that we have right now. In the second quarter we will know a whole lot more and, you know, we will be in a better position, and of course by the time we are in rate setting in the fall we will have even a better indication of what the year might look like. So far injuries continue to track flat and we are not seeing kind of any upward pressure on the costs, and revenues, aren't down, but we have just basically started assessing so we don't really have a great handle on how the payroll is actually coming in and what our premium revenue might look like. I could give you any number right now and it would be as wrong as any other number that I would give you. So as the year progresses we will know better. But, other than being able to find out that we did see deterioration in the market of our investments in the first quarter, we don't have anything else solid.

Jim Bence

And as we said yesterday, it just seems to be, it seems to be a yearly event for us.

Peter Federko

Here is the reality. Once we hit that 120%, unless we hide the money in our mattress and don't earn any return on that money, the 20% sitting there in surplus is going to continue to generate a return, which in the foreseeable future, at least, unless markets like totally go like to zero, we will continue for the next foreseeable future, providing we get the returns that we should out of our investments, having it be in an excess surplus position, and not because of the premium rates. I know that that's been said repeatedly, that we are charging too much, and I guess we will find out for certain when the rate model is either approved or changed or whatever it is and we rerun the rates under the new model. But the reality is going to be -- I mean, really, if you want to put this just in GICs and earn half a percent, we can curtail the growth and excess surplus. I don't think that that's the prudent thing to do. I think you want us to maximize the return on the money that you have given us in order to pay future claims costs. So whether the policy is right or wrong, I guess you are going to have a chance -- as Gord said earlier, you will have a chance to comment on that, whether that range is big or not. We have information from the asset/liability study, which I think you saw, Jim, where the actuary actually commented on the adequacy of that range among other things. And so all of that will be boiled into this and put in front of the board and a discussion paper go out, is what I heard Gord say, and input received relative to what that range ought to be. So that's the best I can tell you. I'm sorry.

Unidentified

Yes, thank you very much for the opportunity. It's my first time here and I am learning a lot and I appreciate the opportunity to come. When I hear all the statistics on the insurance side of things, I just hope we will always remember why we are here, and that's to take care of the injured worker and get him back to work. Sometimes I think we get lost in the money part of it and maybe forget a little bit that we have to take proper care of those individuals, especially the transparency issue right at grass roots. And I'm just a small dealer in a small town and so I am -- these are the kind of things that I deal with from day-to-day and are of concern to me. Workman's Comp does not always have the best reputation at that level and I think if we could disseminate information better to them so they are ensured that they are being treated fairly, I think we would go a long ways in raising the elevation of what our Workman's Comp is doing. And right now I think we are combative rather than collaborative and I think we need to collaborate and by doing that we have to give them information so they know they are being treated fairly and they are being treated like other people are treated. Just one comment on our PFI rating on that American Medical Association versus say the Manitoba MPI one that's used by SGI: I think some areas and -- has refused to use what we are using because it's not fair to the worker. So as an employee, when you compare some of the things that another company in the same industry does, I think we could raise our -- a little bit -- and I know we want all this money back, but it wouldn't hurt me if we spent a little more on making sure that people are being treated fairly. Just a comment. Thank you.

George Marshall

Hi, Gord. I'm George Marshall, CEO of the SHSA. We are a service and hospitality safety association. I want to start by commending Workers' Comp and everybody in the room, and the partners who have worked together, to achieve an injury rate of 2.07. If you would have asked me if that was even possible in 2003, I would have said, "No chance. That's just impossible." So I think it's a tremendous effort. I agree with the previous speaker, about keeping our eye on the people aspect of this. Jim mentioned earlier on that he talked to or he heard from a speaker at, in Saskatoon. That was me who checked into a hotel and the general manager checked me in. As a safety association we are constantly trying to engage employers in health and safety, and right now the decisions my employers are experiencing are, "Well, I'm the only one working because I'm laying off people now." So there are people losing jobs. And "It's not a question of whether I can afford to pay for an extra health and safety training. I can't get somebody off, because it's me now or it's one other person left. There's nobody else." So that's a real barrier. So one thing that I would leave as a point for your consideration is, by holding onto, you know, really about 700 million dollars more than what you are legally required to have, that you might actually be acting as a bit of a barrier to prevention. Because if that money is back into the hands of the employers, if staff are not getting laid off, if safety associations are able to engage fully, good things happen, and that's what's happened in the past, so, really, a comment on that.

My second point is to say -- and this isn't as SHSA as an association, this is SHSA as an employer -- you threw out the invitation that any employer or any organization that wishes to comment on the discussion paper can comment on the discussion paper. I would like to take you up on that, Gord. I think as a safety association we have expressed concerns at times, sometimes, with the Workers' Compensation Board being in a little bit of a conflict of interest in terms of how they deal with us. And we are employers, we have a fiduciary responsibility to our stakeholders, our members who pay for our services through the WCB and are supported through the WCB and I think we have a right to stand as employers who pay premiums and speak out on issues. That's not our main focus. Our focus is injury prevention and we work hard at that focus, but I think we also should be able to act as any employer who pays premiums in the system. So I leave that to you and I thank you for the invitation. I accept.

Gord Dobrowolsky
Thank you, George. I'm kind of glad you used the term "hold onto," because prior to you coming to the mic, when I was talking to people as the meeting was starting, there was one individual that asked me, "Why are you holding onto this money?" And we are not holding onto it. The Minister just tabled the report eight days ago. We couldn't do anything; we couldn't breathe until the Minister tabled the report. So we are holding onto it for eight days, so, if you know what I mean. But, again, to be clear with everyone, the board will make the decision based on input that we get from our stakeholders and our customers. Peter?

Peter Federko

I know we have to wind this up because we all have other commitments here too.

But there is an undertone here that I just want to address. This 281 million dollars is brand new money. This is money earned off of the investments that we hold. It wouldn't have been anyplace else if we wouldn't have invested this money and earned that excess return. So it's not like we took this 281 million -- and I see Todd shaking his head. We did not take the 281 million away from employers. We took the employer premium and invested it and earned 281 million over and above what we needed to pay for the liability. It's the truth. Now whether the 281 million is going to help industry at this particular point in time or not is a thing that the board can take under consideration. But this 281 million did not come out of the employer economy. The premium came out of the economy, invested and earned the 281 million dollars. And we can debate whether investing that money someplace else would have generated more than 281 million, but I just wanted to clarify that, because there is this feeling that from what, and even George's comment, that this is money that we should have never had in the first place. So I just wanted to comment on that.

Gord Dobrowolsky Okay, yeah. Thanks, Peter.

Curtis Hemming

Hi. Curtis Hemming from the Saskatchewan Chamber of Commerce. First of all, I would just like to echo the sentiments of some of the other folks who have gotten up to the mic to speak in regard to the surplus. Our organization would also recommend that the board seriously consider at returning the surplus to employers. The second thing is on the issue of communication. So from our members, every year, we hear from them that WCB just isn't being transparent enough, that it's too opaque, that there is not enough communication, or the quality of communication just isn't significant enough or it's too confusing. And, of course, insurance programs are confusing, but this is something that also came out of the experience rating program when we were having discussions and coming forward with recommendations on that, that the whole system of communication and the stakeholder engagement needs to be improved upon. And I know that it's an ongoing process of trying to make that communication better. But I guess my question would be, over the last year, what have been some of the I guess improvements in how a stakeholder consultation is done, whether it's to internal policy changes at WCB or if it's communication around how the surplus is going to be returned, in the case of last year, and just communications in general, and maybe even just communication materials? What have been some of the improvements on stakeholder consultation engagements and the whole of the communication process so that people feel like WCB is being transparent and that they are providing information in a timely and clear way?

Peter Federko

I guess one of the biggest things -- and Phil talked about that earlier -- was the approach that we have taken with respect to rate setting consultations. In years prior, so prior to 2014, kind of a select group of stakeholders were invited to attend the rate setting consultation meetings. And we would hold one in Regina and one in Saskatoon and we would get a few people coming to the general session. And then we would hold industry-specific meetings and we would get one or two people that would come to the industry-specific meetings. We recognized that wasn't very good representation and perhaps accessibility to the message was not easy. And so by opening up to the general public, like just an open invitation, anybody can come to that rate setting meeting, and creating the opportunity for people to actually participate online, as Phil said, has significantly increased the number of people who can come hear, ask and learn. This meeting is wide open. This is probably one of the best attendances we have had in a long time. And, Curtis, I guess -- what's the saying? "You can lead a horse to water, but you can't make him drink unless you give him salted oats." I don't know what the salted oats is in order to get people more interested and actually coming and hearing from us. We had the Compensation Institute last week. Again, open to the general public for as much as the facility will hold. Registrations were down last year, now probably because of the economy. Although it's free registration, you are still probably paying for a hotel room if you're not in Regina or whatever, and there is a cost associated with that, plus being away from work. On the policy side, the board has on a very specific basis, on an issue-by-issue basis, decided whether it's going to consult or not. So Gord has already said they are going to consult on the surplus distribution, they are going to consult on the funding policy. So where it's large decisions with respect to systemic impacts, the board in the past, and I'm hearing in the future, will continue to specifically consult with those stakeholders. We are available to come and speak to whoever will hear us, to hear from customers in whatever venue we want. Next week we are going to be attending your annual meeting up in Saskatoon, Curtis, and Gord is going to be addressing the group the one morning, and we will be there for the duration, so that if your members have specific questions for us, that, we are available and accessible for them to ask those questions. And so there really isn't anything -- other than, you know, kind of opening the rate setting consultation up to the broader general public, there really isn't anything brand new from a consultation perspective.

But if you, by all means, have ideas on how we can get more people interested and actually listening and talking to us, boy, we would be all over that, Curtis.

Gord Dobrowolsky

Thank you, Peter. I can only echo what Peter has stated so eloquently, Curtis. We do everything we can as a board, as an administration, to make ourselves available to our customers, to our stakeholders. And so -- yeah, invite us. We would be glad to come and present, speak, meet, whatever the case might be, so that we can increase our transparency. So thank you for the comment, for sure.

Todd MacKay

You just referenced me directly, so I thought I would clarify a little bit. Look, we want to make sure that there is funding in place for injured workers at 100%, just over a billion dollars, that money is there. We've got another quarter billion dollar cushion. That's great. If we need it, it's there. But the 281 million dollars is money that is desperately needed by employers across the province to create jobs. To pretend that that doesn't have a risk or an opportunity cost I think is really unfortunate. That money needs to go out, it needs to go out very quickly. And so that's -- I just wanted to clarify my headshake, I guess, and tell you that.

Gord Dobrowolsky

Okay. All right. Thank you for that. I can't begin to tell you and Marilyn, Curtis, and others that might have come to the mic with regards to the surplus, how clear it is to us as a board as to what should be done. So be prepared for the discussion paper that will be out very, very quickly. We will expect a quick response. Before we go, I am really kind of disappointed that no one asked a question about the appeals at the board appeal tribunal level, not a comment -- kind of unbelievable. So this gives me an opportunity to talk about this for the next half hour. The board does two things, ladies and gentlemen. We do appeals and we look after governance. In a perfect world appeals takes about two-thirds of our time, governance, which we have spent time, certainly all the time talking about this morning, takes up the other third, give or take, two-third, one-third. So what we have done as a board appeal tribunal -- and the board appeal tribunal is Garry, Larry and me, -- what we have done in the past eight months -- and you've got to know this, and I'm so sorry that the gentleman from the Leader-Post left, because this is such good news, and that is the fact that instead of appellants waiting 357 days for an appeal decision as of last August, they are now waiting 120 days for a decision. How about that?

Tremendous news. And even if the appellant gets bad news, at least they know where they stand, right? So instead of there being, 250 odd appeals to be heard, there is now about 130 odd appeals to be heard in the next little while. So we have gone from 357 days, approximately, for an appellant waiting for a decision to 120 days. We are sending letters out to appellants as we speak, here, as we sit here, that they will have a decision or they will have an opportunity to meet with the tribunal in 120 days. So that's very, very well received by everyone, for sure. And we will take part of the credit, there's no two ways about that, because we have been working our tails off with regards to appeals, but at the same time there is a whole staff that assists the tribunal in the preparation of appeals and that's the assistants to the board who work very hard, and many other people, the Director of Governance and Board Services team leaders and so on. So with that, Ladies and Gentlemen, that is still more good news with regards to what we are doing as a board. Aren't you glad I relayed that to you?

Mark Cooper
Well done, Gord, well done.

Gord Dobrowolsky
Ladies and Gentlemen, we thank you. The board, Peter, our CEO, and the Vice Presidents, thank you for attending. We do appreciate your attendance and we do appreciate your input by way of your verbal comments. Thank you.