2016 ANNUAL REPORT

wcb Saskatchewan Workers' Compensation Board

2016 Safe Worker Winner
Lanny Storey – AREVA Resources Canada Inc., McClean Lake

2016 Safe Worker Finalist
Heidi McCaskill – Cervus Equipment Peterbilt, Regina

2015 Safe Employer Finalist
Key Well Servicing Ltd., Weyburn

2015 Safe Worker Winner
Lorna Hamilton – Kelvindell Lodge, Kelsey Trail Health Region, Kelvington

MISSION: ZERO

WorkSafe™ SASKATCHEWAN

Work to live.

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The Meredith Principles

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

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

1. No-fault compensation: Workers are paid benefits regardless of how the injury occurred. The worker and employer waive the right to sue. There is no argument over responsibility or liability for an injury.

2. Security of benefits: A fund is established to guarantee funds exist to pay benefits.

3. Collective liability: Covered employers, on the whole, share liability for workplace injury insurance. The total cost of the compensation system is shared by all employers. All employers contribute to a common fund. Financial liability becomes their collective responsibility.

4. Independent administration: The organizations who administer workers' compensation insurance are separate from government.

5. Exclusive jurisdiction: Only workers' compensation organizations provide workers' compensation insurance. All compensation claims are directed solely to the compensation board. The board is the decision-maker and final authority for all claims.

VISION Statement

To excel in the development and delivery of both workers' compensation and prevention programs and services.

MISSION Statement

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

Year at a Glance

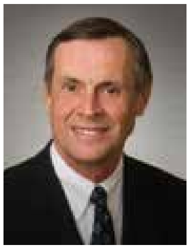
	2016	2015	2014	2013	2012
Number of workers covered [1]	**420,279**	405,784	402,894	398,774	385,856
Time Loss injury rate (per 100 workers) [2]	**1.86**	2.07	2.41	2.54	2.79
Total injury rate (per 100 workers) [2]	**5.55**	6.30	6.99	7.80	8.65
Number of claims reported	**29,953**	32,577	35,836	37,731	39,343
Number of Time Loss claims accepted [2]	**7,813**	8,417	9,715	10,116	10,774
Fatal claims accepted [3]	**31**	32	39	35*	60*
Average duration in days [4]	**43.07**	38.92	37.01	34.88	38.89
Active employer accounts [5]	**47,907**	47,956	46,656	45,649	43,611
Average premium rate [6] (per $100 of assessable earnings)	**1.34**	1.46	1.51	1.58	1.60
Maximum Assessable Wage	**69,242**	65,130	59,000	55,000	55,000
Number of appeals registered					
Appeals department	**1,217**	1,139	1,070	1,006	841
Board Level	**308**	273	266**	275**	270**
Claims costs ($ millions)	**286.8**	194.2	264.7	283.4	196.1
Premium revenue ($ millions)	**281.8**	305.7	291.2	301.4	296.2
Investment income ($ millions)[7]	**127.1**	106.3	159.5	252.6	127.3
Benefits liabilities ($ millions)	**1,210.2**	1,138.9	1,151.9	1,085.5	1,005.4
Funded position ($ millions)					
Injury Fund [7]	**446.2**	694.7	703.2	521.1	298.3***
Reserves	**36.3**	34.2	34.6	117.6	150.4
AOCI [8]	**(2.6)**	(2.7)	(4.1)	(2.6)	(8.4)***
Funding Percentage[9]	**118.7**	144.7	132.2	119.3	117.1***

1 Full-time equivalent workers based on Statistics Canada average wage and WCB payroll information as of December 31st. Does not include workers for self-insured employers.
2 Based on new claims reported to, and accepted by, the WCB in the year. Does not include claims for self insured employers.
3 These figures include fatalities for self-insured employers. There were 0 self-insured fatalities in 2016, 2015 and 2014, 1 in 2013, and 4 in 2012.
4 Average days on compensation based on all time loss claims paid within a 12-month period.
5 Active employers excludes employers whose assessment accounts were closed during the year.
6 All years are Board-approved rates.
7 Unrealized gains and losses on investments are recorded in investment income when incurred.
8 Accumulated Other Comprehensive Income (AOCI) includes actuarial gains (losses) on the defined benefit pension plan.
9 The calculation of Funding Percentage excludes the unrealized gains and losses on investments in the Injury Fund.
* Restated to include fatalities for self-insured employers.
** Restated to reflect the correct number of Board Level Appeals.
*** Restated 2012 to reflect the change in accounting for defined benefit pension plans.

Letters of Transmittal

The Honourable Vaughn Solomon Schofield
Lieutenant Governor Province of Saskatchewan

May it please Your Honour:
I respectfully submit the Annual Report of the Workers' Compensation Board for the Calendar Year 2016.



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

The Lieutenant Governor in Council:

We are pleased to submit the eighty-seventh Annual Report of the Workers' Compensation Board for the year ending December 31, 2016.

Respectfully submitted,

Gord Dobrowolsky
Chairperson

Larry Flowers
Board Member

Garry Hamblin
Board Member

Larry Flowers
Board Member
Employer Representative

Gord Dobrowolsky
Chairperson

Garry Hamblin
Board Member
Worker Representative

Message from the Board

Each new year brings with it a renewed sense of anticipation and optimism for ourselves as individuals and in our role on the Board for the organizations we serve. Preparing this report allows us time to look back at the previous year with a sense of accomplishment and gives us renewed energy to conquer the challenges not yet met.

For the WCB Board, 2016 signified a year focused on improving customer service at every level from front-line reception through to our own Board processes. How are we doing this? Through continuous process improvement. The continuous process improvement effort which took root at the WCB several years ago, continues to permeate all levels of our organization. These improvements are building in momentum and reach. Our CEO and Executive team are tireless champions for the improvement efforts organization-wide and will reference some of the advances in this area later in our report. But as Robert Frost wrote, we all recognize that as an organization, we still have 'miles to go' to improve our processes.

At the core of this is our commitment to customers and our service to the employers and workers of Saskatchewan. Our purpose rests on the foundation firmly based on the Meredith Principles and the historic compromise which provides protection for both workers and employers.

In 2016, 88 percent of employers achieved Mission: Zero with no reported injuries. Our Time Loss injury rate is the lowest in 64 years.

At the Board level, our commitment to financial stewardship and oversight is paramount to our role. And we are happy to report that the Board maintains a solid financial position. For the second year in a row, after exceeding our funded position, the Board returned excess surplus back to the employers who fund our Province's compensation ($281.5 million in 2016 and $141.0 million in 2015).

Earlier this year we were privileged to host board members from across the country at the Association of Workers' Compensation Boards of Canada (AWCBC) annual Governance conference with a theme of Inspired Governance – The value of governing effectively. Representing almost every province and territory, the 75 conference participants heard from local and national speakers and dove deep into governance and risk issues.

In addition to our role of providing financial and operational oversight, we as a Board Tribunal perform an appeal and adjudication function in accordance with The Workers' Compensation Act, 2013. The Board received a record 308 appeals and heard and wrote decisions on 351 appeals and 47 non-appeal applications as well as 140 oral hearings. In 2016, we successfully cut the Board appeals backlog by 45 percent. In 2016, the number of appeals pending before the Board Appeal Tribunal dropped from 173 to 94.

We know 2017 will bring its share of uncertainty both globally and economically. Our economy is beginning to see growth once again in sectors hardest hit in recent years. Bloomberg reports that the oil and gas industry has shifted from survival to growth. And Saskatchewan's manufacturing sales, up 12.2 percent since last year, are leading the nation. We have reason to be optimistic about the coming year.

It has been our privilege as a Board to serve the workers and employers of Saskatchewan. We express a sincere thank you to our CEO and Executive team and recognize the tireless work of our frontline staff whose commitment to our customers is unparalleled.

The WCB Board: Structure, Mandate & Role

The WCB is an independent board that operates under the authority of The Workers' Compensation Act, 2013 (the Act) which came into effect on January 1, 2014. The WCB operates like an insurance company, but follows the Meredith Principles. It protects registered employers from lawsuits when a workplace injury happens. It provides guaranteed benefits and programs to injured workers in industries covered by the Act. Its costs are funded entirely by premiums paid by employers in covered industries. The premiums are based on employer payrolls and are adjusted based on injury frequency and costs. Any injured worker in an industry covered by the Act can claim benefits and programs.

Any employer in an industry covered by the Act must register with the WCB and pay invoiced premiums. There were 47,907 firms with 420,279 workers registered with the WCB in 2016. The WCB accepted 23,350 injury claims this year, and there were 7,813 Time Loss injuries. This means that the injury kept the worker away from work beyond the day of the injury. Over $286 million in expenses were incurred on worker benefits and programs in 2016. Each year the Board reviews and affirms the Balanced Scorecard.

Board Structure

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

Gordon Dobrowolsky was appointed the WCB Chairperson in 2013. From Prince Albert, Gord taught for five years before going into business. He received his Bachelor of Education from the University of Saskatchewan. Gord served as Vice-Chair of the Saskatchewan Liquor Licensing Commission, was on Saskatchewan Executive Council for six years, and for eight years operated Delta Management Ltd., his public relations and marketing company. He spent 14 years in the cellular phone industry and received "Top Dealer" awards for nine years from SaskTel. He was appointed to the Prince Albert Parkland Regional Health Authority in 2009 and served as Chair for four years. In 2016, Gord completed his certificate in Adjudication for Administrative Agencies, Boards and Tribunals from the Osgoode Hall Law School of York University. Gord was a volunteer Board Member of the Victoria Hospital Foundation in Prince Albert for six years. He is a current member of the Prince Albert Chamber of Commerce, Prince Albert Elks Club, the Prince Albert and Saskatchewan Wildlife Federation, and is a supporter of Special Olympics. Gord received his Professional Director designation from the Johnson-Shoyama Graduate School of Public Policy. In 2014, SaskBusiness named him one of Saskatchewan's Men of Influence, and in 2015 the College of Education in Saskatoon named him to their Wall of Honour.

Garry Hamblin was appointed the WCB Worker Representative in 2015. As a Canadian Insurance Professional (CIP), Garry worked for 27 years at Saskatchewan Government Insurance (SGI). Over the course of his career, Garry was involved in hundreds of mediations and appeals within the SGI no-fault system, helping people to access benefit entitlements and understand legislation and policy surrounding their unique situations. He continued this work through his company, Montague Mediations. He is a past President of the Canadian Office and Professionals Union 397 and is a board member of Conflict Resolution Saskatchewan Inc. Garry has recently received his Certificate in Adjudication for Administrative Agencies, Boards and Tribunals from the Osgoode Hall Law School of York University.

Larry Flowers was appointed the WCB Employer Representative in 2015. Larry's business background includes the agriculture, manufacturing, mining, finance and nonprofit sectors. Since 1989, he has implemented strategic HR, training, safety and business solutions as an internal consultant and leader, and more recently through his company, Transform Business Solutions

Inc. Larry has a Bachelor of Education degree and a Business Administration Certificate from the University of Saskatchewan. He holds a Certificate in Adjudication for Administrative Agencies, Boards & Tribunals from the Osgood Hall Law School of York University. He is currently pursuing his Masters in Adult Education through St. Francis Xavier University. Larry is a Chartered Professional in Human Resources (CPHR) and is a member of the Saskatchewan Association of Human Resource Professionals, where he has served on their Professional Development committee. He has also served on the Saskatoon Industry-Education Council board on their governance committee, and has held a number of other volunteer board commitments. Larry has chaired the Saskatchewan Mining Association's HR Committee and was a member of the International Mining Innovation Institute's Education and Training Panel, as well as the SIAST Mining Engineering Technologist Advisory Panel.

Board Mandate and Responsibilities

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

The Board Members fulfill this role through:

1. Providing strategic direction to the WCB's leadership to ensure the delivery of high quality services to workers and employers, and the protection of the public interest.
2. Effective oversight of the WCB's financial and operational performance.
3. Performance of their appeal function and adjudicative function in accordance with the Act, regulations and other applicable laws.
4. Approval of policies through which the objectives can be accomplished.
5. Oversight of enterprise risk management.
6. Effective engagement with stakeholders.

The Chairperson and Board Members meet their responsibilities through their work as members of the WCB's Board and Committees and through consultation with stakeholders, regular reviews of the WCB's strategic direction and balanced scorecard, and by requiring and receiving regular reports that monitor the WCB's financial and operational performance.

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

In 2016, the Tribunal received a record 308 appeals. However, by deciding 351 appeals and 47 non-appeal applications (for barring of lawsuit, orders for collection of over-payment, and medical review panels), the Tribunal continued to make progress in 2016 at reducing the backlog of appeals. The Board also conducted 140 oral hearings. This direct involvement in the appeal process gives the Members valuable information that helps them to assess the effectiveness of the WCB policies and to perform their role in the oversight of the WCB.

Their duties require that Board Members maintain skills and knowledge appropriate to their responsibilities. This begins with a comprehensive orientation process and training on such matters as the WCB's current governance framework and policy, an overview of operations, policy development, a Board Appeal Tribunal orientation, employer services and claims management overviews, and investment and audit committee orientations.

The Board Members' training continues with professional development offered through such organizations as the Foundation of Administrative Justice, the Institute of Corporate Directors, the Canadian Council of Administrative Tribunals, the Saskatchewan Administrative Tribunals Association, and various industry and educational conferences and courses. In 2016, the Board Members earned

Certificates in Adjudication For Administrative Agencies, Boards and Tribunals, from the Osgood School of Law, as part of their ongoing professional development.

A Governance Framework that Defines Accountability

The Board recognizes the importance of a clearly defined governance framework to support their accountabilities as stewards of the workers' compensation system. A new governance policy and other key governance documents were approved by the Board in 2014. At its 2016 retreat, the Board conducted its annual review of the Governance Policy and Code of Conduct, Board Orientation and Education Plan and developed a plan for the upcoming year on such key governance issues as organizational risk oversight, the CEO evaluation process and identification of key emerging trends.

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

1. Setting Strategy and Monitoring Performance

The CEO, CFO and vice presidents participate in strategic planning sessions with the Board. This includes an annual review of the WCB's Balanced Scorecard and risk register, and the vision, mission, values statements, and the corporate beliefs in its strategic plan. Our corporate values are the standards by which our actions and decisions are to be considered and judged by others and are rooted in our Code of Corporate Conduct and Ethics. Our corporate beliefs enable a culture of continuous process improvement and are core to creating a customer-centric organization:

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

The CEO must submit a strategic plan for Board approval. Regular management reports on progress towards the plan are supplied to the Board Members.

The annual Strategic and Operational Plan is published and forms part of the required reporting at the WCB's Annual General Meeting. The Saskatchewan WCB was the first Canadian compensation board to hold annual stakeholder meetings as part of its governance and accountability framework and continues to be the only Canadian jurisdiction to voluntarily hold the annual Compensation Institute.

2. Budget and Employer Rate Approvals

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

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

3. The WCB Investment Committee

Fundamental to Saskatchewan's workers' compensation system is the guarantee to workers and employers that benefits and programs will be available if and when they are needed. To back up that guarantee, the WCB is required to be fully funded; that is, to have the financial resources available to pay the cost of benefits and programs for all injury claims in the compensation system for the life of the claims. Termed the WCB's benefits liabilities, the amount needed at the end of 2016 to meet future obligations was $1.21 billion. Investment assets, the financial resources that back up the funding guarantee to workers, were valued at $1.84 billion at the end of 2016.

The WCB Investment Committee is comprised of the three Board Members who oversee the WCB's financial policies and investments. The WCB's CEO, Chief Financial Officer (CFO), and Controller attend committee meetings. The Investment Committee is prudent in its policies, goals and objectives to ensure the stability of the WCB. The Committee recommends to the Board the approval of the WCB's Investment Policy and Guidelines and the appointment of the investment managers, and monitors the performance of the investment managers against the benchmarks established in the Investment Policy and Guidelines.

In discharging its responsibilities: the Investment Committee meets quarterly to review investment performance and annually to review the Investment Policy and Guidelines; engages a financial consultant to monitor and advise on the performance of investment managers; and participates in ongoing training on investing and investment management.

4. The WCB Audit Committee

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

The Audit Committee:

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

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

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

5. Funding Status

The Board oversees the funding status of the WCB by establishing the policies that administration implements. The WCB's objectives when managing capital are to build a funded position that supports the long-term financial stability of the WCB and to ensure sufficient funds are available to meet required benefit levels and reduce the fluctuations in the average premium rate. The process for managing the WCB's funded position is determined based on its approved funding policy. The funding policy establishes guidelines for the maintenance of a fully-funded status and sets the target range for the Injury Fund, excluding unrealized gains and losses on investments at the end of the year, at 5 percent to 20 percent of Benefits Liabilities.

Under the current policy where the Injury Fund shifts out of the targeted range, the WCB has up to five years to replenish or regulate the Fund to maintain a targeted range. The Disaster Reserve is established to meet the requirements of the Act with respect to disasters. The Second Injury and Re-employment Reserve provides employers with cost relief on claims that are attributed to an earlier injury, an injury following re-employment and other circumstances established by the policies of the Board.

6. Board Appeal Tribunal

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

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

The Board oversees the development and monitors the effectiveness of processes for such applications and appeals to ensure that workers and employers receive fair and timely decisions. As a result of process changes approved by the Board in 2015, there has been continued success through 2016 in reducing the backlog of appeals pending before the Board. Despite receipt of a record 308 incoming appeals, the number of appeals waiting to be heard by the Board has been reduced from 173 to 94 outstanding appeals, as of December 31, 2016.

7. The Fair Practices Office

The Board has responsibility for the appointment and oversight of the Fair Practices Office (FPO).

The Fair Practices Office is a neutral, impartial and independent office of the WCB that is mandated to receive, investigate and resolve complaints about unfair practice in all areas of service delivery raised by workers, dependants, employers and external service providers and to identify trends, policy matters and systemic issues arising from such complaints and make recommendations for improvements, where needed. The FPO reports directly to the Chairperson on a regular basis.

8. Code of Conduct

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

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

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

Setting High Standards; Expecting Results

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

Financial performance is monitored through the Board's committee structure, regular management reporting against budget and other financial targets, and ensuring compliance with financial reporting and accounting standards. Reporting on financial performance is part of regular stakeholder events like the WCB's Annual General Meeting and annual rate setting meetings, and through the WCB's annual reports.

Program and management performance is measured through a corporate Balanced Scorecard that tracks the WCB's achievement of the Strategic Plan approved by the Board. The WCB has been publishing its Balanced Scorecard as part of its annual reports since 2000.

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

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

The WCB Board: Quality Oversight

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

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

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

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

Board Appeal Tribunal

Clients who are not satisfied with the outcome of first level appeals to the Appeals Department or Assessment Committee can request that their concern be reviewed by the Board Appeal Tribunal. The Board Members serve as the Board Appeal Tribunal. The Tribunal is the final level of appeal for all matters, unless there is a bona fide medical question to be decided by a Medical Review Panel.

Process changes reported on in 2015 have continued to produce positive results throughout 2016. Despite a record number of incoming appeals, the number of appeals pending before the Board Appeal Tribunal dropped in 2016 from 173 to 94. Appellants can now expect the review of their appeal to begin in approximately four months from the date of registration of their appeals or applications.

Appeals Activity

	2016	2015	2014	2013	2012
Appeals Received	**308**	273	266	275*	270*
Appeals Decided					
Accepted	**150**	152	95	148	116
Denied	**201**	168	102	81	103
Total	**351**	320	222**	229	219
Appeals Withdrawn	**36**	22	25	10	13
Appeals Pending	**94**	173	240	217	158
Average Number of Days to Decision	**165**	295	296	217	180
Oral Hearings	**140**	103	96	115	130

*2012 and 2013 statistics adjusted from previous report to reflect late registered appeals.
**2014 total decided of 222 included 25 withdrawn cases.

Board Appeal Tribunal (continued)

Source of Appeals

	2016	2015	2014	2013	2012
Workers' Advocate	**132**	110	128	137	134
Worker	**96**	72	79	59	79
Employer	**48**	66	20	30	31
Other Representative	**13**	12	33	39	15
Lawyer	**18**	11	3	4	7
Union Official	**0**	2	1	4	3
Family	**1**	0	2	2	1
Total	**308**	273	266	275	270

Nature of Appeals Decided

	2016		2015		2014		2013		2012	
		accepted		*accepted*		*accepted*		*accepted*		*accepted*
Initial Acceptance	**127**	***57***	106	*50*	84	*36*	77	*51*	61	*30*
Relationship (of condition to injury)	**106**	***44***	69	*23*	68	*19*	78	*44*	70	*28*
Cost Relief	**41**	***15***	54	*34*	10	*9*	12	*12*	5	*5*
Recovery/Fitness for Work	**23**	***9***	30	*16*	24	*10*	19	*15*	24	*19*
Other	**18**	***8***	9	*3*	8	*1*	11	*7*	19	*12*
Suspension	**8**	***4***	10	*6*	4	*3*	7	*5*	5	*4*
Assessment/Surcharge	**7**	***3***	6	*3*	2	*1*	4	*4*	6	*2*
Wage Base	**7**	***3***	3	*2*	3	*2*	3	*1*	3	*2*
Estimated Earnings	**5**	***3***	12	*4*	9	*7*	10	*7*	14	*10*
Retraining	**4**	***2***	7	*3*	1	*1*	1	*1*	1	*0*
Permanent Functional Impairment	**2**	***1***	7	*5*	4	*4*	5	*1*	6	*2*
Expenses	**2**	***0***	6	*3*	4	*2*	2	*0*	3	*0*
Independence Allowance	**1**	***1***	1	*0*	1	*0*	0	*0*	2	*2*
Total	**351**	***150***	320	*152*	222	*95*	229	*148*	219	*116*

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

Board Appeal Tribunal (continued)

The Tribunal also determines other types of applications such as requests to issue orders allowing the WCB to collect overpayments, applications under Section 169 of The Workers' Compensation Act, 2013 (the Act) to determine if an action should be barred, and applications to determine whether certificates required with respect to Medical Review Panels comply with the Act. During 2016 there were 47 non-appeal matters decided.

Medical Review Panel

Certificates Received

	2016	2015	2014	2013	2012
Certificates Accepted	**8**	6	1	3	6
Certificates Denied	**12**	9	13	10	13
Cases Withdrawn	**0**	0	0	1	1
Total	**20**	15	14	14	20

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

During 2016 there were five MRP's held; 4 were accepted and 1 denied.

Committee of Review Report

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

2015 Committee of Review

The 2015 Committee of Review received over 70 written submissions and hosted public consultations in Saskatoon, North Battleford, Prince Albert, Yorkton, and Regina. The Workers' Compensation Act Committee of Review 2016 Report is based on those public consultations.

The 2016 Committee report noted these 11 recommendations:

1. **Culture and Customer Service:** Focus on corporate culture and develop a customer-centric service delivery model.
2. **Board Structure and Governance:** Modernize Board structure to reflect the diversity of skill sets required to guide the work of the Workers' Compensation Board (WCB).
3. **Appeals:** Significantly reduce the average number of days to a decision and communicate clearly with appellants throughout the process.
4. **Psychological Injury:** Strengthen the Psychological Injury Policy regarding Post Traumatic Stress Disorder and mental health coverage for Saskatchewan workers.
5. **Fatality Service Specialists:** Assign fatality service specialists to assist individuals and families affected by workplace fatalities and minimize the number of caseworkers per claim.
6. **Coordination of Benefits:** Coordinate benefits between the WCB and SGI to ensure that no worker is disadvantaged in the event of a work-related motor vehicle accident.
7. **Privacy Policy:** Repeal sections 173 and 174 of The Workers' Compensation Act, 2013 to comply with the provisions of The Freedom of Information and Protection of Privacy Act and update the WCB's privacy policy to align with the changes.
8. **Employer Resource Centre:** Establish an Employer Resource Centre, coordinated through the Office of the Workers' Advocate, dedicated to helping employers navigate the workers' compensation system.
9. **Communication and Surplus:** Increase transparency and awareness so that the public understands the application of the surplus in the Funding Policy.

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

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

Four of the recommendations require changes to legislation. One of these four legislative recommendations – Psychological Injury – has already been addressed with a recent amendment to The Workers' Compensation Act, 2013 to establish a rebuttable presumption for workers experiencing psychological injuries caused by workplace trauma.

Six of the COR Report's recommendations have been addressed through the WCB as part of its continuous process improvement efforts in 2016. Recommendation eleven – Review Implementation and Oversight – has been partially completed.

**Please see the WCB website www.wcbsask.com for a full COR report and recommendations.*

Fair Practices Office

The Fair Practices Office (FPO), established under section 186 of The Workers' Compensation Board Act, 2013, is an independent office of the WCB and operates like an internal ombudsman's office to review/investigate inquiries and issues of fairness of processes raised by workers, dependants, employers and external service providers. The role and mandate of the FPO is established by the Board; the FPO Officer reports to the Board through the Chairperson. Some changes were made to the FPO Policy in 2016 (POL 29/2016) and the Board is further reviewing the role and mandate of the FPO.

FPO Issues

In the 2015 FPO Annual Report the FPO identified issues of a systemic nature and made recommendations. The following represents an update of those issues.

ISSUE	STATUS
The application of the caution designation system for identifying cases where WCB employee security or safety may be affected was an issue raised by the FPO first in 2012. It was recommended that the policy be updated to reflect internal practices and that the staff be made aware of and follow the policy requirements especially when reviewing files for maintenance of, or altering the ongoing caution designations.	We are pleased to report that in 2016 a new administrative procedure respecting Staff Safety — Workplace, including caution code designation review, was implemented. We expect this will resolve the issues we had previously identified.
"Legacy recalculations" are retroactive adjustments to benefits on entitlements paid before 2012. Calculation of those entitlements requires staff to use the payment system that was replaced in 2012, which has presented challenges in having the adjustments calculated. In 2015 the FPO expressed concern there were over 400 cases waiting for these calculations.	In 2016 progress was made in the outstanding number of cases requiring a Legacy recalculation. At this time there are approximately 225 cases, down from 400 cases outstanding. Although new cases are added to the list as a result of recent decisions that impact entitlement for years past, the WCB has focused its resources on giving priority to those cases where it is clear the recalculation will result in additional payment to the worker. The FPO will continue to monitor this issue.
In 2015 the FPO identified a concern with the number of inquiries dealing with a lack of understanding of how a worker's wage loss benefits were calculated. It was suggested that providing workers with a brief explanation of how benefits were calculated might assist in understanding the calculations.	In 2016 the WCB implemented the addition of an insert with certain letters to workers that explains, in general terms, how wage loss benefits are calculated. In 2016 the FPO received approximately 18 percent fewer inquiries of this nature than in 2015. We are hopeful these inquiries will decrease further as more clients receive the wage loss benefits calculation explanation.

Fair Practices Office (continued)

Number of Inquiries Received

	2016	2015	2014	2013	2012
New Inquiries Received	**425**	403	363	415	484
Re-Opened	**46**	37	24	38	47
Total	**471**	440	387	453	531

Source of Inquiries (%)

	2016	2015	2014	2013	2012
Injured Workers	**88.3**	90.3	92.3	85.5	88.6
Employers	**10.8**	9.2	6.7	14.5	10.5
Other	**0.9**	0.5	1.0	0	0.9
Total	**100.0**	100.0	100.0	100.0	100.0

Response Time to Close (%)

	2016	2015	2014	2013	2012
0-7 Days	**56.7**	57.9	47.6	74.4	72.9
8-30 Days	**34.8**	26.4	32.3	15.2	17.8
Over 30 Days	**8.5**	15.7	20.1	10.4	9.3
Total	**100.0**	100.0	100.0	100.0	100.0

Note: Response time only includes new inquiries; an inquiry will be re-opened if same person calls on same issue within three months.

Fair Practices Office (continued)

Category of Inquiries Received

	2016	2015	2014	2013	2012
Disagree with Decisions	**377**	386	333	364	425
Information Requests	**107**	127	87	133	148
Timeliness & Process Delays	**51**	70	80	79	113
Communications/Service Issues	**114**	92	99	102	103
FPO Issues (systemic)	**0**	1	4	0	1
Other	**4**	0	0	0	0
Total	**653**	676	603	678	790

Note: More than one issue can be registered per inquiry.

Resolution (closed files)

	2016	2015	2014	2013	2012
Completed by FPO Without Referral	**250**	237	206	265	284
Called the WCB for Clarification	**62**	45	44	41	76
Referral to the WCB for Review	**113**	119	109	109	123
Total	**425**	401	359	415	483

Note: Numbers include only new inquiries.
Note: Two files remained open at the end of 2015, four at the end of 2014, and one at the end of 2012.

Outcome of Referrals to WCB

	2016	2015	2014	2013	2012
Decision Changed	**20**	20	18	16	20
New Action Taken	**85**	93	87	84	93
Reviewed – No Change	**8**	6	4	9	10
Total	**113**	119	109	109	123

New & Amended Policies & Procedures

Policy directives include policy and procedure documents that form the basis of actions performed or decisions made under The Workers' Compensation Act, 2013. Policies are authorized by the Board Members throughout the year in order to interpret legislation and regulations. Procedures are authorized by the Chief Executive Officer. They support policies and provide specific instructions for day-to-day tasks or functions required to implement policy. The following policies and procedures were amended or introduced in 2016.

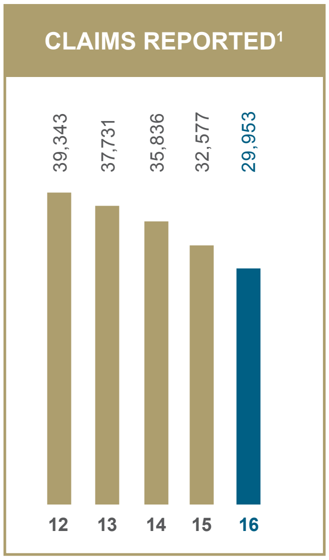
- Injuries – Responding to Work-Related Emergencies (POL 01/2016)
- Injuries – Hernia (PRO 02/2016)
- Coverage – Temporary Foreign Worker (POL & PRO 03/2016)
- Salary Continuance (POL 04/2016)
- Compensation Rate – Excluded Earnings (POL 05/2016)
- Establishing Initial Wage Base (POL & PRO 06/2016)
- Earnings Verification (POL & PRO 07/2016)
- Educational Allowances for Dependent Children (POL & PRO 08/2016)
- Compensation – Layoff, Strike, Lockout or Termination (POL & PRO 09/2016)
- Suspension of Benefits – While Incarcerated (POL & PRO 10/2016)
- Expenses – Orthotics/Appliances – Provision, Replacement and Repair (POL 11/2016)
- Deducting Commuted Permanent Disability Pensions (POL 12/2016)
- Pension Commutation (The Workers' Compensation Act, 1974) (POL & PRO 13/2016)
- Interest on Benefits Accruing from Successful Appeals (POL & PRO 14/2016)
- Suspension of Benefits (POL & PRO 15/2016)
- Privacy – Audio and Visual (PRO 16/2016)
- Overpayment Recovery – Compensation (POL & PRO 17/2016)
- Health Care Services (POL & PRO 18/2016)
- Support – Families of Seriously and Fatally Injured Workers (POL & PRO 19/2016)
- Maximum Wage Rates – 2017 (POL & PRO 20/2016)

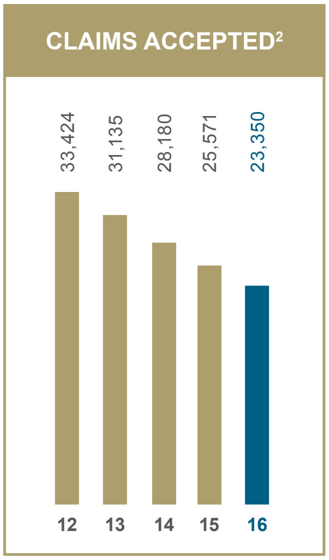
- Transferring a Firm’s Experience (POL 21/2016)
- Offset of Canada or Quebec Pension Plan Disability Benefits (POL & PRO 22/2016)
- Vocational Rehabilitation – Programs and Services (POL & PRO 23/2016)
- Dependent Spouses – Initial Entitlement and Re-Employment Assistance (POL & PRO 24/2016)
- Maximum Assessable Wage Rate – 2017 (POL 25/2016)
- Classification of Industries – 2017 Premium Rates (POL 26/2016)
- Experience Rating Program – Discounts or Surcharges (POL 27/2016)
- Determining Long-Term Earnings Loss Benefits (POL & PRO 28/2016)
- Fair Practices Office (POL 29/2016)
- Children and Other Dependants – Benefits (POL & PRO 30/2016)
- Allowance – Independence (POL & PRO 31/2016)
- Health Care Services – Physical Therapists (PRO 50/2016)
- Health Care Services – Secondary and Tertiary Treatment (PRO 51/2016)
- Health Care Services – Occupational Therapists (PRO 52/2016)
- Expenses – Travel and Sustenance – PSC Rates (PRO 53/2016)
- Health Care Services – Chiropractors (PRO 54/2016)
- Health Care Services – Acquired Brain Injury (ABI) Teams (PRO 55/2016)
- Expenses – Travel and Sustenance – PSC Rates (PRO 56/2016)
- Minimum Compensation (Section 75) – 2017 (PRO 57/2016)
- Minimum Average Weekly Earnings (Section 70(5)) – 2017 (PRO 58/2016)
- Default in Assessment Payment – 2017 (PRO 59/2016)
- Consumer Price Index (CPI) – Annual Increase (PRO 60/2016)
- Calculation of Net Compensation Payable (PRO 61/2016)

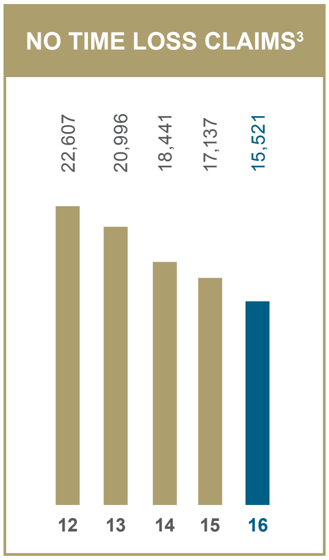
WCB policies and procedures are available on the WCB’s website, www.wcbsask.com, Policy & Legislation.

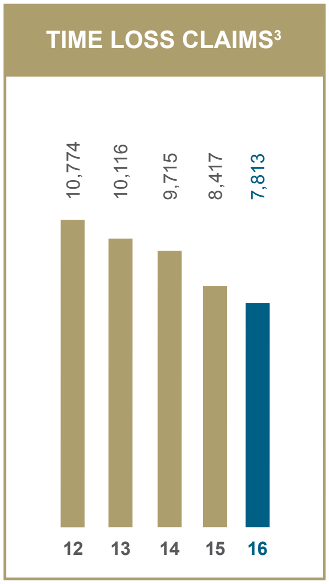
Statistical Summary

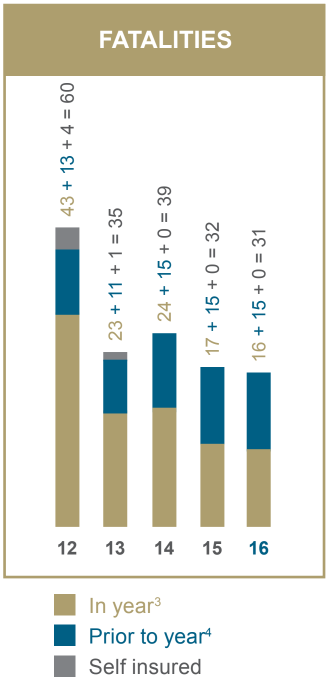
MISSION: ZERO

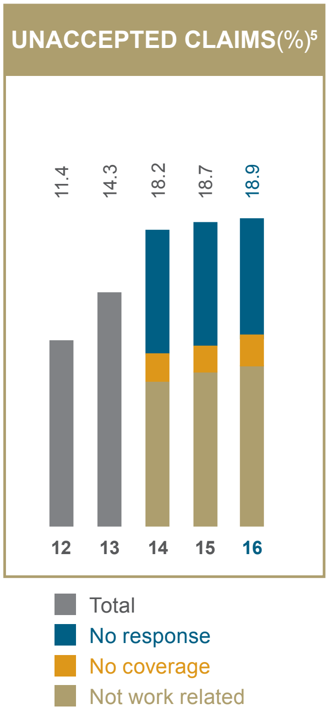












1 Claims Reported: New claims reported to the WCB in the current year, both accepted and unaccepted. Includes claims for self-insured employers. Additional claims reported information can be found on the WCB's website, www.wcbsask.com.

2 Claims Accepted includes time loss, no time loss and current year fatality claims. Excludes claims for self-insured employers.

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

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

5 Unaccepted claims are reported as a percentage of the total entitlement decisions for claims reported for the year. Entitlement decisions status is at January 31, 2017 for 2016 claims reported. Claims are not accepted when the industry is not covered by The Act, a claim is not work related, or no further information is received following the initial report of the injury. Breakdowns for 2012 and 2013 are not available.

2016 Top Five Rate Codes With Injuries*

Rate Code	Number of Claims Accepted
G22 Health Authority, Hospitals, Care Homes	3,892
G31 Cities, Towns, Villages, RMs	1,173
S22 Restaurants, Catering, Dry Cleaning	985
C32 Grocery, Department Store, Hardware	983
C61 Automotive, Implement Sales and Service	980

* All claims reported and accepted in 2016, excluding self-insured.

2016 Top Five Occupations With Injuries*

Occupation	Number of Claims Accepted
Nurse aides, orderlies and patient service associates	1,315
Truck drivers	976
Construction trades helpers and labourers	885
Retail salespersons and sales clerks	814
Registered nurses	794

* All claims reported and accepted in 2016, excluding self-insured.

2016 Top Five Parts of Body Injured*

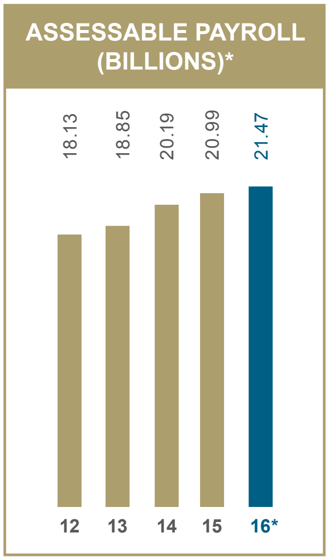
Part of Body	Number of Claims Accepted
Hand	4,747
Back	4,004
Leg	3,059
Arm	2,180
Multi	1,762

* All claims reported and accepted in 2016, excluding self-insured.

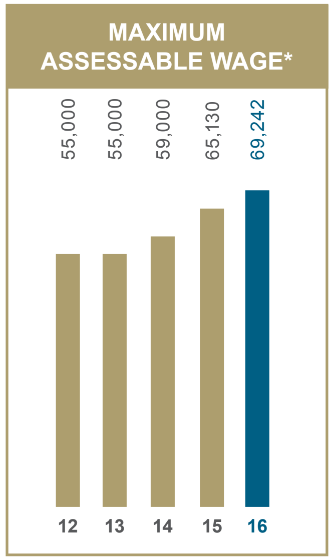
2016 Injuries by Age & Gender*

Age	Male	Female	Total
Under 25	2,592	1,179	3,771
25 - 34	3,814	1,961	5,775
35 - 44	3,107	1,803	4,910
45 - 54	2,788	2,026	4,814
55 - 64	2,013	1,420	3,433
65 and over	468	171	639
Unknown age**	3	5	8
Total	**14,785**	**8,565**	**23,350**

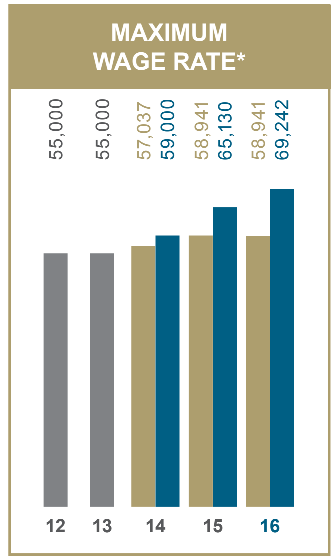
* All claims reported and accepted in 2016, excluding self-insured.
** At time of publication, there were 8 claims with unknown ages.



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



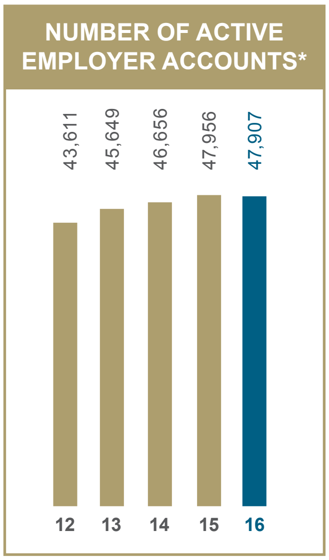
* Maximum wage per person reported annually by employers.



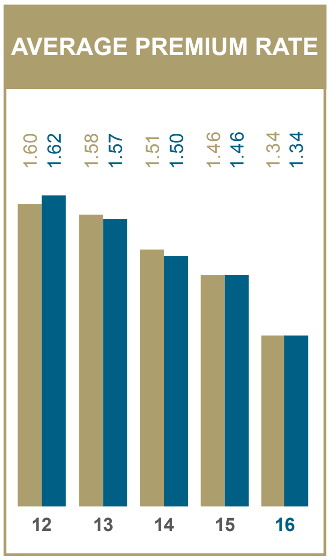
Claims registered prior to Jan. 1, 2014

Claims registered on or after Jan. 1, 2014

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



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



Average Provisional Premium Rate*

Average Actual Premium Rate**

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

** This rate consists of the base rate net of experience rating. 2016 rate was the Board-approved rate at time of publication. 2015 rate is restated to reflect actual 2015 experience rating.

Injury Rates

RATE CODE	DESCRIPTION	TIME LOSS INJURY RATE					TOTAL INJURY RATE				
		2016	2015	2014	2013	2012	2016	2015	2014	2013	2012
All Class*		**1.86%**	2.07%	2.41%	2.54%	2.79%	**5.55%**	6.30%	6.99%	7.80%	8.65%
A11	Light Agricultural Operations	**4.95%**	6.55%	7.11%	6.42%	9.31%	**12.04%**	14.30%	16.18%	16.20%	20.00%
A21	Farming & Ranching	**1.22%**	1.92%	1.48%	2.45%	2.33%	**3.51%**	4.60%	3.89%	6.09%	5.39%
A31	Grain Elevators & Inland Terminals	**0.42%**	0.54%	0.53%	0.52%	0.75%	**2.59%**	2.86%	3.02%	3.16%	3.58%
B11	Construction Trades	**2.21%**	2.45%	3.50%	3.54%	3.29%	**9.80%**	9.93%	12.40%	13.59%	13.19%
B12	Residential Construction	**3.17%**	3.64%	4.39%	4.38%	4.98%	**8.34%**	10.82%	12.89%	14.13%	16.28%
B13	Commercial, Industrial Construction	**1.37%**	2.01%	2.22%	1.96%	2.27%	**5.35%**	7.72%	8.19%	9.22%	10.95%
C12	Light Commodity Marketing	**1.07%**	1.18%	1.20%	1.29%	1.47%	**3.12%**	3.54%	3.17%	3.72%	3.81%
C32	Grocery, Department Stores, Hardware	**1.81%**	2.03%	2.37%	2.52%	2.38%	**4.86%**	5.86%	6.30%	7.02%	7.39%
C33	Wholesale, Chain Stores	**2.91%**	3.32%	4.20%	4.59%	3.80%	**7.85%**	9.68%	10.18%	12.54%	10.76%
C41	Co-operative Associations	**2.37%**	2.76%	3.53%	3.36%	3.58%	**7.40%**	8.98%	9.40%	9.70%	10.37%
C51	Lumber Yard, Builders Supplies	**3.27%**	3.59%	4.02%	4.32%	5.33%	**8.65%**	9.02%	11.42%	12.32%	13.85%
C61	Automotive, Implement Sales & Service	**1.33%**	1.38%	1.83%	1.97%	1.98%	**4.21%**	4.48%	5.30%	6.16%	6.18%
C62	Automotive Service Shops, Towing	**1.79%**	2.05%	2.04%	2.35%	2.51%	**5.66%**	6.73%	7.57%	8.71%	8.99%
D32	Operation of Oilwells	**0.55%**	0.70%	0.51%	0.55%	0.85%	**2.77%**	2.15%	3.23%	3.39%	4.16%
D41	Oilwell Servicing	**1.54%**	2.38%	2.52%	1.97%	2.43%	**6.69%**	8.29%	8.81%	11.18%	13.04%
D51	Service Rigs, Water Well Drilling	**1.82%**	1.38%	2.26%	1.61%	2.09%	**10.60%**	8.50%	14.60%	16.63%	16.67%
D52	Seismic Drilling	**0.88%**	0.67%	1.55%	0.75%	0.88%	**4.51%**	5.62%	9.01%	9.68%	10.21%
D71	Open Pit Mining	**3.25%**	0.90%	2.28%	1.69%	0.75%	**11.88%**	6.59%	7.46%	14.40%	14.64%
D72	Underground Softrock Mining	**0.65%**	0.98%	0.78%	0.77%	1.19%	**13.50%**	6.51%	7.28%	7.25%	7.83%
D73	Underground Hardrock Mining	**0.52%**	0.51%	0.66%	1.16%	1.12%	**3.77%**	3.54%	5.06%	6.03%	9.55%
G11	Post Secondary Education	**1.16%**	0.73%	0.76%	0.99%	1.14%	**3.29%**	2.73%	3.08%	3.42%	3.23%
G12	Elementary & Secondary Education	**2.43%**	2.78%	2.79%	2.96%	3.45%	**6.17%**	7.34%	7.30%	7.84%	8.68%
G22	Health Authority, Hospitals, Care Homes	**3.37%**	3.49%	4.13%	4.62%	5.14%	**7.96%**	8.49%	9.47%	10.52%	12.21%
G31	Cities, Town, Villages, RMs	**2.82%**	3.29%	3.59%	4.02%	4.41%	**8.59%**	9.39%	9.68%	11.53%	11.66%
G51	Government of Saskatchewan & Ministries	**1.97%**	2.53%	2.60%	2.80%	3.13%	**6.21%**	7.12%	7.17%	8.93%	8.27%
M31	Manufacturing, Pipeline Operations	**0.49%**	0.43%	0.66%	0.56%	0.79%	**1.34%**	1.76%	2.32%	2.23%	3.31%
M33	Refineries and Upgrader	**1.18%**	0.76%	0.96%	0.92%	1.02%	**3.23%**	2.64%	3.94%	4.22%	4.68%
M41	Dairy Products, Soft Drinks	**3.24%**	5.02%	4.96%	6.31%	11.25%	**12.02%**	15.22%	16.06%	18.78%	24.65%
M42	Bakeries, Food Prep & Packaging	**1.72%**	1.78%	3.07%	2.72%	3.42%	**4.66%**	5.58%	7.00%	6.65%	8.80%
M62	Mills, Semi Medium Manufacturing	**3.58%**	4.21%	5.12%	6.06%	6.70%	**11.30%**	12.65%	14.87%	16.32%	19.26%
M72	Processing Meat, Poultry and Fish	**4.25%**	5.54%	7.24%	8.57%	8.51%	**12.48%**	19.90%	25.90%	30.92%	33.56%
M81	Metal Foundries & Mills	**2.35%**	3.24%	2.79%	2.79%	2.47%	**7.10%**	12.82%	12.40%	13.46%	10.75%
M91	Agricultural Equipment	**2.68%**	3.15%	4.81%	5.25%	6.10%	**10.15%**	12.27%	15.54%	16.60%	20.91%
M92	Machine Shops, Manufacturing	**2.36%**	3.35%	3.83%	4.16%	5.27%	**8.31%**	10.94%	11.84%	14.61%	16.93%
M94	Iron and Steel Fabrication	**3.05%**	2.52%	4.65%	5.29%	7.07%	**10.62%**	11.48%	14.48%	18.10%	27.91%
R11	Road Construction and Earthwork	**1.69%**	1.96%	2.34%	2.23%	1.77%	**5.91%**	7.04%	7.71%	8.62%	8.59%
S11	Legal Offices, Financial, Drafting	**0.21%**	0.20%	0.29%	0.21%	0.26%	**0.68%**	0.69%	0.73%	0.72%	0.73%
S12	Offices, Professionals	**0.38%**	0.45%	0.54%	0.60%	0.63%	**1.57%**	1.61%	1.77%	1.90%	1.78%
S21	Community & Social Services	**1.00%**	1.08%	1.07%	1.29%	1.30%	**2.58%**	2.97%	2.99%	3.51%	3.91%
S22	Restaurants, Catering, Dry Cleaning	**1.07%**	0.97%	1.08%	1.12%	1.33%	**2.98%**	3.25%	3.29%	3.93%	4.38%
S23	Hotels, Motels, Taxis	**1.31%**	1.27%	1.55%	1.75%	1.71%	**3.28%**	3.33%	3.40%	4.36%	4.74%
S32	Personal, Business & Leisure Services	**1.73%**	1.77%	2.16%	2.22%	2.33%	**5.07%**	5.49%	6.54%	6.59%	7.56%
S33	Caretaking, Park Authorities	**1.20%**	1.48%	1.81%	1.77%	1.63%	**4.32%**	4.79%	5.82%	5.61%	6.23%
S41	Engineering, Testing & Surveying	**0.43%**	0.51%	0.68%	0.56%	0.68%	**1.69%**	1.73%	2.61%	2.66%	2.86%
T42	Transportation, Courier, Commercial Bus	**4.14%**	4.56%	5.47%	5.95%	7.55%	**9.05%**	9.72%	11.62%	13.88%	16.03%
T51	Operation of Railways	**0.96%**	1.49%	2.29%	1.94%	2.07%	**2.83%**	3.83%	6.05%	5.35%	5.21%
T61	Commercial Air Transportation	**1.65%**	1.52%	2.77%	2.03%	2.02%	**4.14%**	6.47%	7.57%	8.19%	8.41%
U11	Telecommunications	**1.80%**	1.14%	1.88%	1.55%	1.99%	**3.49%**	3.55%	4.26%	3.86%	4.44%
U31	Electric Systems	**0.80%**	2.12%	2.54%	2.62%	2.68%	**4.37%**	4.66%	6.41%	6.41%	6.40%

Injury Rates equals the number of claims divided by the number of workers covered.
Number of workers covered is calculated by dividing assessable payroll by the Statistics Canada average weekly wage for each rate code.
* All Class injury rates exclude self-insured claims and workers.

Claim Durations

RATE CODE	DESCRIPTION	AVERAGE DURATION IN DAYS				
		2016	2015	2014	2013	2012
All Class*		**43.07**	38.92	37.01	34.88	38.89
A11	Light Agricultural Operations	**43.60**	43.24	52.19	45.78	43.04
A21	Farming & Ranching	**79.28**	80.20	70.54	49.98	83.59
A31	Grain Elevators & Inland Terminals	**53.65**	28.74	31.50	23.48	26.62
B11	Construction Trades	**42.76**	42.06	39.36	30.76	35.52
B12	Residential Construction	**70.04**	61.90	50.61	50.52	55.07
B13	Commercial, Industrial Construction	**66.93**	62.82	53.89	53.29	62.01
C12	Light Commodity Marketing	**30.43**	30.46	28.68	21.39	36.26
C32	Grocery, Department Stores, Hardware	**30.92**	33.14	34.88	30.10	30.14
C33	Wholesale, Chain Stores	**34.88**	28.54	27.31	25.84	34.58
C41	Co-operative Associations	**23.17**	31.86	27.98	30.83	31.92
C51	Lumber Yard, Builders Supplies	**26.47**	32.68	28.69	26.24	31.95
C61	Automotive, Implement Sales & Service	**33.94**	33.07	30.05	29.25	36.46
C62	Automotive Service Shops, Towing	**48.94**	39.84	46.15	48.85	37.34
D32	Operation of Oilwells	**50.90**	36.90	53.19	57.64	49.82
D41	Oilwell Servicing	**103.48**	79.48	77.45	64.86	64.87
D51	Service Rigs, Water Well Drilling	**90.63**	61.07	42.52	38.23	74.10
D52	Seismic Drilling	**56.26**	107.28	78.90	64.63	80.66
D71	Open Pit Mining	**31.73**	71.82	29.00	55.83	17.25
D72	Underground Softrock Mining	**57.58**	45.82	53.16	35.91	47.25
D73	Underground Hardrock Mining	**92.32**	76.21	83.74	67.80	64.07
G11	Post Secondary Education	**16.34**	24.83	27.66	43.48	36.56
G12	Elementary & Secondary Education	**34.13**	38.22	32.34	30.53	37.20
G22	Health Authority, Hospitals, Care Homes	**34.42**	28.44	28.09	27.44	30.63
G31	Cities, Town, Villages, RMs	**33.03**	29.24	30.97	29.01	27.29
G51	Government of Saskatchewan & Ministries	**45.43**	42.64	46.62	46.08	50.91
M31	Manufacturing, Pipeline Operations	**46.64**	38.33	13.36	28.29	36.29
M33	Refineries and Upgrader	**31.76**	47.04	36.41	38.88	26.74
M41	Dairy Products, Soft Drinks	**10.04**	24.02	31.69	30.63	33.32
M42	Bakeries, Food Prep & Packaging	**30.59**	35.30	28.97	43.11	34.84
M62	Mills, Semi Medium Manufacturing	**33.40**	30.05	28.33	25.41	35.13
M72	Processing Meat, Poultry and Fish	**56.09**	22.15	29.20	31.82	35.47
M81	Metal Foundries & Mills	**49.95**	35.03	23.55	27.58	47.36
M91	Agricultural Equipment	**28.41**	22.72	21.27	19.14	20.08
M92	Machine Shops, Manufacturing	**51.75**	37.14	29.26	31.23	31.47
M94	Iron and Steel Fabrication	**54.52**	63.58	35.05	24.70	29.49
R11	Road Construction and Earthwork	**84.71**	68.04	63.80	52.34	64.89
S11	Legal Offices, Financial, Drafting	**22.52**	17.35	40.00	24.74	24.31
S12	Offices, Professionals	**32.28**	28.88	29.92	28.31	34.29
S21	Community & Social Services	**31.22**	24.05	26.56	27.18	31.37
S22	Restaurants, Catering, Dry Cleaning	**27.03**	25.74	25.98	28.04	31.21
S23	Hotels, Motels, Taxis	**42.51**	38.88	37.88	28.30	43.18
S32	Personal, Business & Leisure Services	**43.60**	46.81	36.04	35.10	48.08
S33	Caretaking, Park Authorities	**53.52**	46.60	40.56	33.36	39.87
S41	Engineering, Testing & Surveying	**64.07**	42.44	50.05	39.59	31.88
T42	Transportation, Courier, Commercial Bus	**68.52**	55.19	49.79	47.85	47.83
T51	Operation of Railways	**58.66**	49.09	41.79	49.05	58.42
T61	Commercial Air Transportation	**28.27**	23.66	25.71	25.62	32.76
U11	Telecommunications	**18.97**	21.44	21.02	19.80	24.49
U31	Electric Systems	**18.29**	16.60	13.58	16.29	25.91

Average duration in days equals total days lost divided by claims with time lost.
* All Class durations exclude self-insured claims.

Comparison with Canadian WCBs

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

Through the AWCBC, the Chief Financial Officers of the Canadian boards and commissions develop financial and statistical indicators to describe the workers' compensation insurance system in Canada overall, and to provide comparisons across jurisdictions.

The following comparisons are based on 2015 data (the most recent data available). You can view the complete report on the AWCBC's website www.awcbc.org.

	AB	BC	MB	NB	NL	NS	NT/NU	ON	PE	QC	SK	YT
Administration Cost per Time Loss Claim [1]	$7,405	$5,612	$5,067	$9,555	$10,242	$6,975	$30,584	$15,840	$8,630	$5,290	**$6,330**	$18,440
Administration Cost per $100 Assessable Payroll	$0.18	$0.31	$0.36	$0.31	$0.40	$0.38	$0.89	$0.34	$0.41	$0.25	**$0.25**	$0.73
Average Calendar Days from Injury to First Payment Issued	23.21	26.80	26.00	41.80	35.04	27.00	25.63	34.50	37.29	N/A	**34.03**	43.32
Average Calendar Days from Registration of Claim to First Payment Issued	19.41	20.60	20.70	33.50	28.71	19.00	10.73	25.50	21.23	N/A	**25.92**	40.20
Injury Rate per 100 Workers of Assessable Employers [2]	1.25	2.22	2.99	1.15	1.70	1.94	2.02	0.85	1.28	1.74	**2.04**	2.00
Average Composite Duration of Claim (in days)	61.59	71.40	N/A	77.42	115.02	107.76	43.21	N/A	93.17	108.51	**52.53**	33.24

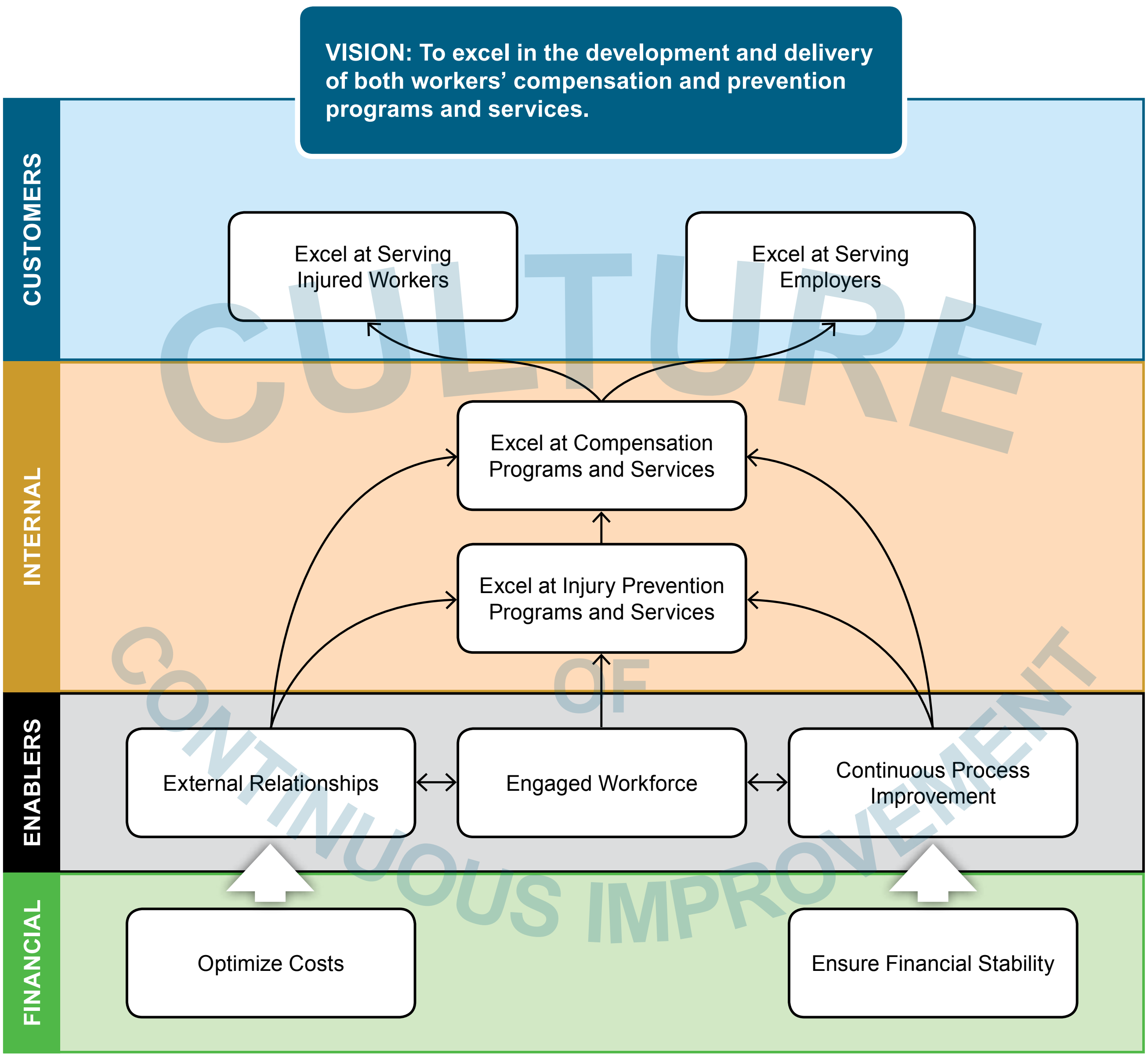
1 The WCB and AWCBC use different criteria when counting Time Loss claims for this key statistical measure. The AWCBC counts claims with the same injury and registration year, as of March 31 of the following year. The WCB counts Time Loss claims registered and accepted in the year, regardless of the injury date.

2 AWCBC statistics are based on accepted national definitions and may not be the same as statistics published in WCB annual reports. The definition of this measure is, the number of new Time Loss claims for assessable employers per 100 workers of assessable employers.

Balanced Scorecard

Our corporate strategy map documents our strategic objectives and shows how the four perspectives on the map link to reach our two overarching goals — worker and employer service excellence. We continue to use targets and metrics to track and analyze our performance. Each year the Board reviews and affirms the Balanced Scorecard.

WCB Strategy Map



1. The Customers' Perspective

Customer satisfaction surveys measure performance within the Customer Perspective.

The other three perspectives roll up to achieve the strategic objectives set for this perspective.

2. The Internal Perspective

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

3. The Enablers' Perspective

Engaged people are our key resource, and continuous process improvement enables effective and efficient processes to deliver customer service excellence. Positive relationships with stakeholders enable us to best serve the interests of workers and employers in program and service delivery and promotion of injury prevention and Mission: Zero.

4. The Financial Perspective

We strive to ensure adequate financial resources are maintained to meet obligations to injured workers by collecting the right amount of premiums and maximizing investment returns, providing value to our customers.

2016 Balanced Scorecard Targets and Performance

Corporate Objective	Indicator	Target	2016 Performance
CUSTOMERS' PERSPECTIVE			
Excel at serving injured workers	Worker service satisfaction score	4.20	3.90
Excel at serving employers	Employer service satisfaction score	4.20	4.19
INTERNAL PERSPECTIVE			
Excel at compensation programs and services	Duration of Time Loss claims	35.5 days	43.07 days
Excel at injury prevention programs and services	Total injury rate	5.90%	5.55%
ENABLERS' PERSPECTIVE			
External relationships	Speaking engagements	≥60	130
Engaged workforce	Engaged workforce	95%	95.6%
Continuous process improvement	Effective process index	95%	89%
FINANCIAL PERSPECTIVE			
Optimize costs	Optimize cost index	99%	97%
Ensure financial stability	Funded position	105-120%	118.7%

MANAGEMENT Discussion & Analysis

The Board has set a direction for us which continues to challenge us in the provision of excellent service to our customers, workers and employers. Our vision states that we are to excel in the development and delivery of both workers' compensation and prevention programs and services.

Our mission states that we will be a customer-centric organization that continuously seeks to add value for our customers through a culture of continuous process improvement (CPI).

This is the challenge the Board has put before us and it is our corporate beliefs that guide us in the execution of their strategic direction and are core to creating a customer-centric organization.

Our corporate beliefs are prefaced by the understanding that workers and employers expect and deserve excellent service. These beliefs are:

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

Critical to the development of a culture of CPI in the creation of a customer-centric organization is the engagement of front-line staff in the identification of opportunities to add value for our customers.

This engagement is happening in many ways throughout our organization.

Daily meetings with frontline staff are for the express purpose of discussing their work, identifying problems, and adapting our processes to address these problems. This daily engagement includes all supporting departments, managers, team leaders, and supervisors.

We are learning to apply root cause analysis to pinpoint process defects. Staff are beginning to conduct trials to address defects and are being empowered to test their improvement ideas to better serve our customers – the employers and workers of Saskatchewan.

Engagement is critical in the problem solving process. Staff at all levels are encouraged to become problem solvers – to speak up when they see defects that will affect our ability to better serve our customers. This approach to continuous process improvement requires a compatible leadership style. Managers must become facilitators to staff in the identification of root problems. Our role as the Executive team is to facilitate this progressive management style through observation, feedback and coaching in developing our management teams. It is our role to develop managers into coaches and teachers of their staff. Staff at all levels are empowered to solve their own process problems that impact the customers we serve. It requires patience, discipline and focus as we transform our culture and become truly customer-centric.

Process is central. We acknowledge that it is because of poor processes that we've been unable to meet the expectations of our customers. We appreciate the patience of our staff who have been working with processes that are ineffectual.

We're grateful for our dedicated staff who have been frustrated by their inability to fully serve our customers. They remain committed, embracing a new way of doing business through continuous process improvement and assisting in identifying issues and improving the underlying processes that they use in their day-to-day work.

Problem solving has been distributed to all staff and management who know the work and have a voice to identify and correct problems. Management is present to guide, develop, and support those who are doing the work.

Guiding our continuous process improvement transformation is:

- *Systemic thinking* – Think about how and why components work together across the organization and the impact of an individual area/department on the whole.
- *Respect for people* – Foster the continuous development of skills and talents in people to create an environment where individuals are actively engaged in improvements. Provide a safe environment physically and emotionally. Knowledge flow is one of the most significant advantages.
- *Constancy of purpose* – Providing a simple unifying purpose, focusing and aligning all parts of the organization on achieving long term goals of providing excellent customer service.

Thinking systemically requires that we must be conscious that an improvement in one area may affect another area upstream or downstream in the process. For example, are we simply moving a bottleneck from one area to another or does an improvement in one area need to be done in tandem with an improvement in another.

We are relying on daily incremental improvements that are ongoing rather than unsustainable heroic efforts. These daily improvements to process have helped to increase predictability, efficiency and accuracy.

We face future challenges of continuously improving all of our processes from end to end. To improve a process fully from one end to another requires us to think systemically. It requires that we open the lines of communication at every level as we continue to move along this journey.

The 2015 Committee of Review (COR) made recommendations in their report released in 2016. Several of their recommendations are matters that we had identified throughout 2016 as part of our continuous process improvement efforts as requiring improvement and are already in the process of being improved:

- We have extended our service hours to include the lunch hour. We identified this in 2016 as an area of improvement for our customers. Today, the WCB's office hours are from 8:00 a.m. to 4:45 p.m.
- We have assigned a dedicated resource to deal directly with bereaved surviving dependants of fatally injured workers. In tandem, we are planning for the introduction of an Extended Services Unit which will be dedicated specifically to fatality claims and seriously injured workers, providing the additional support that may be required in these circumstances.
- The need for amended policy and procedure to address psychological injuries was initiated as a result of new legislation introduced in late 2016.

Of the 11 recommendations by COR, four are legislative changes, six recommendations have been addressed by the WCB through its continuous process improvement efforts in 2016, and the eleventh recommendation has been partially completed.

Our approach to continuous process improvement is not a project but rather a way of doing business. It is a fundamental shift in how we conduct our business and the service and care we provide to our customers. The CPI process is transformative. It is shifting how we manage. It is shifting how we conduct business and it requires time and patience at every level.

Peter Federko
Chief Executive Officer

Ann Schultz
Chief Financial Officer

Phil Germain
Vice-President, Prevention and Employer Services

Donna Kane
Vice-President, Human Resources and Communications

Mick Williams
Vice-President, Administration

Enterprise Risk Management

Enterprise risk management (ERM) identifies risks to achieving strategic and operational success, and the controls in place to manage those risks. We use identified risks as a reference in strategic and operational planning, budgeting and performance management.

The identification and evaluation of risk categories is completed by Executive Management with the Board reviewing the results.

The eight risk categories identified by Executive Management in 2016 were:

Risk Category	Definition
1. Process	The risk of loss resulting from inadequate or failed internal processes.
2. Human Capital (People)	Risk that the management system does not support the attraction, retention and development of staff.
3. Technology	Risks related to the quality and integrity of our technology.
4. Environmental	A major adverse event that would impede the WCB's ability to conduct normal business activities.
5. Governance	There is a risk that the governance policy does not reflect governance best practices, a failure to comply with the governance policy or government interference.
6. Information	The risk associated with the manipulation or theft of information.
7. Suppliers	Service and product providers/suppliers create a negative impact on business performance.
8. Financial	Risks related to achieving or maintaining the appropriate funding for the organization to function.

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

2016 Operational Highlights

This portion of the Management Discussion and Analysis provides an overview of our 2016 operational highlights based on the four perspectives of our strategy map.

- Customers
- Internal
- Enablers
- Financial

CUSTOMERS' Perspective

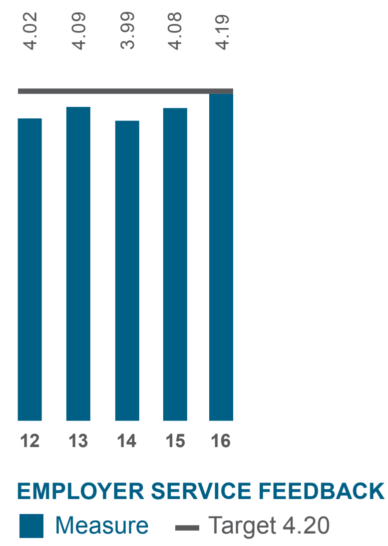
The Customers' perspective has two corporate objectives:

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

This perspective measures our ability to serve both injured workers and employers. As our mission states, we will be a customer-centric organization that continuously seeks to add value for our customers through a culture of continuous process improvement.

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

At year-end 2016, employers rated their overall satisfaction with claims services at 4.19 out of 5, up from 4.08 out of 5 in 2015. Workers with Time Loss injuries had an average satisfaction of 3.90 out of 5, down from 4.03 out of 5 in 2015.

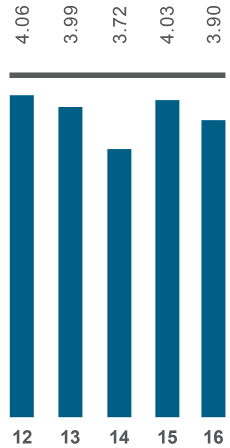


Improvement in employer satisfaction in 2016 is driven by clear verbal communication and explanation of the WCB's decisions.

Worker satisfaction declined year over year. We believe this can be largely attributed to delays in delivery of service as we experienced backlogs in some critical service areas.

We did not achieve our 2016 customer satisfaction improvement goal of 4.2 out of 5 in overall satisfaction, and we have many improvements to make on the path to achieve our vision of providing excellent service.

Our 2017 improvement focus will be on sustainable improvements to timeliness of delivery in our claims processes and providing easier access to staff and services for both employers and workers.



WORKER SERVICE FEEDBACK

Measure — Target 4.20

Employer Online Services

Improvements to online services resulted in a 28 percent increase from 2015 in the number of employers setting up online services access. The percentage of employers who reported their payroll online increased to 75 percent in 2016 through ongoing promotion of this service option. Online payroll submission provides 24/7 convenience to the customer and enables those that meet the auto assessment guidelines to be processed and an invoice sent to the customer immediately upon receipt. As a result of targeted promotion, the number of active online accounts has increased from 13,000 in 2015 to 17,000 in 2016.

INTERNAL Perspective

The Internal perspective has two corporate objectives:

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

This perspective tells us how well our compensation and prevention programs and services deliver quality service in a timely manner. Our focus is service timeliness and service excellence in our Operations, Employer Services, and Prevention departments. Continuous improvement of our programs and services is supported by:

- Process improvement,
- A competent workforce, and
- Relationships that contribute to achieving our Vision.

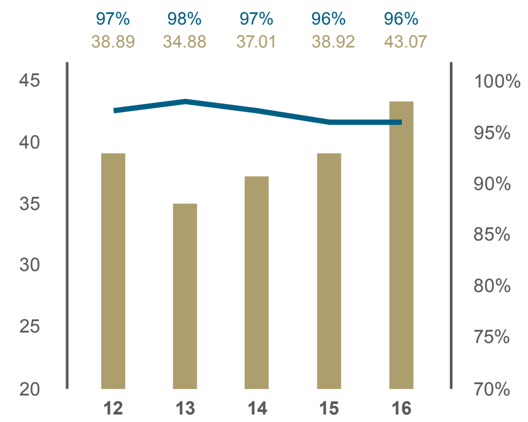
Compensation Programs and Services

Return to Work – 2016: 96 percent (2015: 96 percent)

Average Duration – 2016: 43.07 days (2015: 38.92 days)

Claims management results in 2016 are mixed when compared to those in 2015:

- 96 percent of injured workers sustaining a Time Loss injury returned to work, achieving the WCB's 95 percent objective, is the same as 2015.
- Average duration, the measure of timeliness of Return to Work, increased 4.15 days to 43.07 days per Time Loss claim.



CLAIM DURATION AND RETURN TO WORK PERCENTAGE
Duration in Days
Return to Work Percentage

The trend in the changing distribution of all claims in our system continued in 2016, and is the primary driver of 2016 duration increases. The proportion of shorter, less severe claims in our system continues to decrease at a faster rate than longer, more severe claims – mathematically increasing the average duration of all claims in the WCB system. Last year, we reported that the five-year (2011-2015) impact of that trend on our

2015 Safe Employer Winner: **R.H. Electric**, Yorkton

average days per Time Loss claim measure was a 5.28 day increase. Year-end actuarial analysis shows the 2012-2016 five-year impact decreased to 3.31 days. Backlogs in the processing of work and increases to numbers of Appeals decisions also contributed to the increase in durations.

The increasing proportion of back, shoulder and leg(s) injuries in our system made up 1.91 of the 4.15 duration day increase.

Injury Prevention Programs

Time Loss Injury Rate – 2016: 1.86 percent (2015: 2.07 percent)

Total Injury Rate – 2016: 5.55 percent (2015: 6.30 percent)

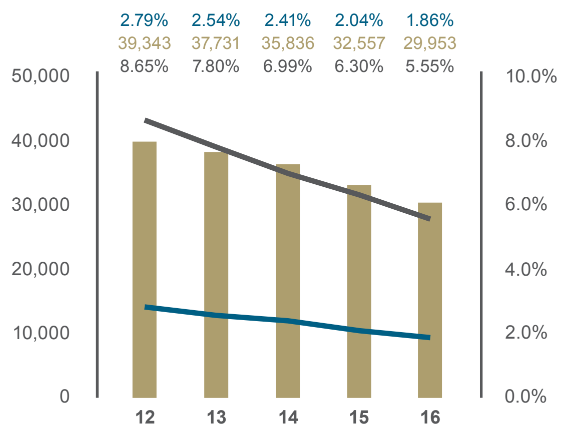
Total Claims Reported – 2016: 29,953 (2015: 32,577)

Total Claims Accepted – 2016: 23,350 (2015: 25,571)

Injury prevention has been a key component of our strategic vision since 2003. In 2009, in response to the wide acceptance of Mission: Zero as a call to action, stronger language was added to our Vision Statement making it clear that strategic success means zero workplace injuries, zero fatalities and zero suffering in Saskatchewan. Progress was once again made in 2016, as injury rates continued to fall. Saskatchewan's workers, employers, safety organizations and WorkSafe partners deserve credit for their contributions to reducing the injury rate. We understand that a continuing and concerted effort is needed to bring injury rates down further. According to the latest statistics available from the Association of Workers' Compensation Boards of Canada (AWCBC) in 2015, Saskatchewan has the third-highest Time Loss injury rate in Canada. The Time Loss injury rate is calculated by taking the number of Time Loss claims (TLCs) accepted and paid in the year and dividing it by the number of workers covered. The number of covered workers is expressed as full-time equivalents, or FTEs, and is determined by dividing reported payroll by the average weekly wage.

The Time Loss injury rate dropped for the fourteenth straight year, from 2.07 percent to 1.86 percent falling below the target of 2.00 percent. In 2016, there were 7,813 TLCs which was 604 fewer than in 2015. This is a positive sign given that we covered 14,495 more full-time workers in 2016. As well, the total number of claims reported decreased by 2,624 claims.

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



CLAIMS REPORTED AND INJURY RATES

- Claims Reported
- Time Loss Injury Rate (per 100 workers)
- Total Injury Rate (per 100 workers)

In 2015, the Total injury rate in Saskatchewan was 6.30 percent. Through our WorkSafe partnership, we set the goal of reducing the Total injury rate to 5.90 percent in 2016. At December 31, 2016, Saskatchewan's Total injury rate was 5.55 percent, surpassing the target set for 2016, which is an 11.9 percent decrease from 2015.

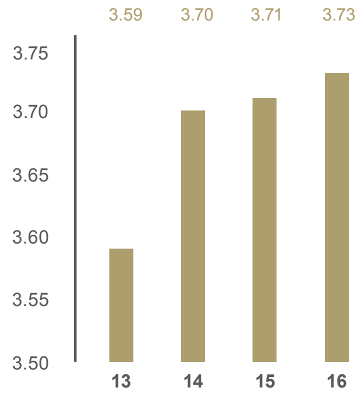
The long-term drop in the Time Loss and Total injury rates shows that our injury prevention strategy's four pillars are working: 1) Awareness; 2) Education & Training; 3) Targeting; 4) Partnerships & Leadership. Going forward, we will continue to work with our partners and to look for new opportunities that reduce all injuries – including fatalities – and that quicken the pace of reaching Mission: Zero.

Our focused approach is driven by our four pillars:

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

Awareness Campaigns

Marketing efforts include television, billboards, and print advertising, as well as social media. WorkSafe continues to use a survey to measure the working population's tolerance for injuries. The survey produces a measurement called the Injury Tolerance Index. The Index asks the working public their level of agreement with six phrases to provide insight into their overall perception of injury prevention. A ranking below 2.49 is considered negative or very tolerant of injuries. A ranking of 2.49 to 3.49 is uncertain and a ranking above 3.49 is considered in the positive range or intolerant of injury. The Injury Tolerance Index was first used in June 2013.



INJURY TOLERANCE

Education & Training

WorkSafe uses a variety of tools and partnerships to help educate the public about injury prevention. The WorkSafe website received 92,618 visits in 2016 compared to 91,514 in 2015. In 2016 WorkSafe launched WHMIS 2015 online training, an online safety management system tool for employers (Foundational Pillars) and added new resources to help employers and workers better understand the hazards associated with asbestos and how to manage those hazards.

The demand for WorkSafe training remains strong. We trained 7,539 workers in both classroom and online training compared to 9,097 in 2015. WorkSafe-approved training agencies delivered training to more than 1,016 committee members bringing the total trained to over 8,555 in 2016.

Targeting Initiatives

WorkSafe once again reviewed and expanded their initiatives in 2016. Targeting initiatives now include:

- Priority Employers
- Health Care Focus Strategy
- Youth Targeting Strategy
- Manufacturing Targeting Strategy
- Residential Construction Targeting Strategy

Priority Employers

Priority Employers receive support from OHS, the WCB and safety associations in order to bring about immediate improvements to injury prevention that ultimately lower their injury rates. The number of firms involved in this program increased from 122 to 186 in 2016.

Total injury rates in this group dropped from 7.49 percent in 2015 to 6.25 percent in 2016. An impressive drop from 8.71 percent in 2014. Overall claim count in this group dropped from 5,411 in 2015 to 4,443 in 2016.

Health Care Focus Strategy

The health care sector is Saskatchewan's largest employer, reporting the highest total number of injuries. WorkSafe and the Saskatchewan Association for Safe Workplaces in Health (SASWH) are partnering to address this through focused interventions in 16 health care facilities with the highest number of claims. Overall the Total injury rate in health care (G22) decreased 6.24 percent from 8.49 percent in 2015

WorkSafe Saskatchewan

WorkSafe Saskatchewan is the WCB's partnership with the Ministry of Labour Relations and Workplace Safety (LRWS). Formed under a Memorandum of Understanding, WorkSafe focuses on the development of an integrated Provincial injury prevention strategy and on programs that move Saskatchewan to zero workplace injuries. WorkSafe's strategic and operational plan can be viewed at www.worksafesask.ca.

WorkSafe partners with other organizations to advance strategic objectives that serve the interests of workers and employers. For example, WorkSafe partners with the Canadian Centre for Occupational Health and Safety (CCOHS) and WorkSafeBC to develop new injury prevention resources relevant to Saskatchewan workplaces. WorkSafe partnered with CCOHS to develop the new online WHMIS course.

For more information on the WorkSafe partnership including the strategic and operational plan, visit the website at: www.worksafesask.com to 7.96 percent in 2016. The total injuries in the 16 targeted health care facilities dropped marginally from 1,289 in 2015 to 1,242 in 2016.

Our efforts in this area have been focused on:

- Safety Management Systems
- Supervision and Safety
- Improved Occupational Health Committees

Youth Targeting Strategy

Youth are statistically more likely to be injured on the job than a worker over the age of 25 years. In 2016, the goal was to lower youth injuries as a percentage of all injuries from 17.9 percent to 17.5 percent. At December 31, 2016, youth injuries accounted for 16.2 percent of all injuries. The total number of youth workplace injuries in 2016 was the lowest in the past decade. Since its peak in 2008, the number of youth workplace injuries has dropped by 4,395. There were three youth related fatalities reported to the WCB compared to four in 2015. This is slightly below the five year average of 3.8 fatalities per year.

WorkSafe supported the project to upgrade the Young Worker Readiness Certificate Course, which is mandatory training for all 14 and 15 year olds working in Saskatchewan. WorkSafe also reached more than 7,700 youth through various presentations and events.

Working with many partners, WorkSafe developed a resource to help employers provide more effective safety orientation training to youth. In addition to the orientation resource, WorkSafe has developed a Youth Targeted Field Campaign (TFC) that started in 2016. The Youth TFC included a combination of awareness, inspections and support to help bring focus to the importance of an effective safety orientation, especially for young workers.

Manufacturing Targeting Strategy

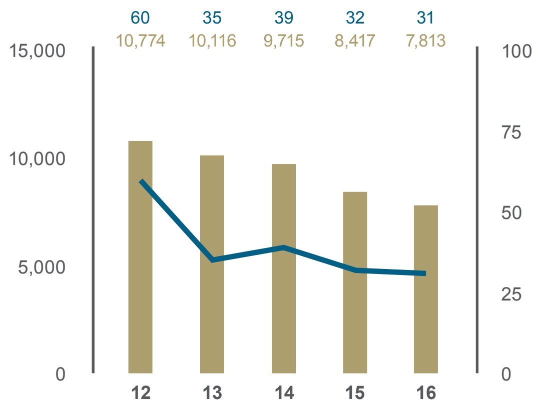
Manufacturing was identified as an opportunity within the WorkSafe plan in 2012. WorkSafe partnered with the Safety Association of Saskatchewan Manufacturers (SASM) to develop a Manufacturing TFC. The Manufacturing TFC focus included a combination of awareness, inspections and support to help employers deal with ergonomics related issues. This program ran in September and October of 2015 and continued in 2016. The manufacturing rate codes targeted through this strategy have realized an 18.23 percent drop in their total injury rate in 2016.

Residential Construction Targeting Strategy

Residential Construction was identified as an opportunity within the WorkSafe plan in 2014. WorkSafe partnered with the Saskatchewan Construction Safety Association (SCSA) to develop a Residential Construction TFC. The Residential Construction TFC focus included a combination of awareness, inspections and support to help employers focus on key issues like falls from heights, access and egress to work areas and personal protective equipment. This TFC first started in 2015 and continued through 2016. The total injury rate for B12 (Residential Construction) decreased by 22.9 percent from 10.82 percent in 2015 to 8.34 percent in 2016. This program will continue in 2017.

Fatalities

The WCB accepted 31 fatalities in 2016 compared to 32 in 2015. Sixteen of the fatalities were current year and 15 were related to incidents from previous years. Fourteen were related to occupational disease and 11 of these are from previous years' exposures. Four of the 31 accepted fatalities were caused by or related to incidents involving motor vehicles. A recent analysis of fatalities shows the trend line for the fatality rate decreased by 18.24 percent from 2002 to 2016. This suggests a very slow rate of decline over the past 14 years. This slow rate of decline is a significant concern for WorkSafe. In addition to the Distracted Driving campaign and increased information related to asbestos, WorkSafe is partnering with the University of Saskatchewan and ISM to conduct in-depth studies related to serious injuries and fatalities. This research will form the basis of a more comprehensive fatality strategy.



TIME LOSS CLAIMS AND FATALITIES

Time Loss Claims

Fatalities

Partnerships & Leadership

Establishing collaborative partnerships to advance mutual injury prevention goals and objectives is an opportunity to collectively invest fewer resources or achieve greater results. The number of formal partnerships grew from 39 in 2015 to 41 in 2016 by adding new partners like the Prairie Agricultural Machine Institute who were developing a rollover protection system that could be easily added to older equipment. We also developed new initiatives with existing partners like the University of Regina Centre for Management Development and renewed existing partnerships like the Canadian National Institute for the Blind – Saskatchewan (CNIB) and Shooting Stars Foundation.

Through WorkSafe, the WCB is a founding partner of Safe Saskatchewan, a non-profit organization dedicated to raising awareness about injuries at work, home and play. Safe Saskatchewan and WorkSafe launched the Health and Safety Leadership Charter in June 2010. To date, over 600 senior leaders from across the province have signed the charter to show their commitment to health and safety, on and off the job.

ENABLERS' Perspective

The Enablers' perspective has three corporate objectives:

1. Enhance external relationships,
2. Have an engaged workforce, and
3. Continuous Process Improvement.

This perspective indicates how well our relationships both inside the WCB and with our customers, partners and key stakeholders are contributing to our overall effort to accomplish our mission to excel in the development and delivery of both workers' compensation and prevention programs and services.

Enhance External Relationships

Throughout 2016, we worked to increase the number of opportunities where we could better engage our customers, increase communication, and ultimately provide better service. We did this through:

- Developing new and stronger partnerships
- Annual General Meetings in two locations (now offered in-person and via webinar)
- Compensation Institute
- WorkSafe regional meetings
- Rate Model Enhancement Education Sessions in four locations around the province (in person and via webinar)

Through WorkSafe we continue to engage customers through meetings, presentations, customer surveys and partnerships that support program and service delivery goals and promote injury prevention and Mission: Zero.

Engaged Workforce

Having an engaged workforce is a key strategic objective from an enablement perspective. An engaged workforce is crucial to achieving a customer centric organization and evidence demonstrates that high engagement levels may lead to increased quality and timeliness in the services provided to the customer. Our corresponding Human Resource strategy has multiple initiatives relating to three key areas that support this objective – employee recruitment, development and retention.

A component of the strategy is measured using an employee engagement survey tool. A third party administers our comprehensive engagement survey every two years. Engagement results for the most recent survey (early 2016) reflected an improvement over the prior 2014 survey. Our overall scoring of 68, however, fell short of our target of 80.

In addition to the broader survey, an abbreviated engagement survey (a "pulse" survey) is administered to employees on a quarterly basis. Questions in this survey focus on leadership, communication and customer service. This is intended to allow the organization to respond to engagement issues in a

Saskatchewan Workers' Compensation Board Staff

timely manner as well as track the success of any engagement initiatives during that period. Averaged over the four quarters, 74 percent of employees responded favorably to the questions in these surveys.

Further supporting an engaged workforce, the organization is also committed to supporting employee development and demonstrates this commitment through significant investment in initial and continued training. In addition to learning acquired from outside the organization, the WCB has developed capacity to provide development opportunities internally.

EMPLOYEE ENGAGEMENT

Measure Target 80

The organization was pleased to again be named as a Top Employer in Saskatchewan as this directly contributes to positive recruitment and retention results. The WCB attends career fairs, promotes fair hiring practices, and recognizes employees for their contribution.

Throughout 2016, the Communications team worked very closely with internal and external stakeholders to increase communication opportunities to our customers and WCB partners. Communications advanced its use of diverse communications tools including offering webinars for all of its events and increasing its social media presence. In addition, there have been enhancements to our websites which continue to meet our customer needs. This has resulted in a 30 percent increase of traffic to our websites and through web inquiries we've increased our ability to respond directly to customers' evolving needs and expectations.

Continuous Process Improvement

In 2016, we continued our focus from improvements based on specific process reviews and events to a daily continuous improvement approach. We shifted our focus from improvement initiatives, to a more holistic approach of creating a culture of continuous improvement throughout every department within the organization. We installed daily management practices to increase the amount of engagement and effort spent on improvement of how we do our work. We have experienced gains in areas where these practices have been in place the longest and intend to continue to maintain this focus throughout the organization. We've incorporated process changes that have enhanced response times to employer account inquiries, new registrations, as well as improved online access for employer payroll reporting. Incremental, persistent process changes are amounting to a transformation in our ability to better serve our customers.

Through small daily improvements made by our staff, we've seen improvements in many ways. Some of these include:

- Appeals Department – As noted on page 46, one of our key areas of focus has been on our appeal decision wait time. In 2016, we reached our second lowest wait time ever recorded, despite the fact we received record high incoming call volumes. We also implemented a customer survey which is sent with every decision to give our customers a voice and an opportunity for feedback on the decisions we have made.

- Registry – Until recent process improvements, the Registry Department assigned just one person to coding for statistics on a daily basis. By assigning two or three staff members to coding on a daily basis, setting goals for the week and coding 30 days after the claim is accepted, more information is on file allowing more areas to be coded. Now employers are provided with more timely data about the injuries that are occurring in their organization to enable strategies to prevent future injuries or manage claims.
- Employer Services – At the beginning of each year, Employer Services receives high volumes of calls related to Employer Payroll Statement (EPS) submissions around the deadline of February 28. Due to the sheer volume of calls during this time from many of our 47,907 employers, our staff was unable to respond immediately which resulted in a high number of abandoned calls. Through process improvement with our call handling, we developed a tiered call response system, which resulted in our abandoned call rate dropping from 29 percent in 2015 to 4 percent in 2016 during the EPS submission time of the year.
- Annuity Management System – Our annual annuity statement generation process was manual and required staff to sort and collate statements. We've been able to fully automate the process. Time to customer has been improved by a full week.
- Health Care Services – Medical and Health Services with the input of the Health Care Advisory Committee, has examined the process the WCB uses to communicate with the Primary Care Provider regarding moving an injured worker into a rehabilitation process. With the cooperation of the care provider community, significant delays of a month or more have been removed and injured workers are often moving into rehabilitation within two weeks or less of their assessment date.

Appeals Department

The Appeals Department is independent of the Operations Division of the WCB where initial claim decisions are made. The first level of appeal for injured workers or for employers who disagree with an initial claim decision is with the Appeals Department.

In 2016, the Appeals Department continued to focus on providing quality decisions in a timely manner. A number of continuous process improvements were adopted in 2016 to enable the appeals team to deal with the large influx of incoming appeals and continue to reduce appeal wait times as an important component of excellent customer service.

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

Appeals Activity

	2016	2015	2014	2013	2012
Prior Year's Pending	**82**	133	92	41	323
Appeals Registered	**1,217**	1,139	1,070	1,009	841
Total Appeals	**1,299**	1,272	1,162	1,050	1,164
Accepted	**312**	303	356	250	237
Denied	**769**	785	626	660	839
Returned for Additional Development	**78**	57	12	10	18
Sub Total Completed	**1,159**	1,145	994	920	1,094
Withdrawn	**31**	45	35	38	29
Appeals Pending	**109**	82	133	92	41
Average Days to Decision	**24**	38	39	21	70
Appeals Decided Within 30 Days	**78%**	35%	28%	74%	17%
Appeals Decided Within 45 Days	**98%**	68%	63%	n/a	n/a
Appeal Meetings	**33**	45	56	22	45

FINANCIAL Perspective

The financial perspective helps ensure we have adequate financial resources to fulfill our legislated obligations and execute our plan. We strive to ensure adequate financial resources by collecting the right amount of premiums, maximizing investment returns, managing claim costs and being cost effective. There are two performance indicators for this perspective:

- Optimize Costs: An index comprised of an indicator of value per unit of customer satisfaction which compares the change in our customer service satisfaction scores to the year over year change in administration costs and the administration budget variance.
- Ensure Financial Stability: Our funded status.

In 2016, we reached an Optimize Cost Index of 97 percent falling short of our 99 percent target. The administrative budget was underspent by 0.4 percent within the 2016 target range of plus or minus 0.75 percent. However we did not reach our customer satisfaction scores target resulting in us not achieving our customer value target.

Our funding policy sets the parameters for the Injury Fund and each of our reserves. The targeted range for the Injury Fund is 5 percent to 20 percent of benefit liabilities, resulting in a targeted funding percentage of 105 percent to 120 percent. For 2016, our funding percentage was 118.7 percent, within the targeted range.

Saskatchewan’s economy remained stable in 2016 despite the low price of oil, low commodity prices and the weak Canadian dollar. Global markets continued to experience volatility during the year. The WCB investment income recorded was $127.1 million compared to $106.3 million in 2015.

In 2016, the WCB reported an underwriting loss of $92.0 million mainly because of the increase in the actuarial adjustment to the benefits liabilities. This compares to an underwriting gain in 2015 of $25.8 million. The underwriting loss, combined with investment income of $127.1 million, Other Comprehensive Income of $63 thousand and a surplus distribution of $281.5 million, resulted in a Total Comprehensive Loss at the end of the year of $246.3 million. This Total Comprehensive Loss and a slight increase in reserves results in a funded position at 118.7 percent. The funded position is discussed in greater detail in a later section of the MD&A.

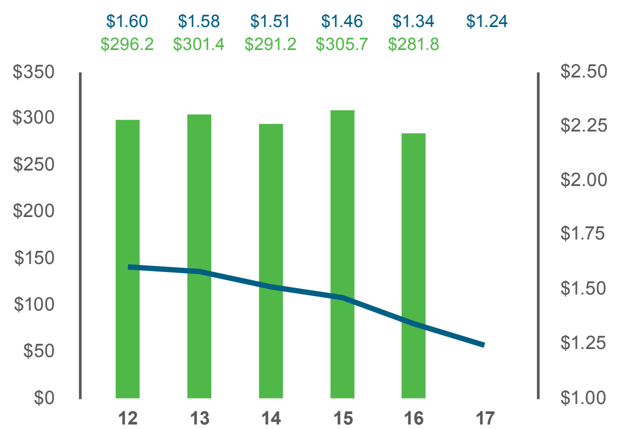
Premiums

Total premium revenue is made up of base premiums plus discounts and surcharges through the Experience Rating Program (ERP). There are two experience rating programs: The Advanced program applies to employers who pay more than $15,000 in WCB premiums over a three-year period; and employers

2014 Safe Worker Winner: **Calvin Greenstien** (right) – Novozymes BioAg Ltd., Saskatoon

in the Standard program pay less than $15,000. Effective January 1, 2017, the $15,000 limit for the Standard program was increased to $21,000.

Employers in the Advanced program are subject to a 200 percent maximum surcharge while employers in the Standard program are subject to a 75 percent maximum surcharge. The maximum discount available to employers in the Standard program is 25 percent. Employers in the Advanced program are eligible for a maximum 30 percent discount. In 2016, 1,627 employers paid $25.6 million in surcharges while 23,613 employers received discounts of $26.9 million. The number of employers affected by the ERP was similar to 2015 when 1,592 paid surcharges and 23,148 received discounts.



PREMIUM REVENUE AND AVERAGE PREMIUM RATE

Premium Revenue (millions)

Average Premium Rate (per $100 Insurable Earnings)

Employer assessable payrolls increased 2.3 percent to a provisional $21.47 billion in 2016 from an actual $20.99 billion in 2015. Increases to the maximum assessable earnings, effective January 1, 2016, account for approximately 2.0 percent of the 2.3 percent increase in assessable payrolls. Sectors that experienced the largest payroll increase were Commercial, Industrial Construction, and Health Authorities, Hospitals and Care Homes, and Cities, Towns, Villages and Rural Municipalities. The sectors with the largest payroll decreases were Oilwell Servicing, and Construction Trades. Base premium revenue decreased by 7.8 percent from 2015 to $282.3 million in 2016 in spite of the net increase in assessable payrolls because of the drop in the average premium rate from $1.46 in 2015 to $1.34 in 2016, the ninth consecutive decline. The net cost of the ERP, which increased in 2016 to $1.3 million, also decreased premium revenue.

With continuing declines in the Time Loss injury rate and increases in reported payroll, the average premium rate for 2017 dropped 7.5 percent to $1.24, down from $1.34 in 2016, the lowest in over 32 years.

Expenses

We manage cost effectiveness in our five expense categories:

1. Claims costs
2. Administration
3. Safety and prevention
4. Annuity fund interest, and,
5. Legislated obligations

Claims Costs

Claims costs include actual payments made for compensation purposes throughout the year plus the change in benefits liabilities. Benefits liabilities represent the amount required to pay the future costs of all claims. As reported in the Statement of Operations and Other Comprehensive Income, claims costs totaled $286.8 million in 2016, a 47.7 percent increase from 2015. The total claims costs consists of $215.5 million in cash expenses plus a $71.3 million actuarial increase to benefits liabilities. The benefits liabilities represent legislated obligations to pay the costs of all existing claims into the future. Benefits liabilities are discussed in more detail below.

The compensation component of claims costs consists of:

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

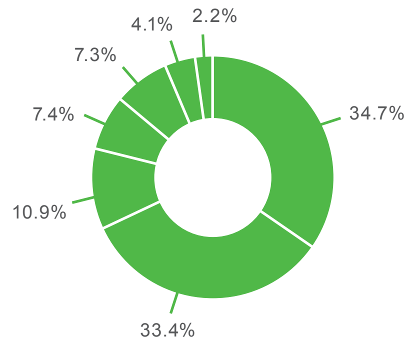
In 2016, compensation costs paid were $204.1 million. This is a $7.7 million increase from 2015, reflecting the fact that the maximum wage rate increased effective January 1, 2016. Administration costs for adjudicating and managing claims are also allocated to claims costs, bringing the total 2016 compensation payments to $215.5 million, a 4.0 percent or $8.3 million increase from 2015.

Durations and the number of TLCs are two key drivers of compensation costs. The average duration of TLCs paid increased 10.7 percent in 2016 to 43.07 days. There was a 5.6 percent drop in the total number of claims in the system, from 10,931 to 10,318. However, total days paid actually increased 4.5 percent to 444,346. Earnings replacement costs, at $55.1 million in 2016, are down $0.1 million from 2015 even though there was a slight increase in the number of workers and their dependants receiving benefits from 4,861 to 4,886.

Health care payments increased 2.8 percent in 2016, to $79.8 million. In addition to inflation, utilization related increases in tertiary treatment of $2.4 million, Exercise/Conditioning Therapy of $0.8 million, and Secondary treatment of $0.6 million contributed to rising health care expenses in 2016. Vocational rehabilitation expense claims remain stable.

Benefits Liabilities

The benefits liabilities increased 6.3 percent in 2016 to $1,210.2 million. The benefits liabilities increased by $71.3 million, despite the positive trend in TLCs. The increase was due to moving away from projecting our medical costs on time loss claims, to estimating total medical costs on all claims. An additional impact was the increased average severity and duration of compensation claims in recent years. Projected medical payments based on total medical costs incurred allowed a reduction in the medical inflation rate from 7.0 percent to 5.25 percent.



BENEFITS LIABILITIES

34.7%	Long-Term Disability	$ 419,775,000
33.4%	Health Care	$ 404,016,000
10.9%	Short-Term Wage Loss	$ 132,318,000
7.4%	Survivor Benefits	$ 89,191,000
7.3%	Latent Occupational Disease	$ 88,568,000
4.1%	Future Benefits Administration	$ 49,080,000
2.2%	Vocational Rehabilitation	$ 27,264,000
100%	Total	$1,210,212,000

Except for using updated Saskatchewan population mortality tables published by Statistics Canada, a reduction in the medical inflation rate assumption from 7.0 percent to 5.25 percent, the remaining long-term economic and actuarial assumptions used in determining future benefits and administration costs were the same as those used in 2015. Going forward, wages are expected to increase by 1.0 percent above the assumed 2.25 percent inflation rate. We consider these assumptions to be a realistic best estimate of future expectations.

Most wage-based benefits are expected to increase at the rate of inflation and will be discounted at the nominal rate of 5.50 percent. This means that most benefits, for the purpose of calculating the benefits liabilities, are determined using the 3.25 percent real rate of return. However, all wage-based benefits including short-term and long-term disability and survivor benefits are subject to a ceiling based on the maximum wage rate prescribed under Section 37 of the Act. For the purpose of determining the present value of these future obligations that are capped by statutory limits, the obligations have been discounted using the nominal rate of return of 5.50 percent.

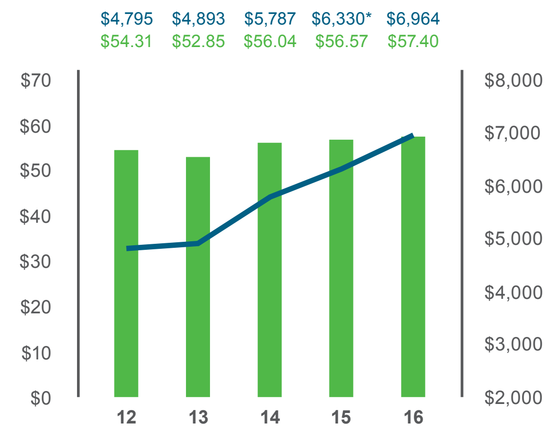
The benefits liabilities also include an amount set aside to administer benefits in future years. We have determined the allowance for the expenses included in the liability valuation should be 3.6 percent of the liability for long-term disability and survivor awards, and 6.3 percent of the liability for all other claims. Future benefits administration accounts for $49.1 million of the $1,210.2 million total benefits liabilities.

Administration Expenses

Administration costs, before costs charged to Future Benefits Administration, increased to $57.4 million in 2016, a 1.4 percent increase from the 2015 administration expenses of $56.6 million. There was a negotiated increase in salaries and an increase in consulting services offset by a decrease in amortization, computer services, building operations, communications and office expenses. Administrative expenses were 12.3 percent of total expenses in 2016.

An important measure of administrative efficiency is our administration cost per TLC. We calculated this to be $6,964 in 2016 compared to $6,330 in 2015. The target for 2016 was $5,518. The increase reflects the drop in the pure number of TLCs and the increase in administration costs overall. In 2015, the most recent year that data is available from the AWCBC, Saskatchewan had the fourth lowest administration cost per TLC in Canada.

A second measure of administrative efficiency is the administration cost per $100 of assessable payroll. The 2016 ratio was $.25, below our target of $.26 per $100 of assessable payroll. For 2015, the most recent year that data is available from AWCBC, the ratio was $.25 per $100 of assessable payroll, making Saskatchewan tied for the second lowest in Canada.



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

Administration Expenses (millions)

Administration $ per Time Loss Claim

* Restated 2015 to reflect AWCBC metric for comparability.

Safety and Prevention Funding

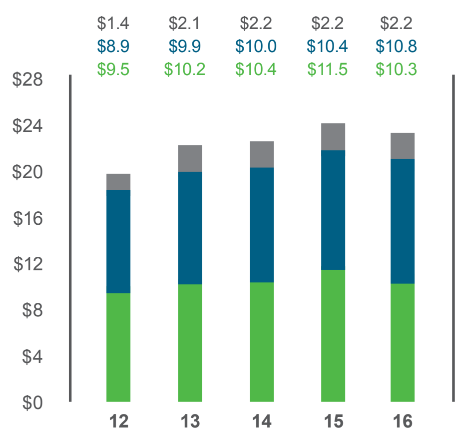
Safety and prevention is made up of funding to the OHS Division of the Ministry of Labour Relations and Workplace Safety, funding to safety associations and safety initiatives through the WorkSafe Saskatchewan partnership.

The role of the OHS Division is to help workplace parties comply with the OHS legislation and in doing so identify and correct health and safety hazards.

The Act requires that we fund the OHS Division operations; however the OHS budget is approved by the government of Saskatchewan through the provincial budgeting process. In 2016, the OHS funding decreased by 10.5 percent to $10.3 million.

Funding is provided to seven industry safety associations that represent 18 rate codes. Employers in these rate codes are charged a levy on their premiums to cover the cost of this funding. The total funds for the year increased $0.4 million to $10.8 million. Total injury rates for industries with safety associations have decreased from 9.05 percent to 5.46 percent since 2012. This 39.7 percent decrease compares to a 34.8 percent decrease in those industries without safety associations.

Expenditures on WorkSafe remained the same as 2015 at $2.2 million. Through its strategic and operational planning process, WorkSafe continues to focus its resources on areas most in need of improvement. Details on WorkSafe, its Strategic and Operational Plan, as well as reporting of results against that plan, can be found at www.worksafesask.ca.



SAFETY AND PREVENTION (MILLIONS)

- OHS Division
- Safety Associations
- WorkSafe Saskatchewan

Annuity Fund Interest

The Act requires us to compensate injured workers for the loss of retirement income due to a workplace injury. We set aside an additional 10 percent of all eligible benefits payments into an injured worker's annuity fund once the worker has received benefits for more than 24 consecutive months. We continue to set aside funds until the worker reaches age 65 or returns to work. At age 65, the worker uses the funds set aside, plus interest, to purchase an annuity. During 2016, contributions to the fund amounted to $6.2 million, up from $5.4 million in 2015.

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

In 2016, interest allocated totaled $16.4 million, due to an increase in the rate of return to 8.4 percent. This compares to $14.6 million allocated in 2015 at a rate of return of 7.6 percent.

At December 31, 2016, the annuity fund payable was $208.8 million, a 4.2 percent increase over the balance at December 31, 2015. Total annuity payouts in 2016 were $14.1 million, up 6.8 percent from the $13.2 million paid out in 2015. Total annuity contributions in 2016 were $22.6 million as compared to $20.0 million in 2015. There were 5,683 active claims with annuities at the end of 2016 with an average annuity fund of approximately $36,700 compared to 5,637 at the end of 2015 with an average annuity fund of approximately $35,500.

Legislated Obligations

Under the Act, we are obliged to fund the operations of the Office of the Worker's Advocate. Funding in 2016 was $1.2 million, the same as 2015. In addition, the Committee of Review costs were less than $0.2 million in 2016.

Investment Income

We ensure financial stability through our investment and funding policies. Investment income is an important revenue stream. It supplements premiums to cover expenses. The long-term assumption that investments will generate an annual nominal rate of return of 5.5 percent is built into the calculation of benefits liabilities, as well as the premium rate setting model. In 2016, our investment portfolio had a return of 7.1 percent at market compared to a return of 5.6 percent in 2015. Investment income includes both realized income and unrealized gains or losses on investments during the year and can fluctuate significantly year to year to reflect the change in the market value of investments.

Realized investment income decreased $160.1 million from $252.8 million in 2015 to $92.7 million in 2016. Unrealized gains on investments held at December 31, 2016, were $219.8 million as compared to $185.4 million at December 31, 2015, an increase in unrealized investment gains of $34.4 million. This compares to a $146.5 million reduction in unrealized investment gains recognized in 2015.

The $127.1 million in investment income consists of:

- $92.7 million of realized investment income is made up of:
  - $45.1 million of income from interest and dividends,
  - $52.0 million of net gains realized from the sale of equities, bonds and real estate,
  - Less $4.4 million for investment expenses.

Plus,

- a $34.4 million increase in unrealized investment gains for the year.

We record our investments at market value. Our Statement of Investment Policies and Goals (SIP&G) allows our investment managers to lend investment securities to third parties for the purposes of generating additional revenue. The investments under this Securities Lending Program are shown separately in the Statement of Financial Position. The combined investments on the Statement of Financial Position are $1,836.9 million, a $179.5 million decrease from the 2015 total of $2,016.4 million and includes accumulated unrealized gains of $219.8 million.

Investment Strategy

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

Our Investment Committee reports to the Board and, with the assistance of an independent investment consultant, recommends the approval of the SIP&G and the appointment of the investment managers. The Investment Committee recommends prudent policy goals and objectives to safeguard the funded position. The Committee meets regularly to monitor the performance of the investment managers against established benchmarks and to review the ongoing relevance of the policy. Because of the significant fluctuations in financial markets over the last number of years, a 2013 review of the SIP&G included a review of the portfolio asset allocation with the aim of reducing the volatility of the portfolio returns while maintaining an actual rate of return equivalent to the current return. Changes to the investment asset classes from this review began in 2014 and are ongoing. The SIP&G was modified in 2016 to include a Canadian Low Volatility Equity portfolio in the asset mix as the next step in implementing this revised asset allocation strategy to reduce the investment return volatility. In order to complete the transition to the Canadian Low Volatility Equity portfolio, a portion of the Canadian bond and equity investments were disposed of in 2016 resulting in realized investment gains of $16.4 million. The last step in implementing the revised asset allocation strategy to reduce volatility while maintaining investment returns will be in January of 2017 with the reallocation to a Global Small Equity Cap fund manager.

Funding Strategy

The Funding Policy sets the parameters for the Injury Fund and each of our reserves. The targeted range for the Injury Fund is 5 percent to 20 percent of benefits liabilities resulting in a targeted Funding Percentage of 105 percent to 120 percent. The Injury Fund is maintained in this range to ensure sufficient funds are available to meet required benefit levels and to guard against unexpected claim activity and volatile economic conditions. If the funded status moves outside the targeted range, we will replenish or regulate the fund to stay within the targeted range. Where the funded status falls below 103 percent, the WCB, at its discretion, can replenish the Injury Fund through a charge to the premium rates as part of the annual rate setting process over a period not to exceed five years. Where the funded status rises above 122 percent, excess surplus will be distributed to employers, at the WCB's discretion, over a period not to exceed five years until the Injury Fund reaches 120 percent.

The Funding Policy states that unrealized gains and losses on investments are not considered:

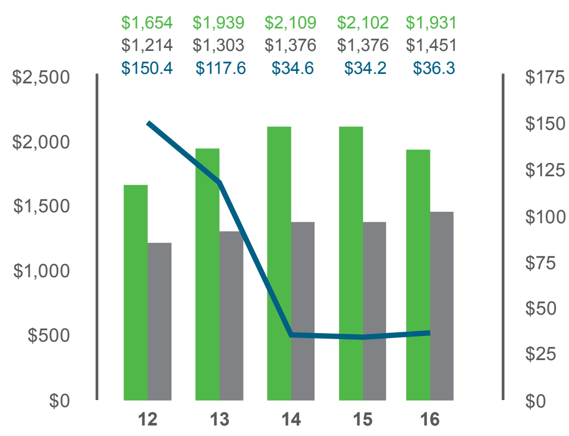
- In the determination of the funded status of the WCB,
- For purposes of determining premium rates or surplus distributions, or
- Available for benefit enhancements.

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

The Funding Policy also establishes reserves, appropriated from the Injury Fund. At December 31, 2016 we maintained the Disaster Reserve and the Second Injury and Re-employment Reserve. The Second Injury and Re-employment Reserve was established to provide employers with cost relief on claims that are attributed to an earlier injury and to help return to work through retraining. Currently, the $12.1 million in this reserve is 1.0 percent of the benefits liabilities as recommended by the Funding Policy. The Disaster Reserve was created to meet the requirements of the Act with respect to disasters and has two components: one for less severe disasters that meet the threshold outlined in policy and one for rare but very severe disasters. The Funding Policy specifies 1.0 percent of benefits liabilities for each component. The total of the disaster reserve was $24.2 million at the end of 2016.

The balances in the two reserves combined for a total of $36.3 million at December 31, 2016, compared to a total reserve balance of $34.2 million at the end of 2015.

The comprehensive net loss in 2016 of $246.3 million, including the Surplus Distribution of $281.5 million, less a net $2.1 million increase to reserves to comply with the Funding Policy, results in a balance of $446.2 million in the Injury Fund at the end of 2016. However, for Funding Policy purposes, net unrealized gains and losses are excluded from the Injury Fund. Excluding unrealized gains on investments of $219.8 million decreases the Injury Fund to $226.4 million at December 31, 2016. The calculation of the funding percentages is disclosed in note 19 of the financial statements.



FUNDED POSITION AND RESERVES (MILLIONS)

Assets
Liabilities
Reserves

The $281.5 Surplus Distribution recorded as an expense in 2016 relates to the funded position of the Board at December 31, 2015. Subsequent to the Annual General Meetings held in 2016 and feedback from stakeholders, the Board directed that 100 percent of the surplus in excess of the upper funding range as at December 31, 2015, be distributed to employers in two installments in July and December of 2016.

Based on the Funding Policy, the funding percentage at December 31, 2016, was 118.7 percent, within the targeted range of 120.0 percent.

During 2015, the WCB conducted an Asset Liability Study (ALS) through an external consultant. This study incorporated actuarial asset liability projections and recommended the WCB review its current rate making model and funding policy. As a result of the recommendations in the ALS, the WCB undertook an independent consultant's review of our rate setting model in 2016. The Board approved enhancements to the current rate making model. Education sessions explaining the enhancements occurred in 2016 and will continue with industry specific sessions in 2017. Feedback on how to transition to the enhanced rate model will be requested after the industry specific sessions. The Board also initiated a review of its funding policy in 2016 and released a position paper in late 2016 inviting input from stakeholders on recommendations from the 2015 Asset Liability Study and subsequent considerations based on the WCB's analysis. Management will be recommending options for the Board to consider with respect to the funding policy based on stakeholder input, the Asset Liability Study and further analysis.

Accumulated Other Comprehensive Income

All actuarial gains and losses on the defined benefit pension plan are recorded in Accumulated Other Comprehensive Income (AOCI) in the Statement of Financial Position. The accumulated actuarial losses of $2.6 million are recorded in AOCI as at December 2016 and the actuarial gain for the year of $0.1 million is recorded in the Statement of Operations in 2016.

Internal Control over Financial Reporting

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

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

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

In 2016, the ICOFR Committee assessed the WCB's system of internal controls against this updated framework. The assessments undertaken by the Committee in 2016 did not identify any weaknesses in internal controls over financial reporting that would result in material misstatement of the December 31, 2016 financial statements. The 2016 report by the Chief Executive Officer and the Chief Financial Officer can be found on page 56 of this annual report.

Looking Ahead

As it is our mission to be a customer-centric organization that continuously seeks to add value for our customers through a culture of continuous process improvement (CPI), the WCB will continue to measure progress towards our goals and to monitor the outcomes of the strategic plan. This is the challenge the Board has put to us.

Our corporate beliefs guide us in the execution of their strategic direction and are core to creating a customer-centric organization. Our corporate beliefs are prefaced by the understanding that workers and employers expect and deserve excellent service.

Our operational plan is focused on processes that we have identified as being central to us fulfilling our corporate beliefs:

- Our **Quality** belief calls us to provide defect-free services. We are targeting to improve payment accuracy to provide defect-free deliverables.
- Our **Timeliness** belief calls us to provide service at the right time. We will focus on reducing the time from injury to initial decision; reducing the time from first level of appeal to decision; reducing the time to register new employers; and reducing the time to complete payroll assessments.
- Our **Financial** belief calls us to always strive to provide services at a fair and reasonable cost.
- Our **Mission: Zero** belief aims to eliminate injuries, eliminate fatalities, and eliminate suffering and to promote Mission: Zero amongst all WCB staff.
- Our commitment to **People** is to provide a healthy and engaging environment by improving engagement scores and promoting a healthy work environment and healthy lifestyles which will ultimately reduce the number of sick days.

Economic Outlook

Like most provinces throughout Canada, Saskatchewan's economy was impacted throughout 2015 and 2016 due to low resource prices. Recovery in the oil sector is anticipated in 2017. The Petroleum Services Association of Canada predicts that Saskatchewan will host the most new wells drilled in Canada in 2017.

The Conference Board of Canada predicts that after two years of recession, Saskatchewan's economy will be back in the black this year, with real GDP growth forecast at 0.9 per cent. The oil industry is starting to see activity turn around, but global market conditions continue to challenge potash and uranium producers in the province. A net gain of 1,800 jobs is expected to be created this year, but it will not be enough to prop up disposable income. As a result, household spending will be modest, providing little relief to the struggling retail sector.

Saskatchewan's population saw slight growth in 2016 growing from 1,138,879 in 2015 to 1,150,600 in 2016 according to Statistics Canada.

Responsibility for Financial Reporting

The financial statements are the responsibility of management and have been prepared in conformity with International Financial Reporting Standards. The preparation of financial information is an integral part of management's broader responsibilities for the ongoing operations of the WCB. Based on management's knowledge, having exercised reasonable diligence, the financial statements fairly represent in all material respects the financial condition, results or operations, and cashflows as at December 31, 2016.

Management maintains an extensive system of internal accounting controls to provide reasonable assurance that transactions are recorded accurately on a timely basis, are approved properly and result in reliable financial statements. The effectiveness of controls over financial reporting was assessed and found to provide reasonable assurance that internal controls at December 31, 2016 operated effectively with no material weaknesses in the design or operation of the controls.

An independent actuary has been engaged to carry out a valuation of the benefits liability. The scope of their valuation and opinion are given in the Actuarial Certificate.

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

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

Peter Federko CPA, CA
Chief Executive Officer

Ann Schultz CPA, CA
Chief Financial Officer

March 6, 2017

Actuarial Certification

To the Board Members of the Saskatchewan Workers' Compensation Board

We have completed an actuarial valuation as at December 31, 2016 of the liabilities for benefits payable in the future under *The Workers' Compensation Act, 2013* in respect of claims that occurred prior to the valuation date.

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

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

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

The actuarial valuation of the benefits liabilities of $1,210,212,000 represents the actuarial present value at December 31, 2016 of all payments expected to be made in future years in respect of all claims occurring on or before December 31, 2016. In our opinion, the amount of the benefits liabilities makes appropriate provisions for all personal injury compensation obligations and the financial statements fairly represent the results of the valuation.

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

Aon Hewitt

Mark Mervyn
Fellow, Canadian Institute of Actuaries
February 15, 2017

Independent Auditor's Report

To the Members of the Saskatchewan Workers' Compensation Board

We have audited the accompanying financial statements of Saskatchewan Workers' Compensation Board, which comprise the statement of financial position as at December 31, 2016, the statements of operations and other comprehensive income, changes in funded position and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Workers' Compensation Board as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants
March 6, 2017
Regina, Canada

Statement of Financial Position

(Thousands of dollars)	2016	2015
Assets		
Cash and cash equivalents (note 4)	**$ 45,367**	$ 30,645
Receivables (note 5)	**18,366**	20,765
Investments under security lending program (note 6)	**134,052**	276,515
Investments (note 6)	**1,702,876**	1,739,912
Property and equipment (note 7)	**9,557**	10,052
Other assets (note 8)	**20,594**	23,859
	$ 1,930,812	$ 2,101,748
Liabilities		
Payables and accrued liabilities (note 9)	**$ 31,983**	$ 36,369
Benefits liabilities (note 10)	**1,210,212**	1,138,919
Annuity fund payable (note 11)	**208,770**	200,274
	1,450,965	1,375,562
Funded Position		
Injury Fund	**446,159**	694,700
Accumulated Other Comprehensive Loss	**(2,619)**	(2,682)
Reserves (note 12)	**36,307**	34,168
	479,847	726,186
	$ 1,930,812	$ 2,101,748

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

Approved by the Board and signed on their behalf on March 6, 2017.


Gord Dobrowolsky
Chairperson


Larry Flowers
Board Member


Garry Hamblin
Board Member

Statement of Operations & Other Comprehensive Income

(Thousands of dollars)	2016	2015
Premiums (note 13)	$ 281,823	$ 305,659
Expenses		
Claim costs (note 10)	286,770	194,231
Administration (schedule 1)	46,001	45,712
Safety and prevention (note 14)	23,292	24,067
Annuity fund interest (note 11)	16,420	14,570
Legislated obligations (note 15)	1,339	1,322
	373,822	279,902
Underwriting Gain (Loss)	(91,999)	25,757
Investment income (note 6)	127,097	106,296
	35,098	132,053
Surplus distribution (note 19)	281,500	140,990
Net Loss	(246,402)	(8,937)
Other Comprehensive Income		
Employee Benefits		
Net actuarial gains (note 16)	63	1,390
Total Comprehensive Loss	$ (246,339)	$ (7,547)

See accompanying notes to financial statements.

Statement of Changes in Funded Position

(Thousands of dollars)	2016	2015
Injury Fund		
Balance, beginning of year	**$ 694,700**	$ 703,248
Net loss	**(246,402)**	(8,937)
Appropriation of funds (to) from reserves (note 12)	**(2,139)**	389
Balance, end of year	**446,159**	694,700
Accumulated Other Comprehensive Loss		
Balance, beginning of year	**(2,682)**	(4,072)
Other comprehensive income	**63**	1,390
Balance, end of year	**(2,619)**	(2,682)
Reserves		
Balance, beginning of year	**34,168**	34,557
Appropriation of funds from (to) injury fund (note 12)	**2,139**	(389)
Balance, end of year	**36,307**	34,168
Funded Position	**$ 479,847**	$ 726,186

See accompanying notes to financial statements.

Statement of Cash Flows

(Thousands of dollars)	2016	2015
OPERATING ACTIVITIES		
Cash received from:		
Premiums	$ 286,574	$ 315,866
Dividends	31,373	48,656
Interest	15,914	18,652
	333,861	383,174
Cash paid to:		
Claimants, or third parties on their behalf	215,936	206,227
Employees and suppliers, for administrative and other goods and services	55,994	57,442
Safety and prevention programs	24,507	22,621
Ministry of Labour Relations and Workplace Safety	1,322	1,124
	297,759	287,414
Net cash provided by operating activities	36,102	95,760
INVESTING ACTIVITIES		
Cash received from:		
Sale and maturity of investments	1,575,104	1,625,469
Cash paid for:		
Purchase of investments	1,312,305	1,668,344
Purchase of property and equipment	909	391
Purchase of other assets	1,765	1,378
	1,314,979	1,670,113
Net cash provided by (used for) investing activities	260,125	(44,644)
FUNDING ACTIVITIES		
Cash paid for:		
Surplus distribution	(281,505)	(140,985)
Net cash used for funding activities	(281,505)	(140,985)
Increase (decrease) in cash during the year	14,722	(89,869)
Cash and cash equivalents, beginning of year (note 4)	30,645	120,514
Cash and cash equivalents, end of year (note 4)	$ 45,367	$ 30,645

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 2016

1. NATURE OF OPERATIONS:

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

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

2. BASIS OF PRESENTATION:

Statement of compliance

The financial statements for the year ended December 31, 2016 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Committee (IFRIC).

Basis of measurement

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

Statement of financial position classification

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

Functional and presentation currency

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

Use of estimates and judgment

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the amounts estimated and the changes in estimates are recorded in the accounting period in which they are determined. The most significant estimation processes are related to the actuarial determination of the benefits liabilities (note 10), the valuation of receivables (note 5), investments (note 6) and employee future benefits (note 16).

3. SIGNIFICANT ACCOUNTING POLICIES:

Financial Assets and Liabilities

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

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

Cash and Cash Equivalents

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

Investments

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

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

Investments under Securities Lending Program

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

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

Investment Income

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

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

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

Property and Equipment

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

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

Premium Revenue

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

Benefits Liabilities

The benefits liabilities are determined annually by an actuarial valuation which establishes the amount of this provision for future payments and the future cost of administering claims relating to claims incurred on or before December 31. The provision at December 31, 2016 has been determined by estimating future benefits payments in accordance with the WCB's administrative policies and practices in effect at December 31, 2016.

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

Intangible Assets

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

Annuity Fund Payable

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

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

Foreign Currency Translation

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

Employee Future Benefit Plans

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

Defined benefit plan

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

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

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

Remeasurement of the net defined benefit liability, which is comprised of actuarial gains and losses, the return on plan assets, excluding interest, and the effect of the asset ceiling, if any excluding interest, are recognized immediately in other comprehensive income (OCI). The WCB determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined plan are recognized in the statement of operations and other comprehensive income. (note 16)

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

Defined contribution plan

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

Future Accounting Policy Changes

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

IFRS 4, Insurance Contracts

In February 2016 re-deliberations were completed over the revised Exposure Draft issued as part of the project to replace IFRS 4. The forthcoming insurance contracts Standard, IFRS 17, is expected to be issued in the first half of 2017, in which case it will be effective for annual reporting periods beginning on or after January 1, 2021.

On September 12, 2016, the IASB issued amendments to IFRS 4, Insurance Contracts to address accounting mismatches and volatility that may arise in profit or loss in the period between the effective date of IFRS 9 and the forthcoming insurance contracts Standard.

The amendments apply in the same period in which a Board adopts IFRS 9 Financial Instruments.

The amendments introduce two approaches that may be adopted by insurers in the period between the effective date of IFRS 9 and the forthcoming insurance contracts Standard:

- Overlay approach – an option for all issuers of insurance contracts to reclassify amounts between profit or loss and other comprehensive income for eligible financial assets by removing any additional accounting volatility that may arise from applying IFRS 9; and
- Temporary exemption – an optional temporary exemption from IFRS 9 for companies whose activities are predominately connected with insurance. This exemption allows an entity to continue to apply existing financial instrument requirements in IAS 39 to all financial assets until the earlier of the application of the forthcoming contracts Standard; or January 1, 2021.

The Board intends to adopt the amendments to IFRS 4 in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the amendments has not yet been determined.

IFRS 9, Financial Instruments

On July 24, 2014 the IASB issued the complete IFRS 9 (IFRS 9 (2014)).

The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight.

IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows.

The standard introduces additional changes relating to financial liabilities.

It also amends the impairment model by introducing a new ‘expected credit loss’ model for calculating impairment.

IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship.

Special transitional requirements have been set for the application of the new general hedging model.

The Board intends to adopt IFRS 9 (2014) in its financial statements for the annual period beginning on January 1, 2018, unless it adopts the temporary exemption described previously. It is expected that IFRS 9 (2014) will have a significant impact on classification and measurement of financial assets, however, the Board is not able at this time to estimate reasonably the impact that IFRS 9 (2014) will have on the financial statements.

IFRS 15, Revenue from Contracts with Customers

On May 28, 2014 the IASB issued IFRS 15 Revenue from Contracts with Customers. The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. IFRS 15 will replace IAS 18 Revenue alongside other standards and interpretations.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs.

On April 12, 2016, the IASB issued Clarifications to IFRS 15, Revenue from Contracts with Customers, which is effective at the same time as IFRS 15.

The clarifications to IFRS 15 provide additional guidance with respect to the five-step analysis, transition, and the application of the Standard to licenses of intellectual property.

The Board intends to adopt IFRS 15 and the clarifications in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

IFRS 16, Leases

On January 13, 2016 the IASB issued IFRS 16 Leases.

The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17 Leases.

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors.

Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided.

The Board intends to adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019. The extent of the impact of adoption of the standard has not yet been determined.

4. CASH AND CASH EQUIVALENTS:

(Thousands of dollars)	2016	2015
Bank notes	**$ –**	$ 17,083
Cash in bank, net of outstanding cheques	**45,367**	13,562
	$ 45,367	$ 30,645

5. RECEIVABLES:

(Thousands of dollars)	2016	2015
Premiums	$ **10,699**	$ 14,089
Other	**7,727**	7,383
Accrued interest	**2,650**	3,010
Interprovincial claims	**2,253**	2,199
Investment proceeds receivable	**47**	280
	23,376	26,961
Allowance for doubtful accounts	**(5,010)**	(6,196)
	$ **18,366**	$ 20,765

Premiums receivable includes an estimate of $4,780,000 (2015 - $4,600,000) for premium revenue to be assessed when employers submit their final insurable earnings information for 2016. The estimate is based on the total estimated premium revenue for the year less premiums received for the year. The total estimated premium revenue uses management's best estimate and judgment in calculating the employers' final payroll amounts for the year.

At the end of the year, receivables of 14,244,000 (2015 - $15,179,000) were due within one year.

Investment proceeds receivable represent transactions traded in December 2016 but not settled until January 2017.

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

(Thousands of dollars)	2016	2015
BALANCE, beginning of year	$ 6,196	$ 5,585
Amounts written off	(1,670)	(2,413)
Current provision	484	3,024
BALANCE, end of year	$ 5,010	$ 6,196

The aging of receivables is as follows:

(Thousands of dollars)	2016	2015
Less than 60 days	$ 11,782	$ 10,752
61 to 180 days	1,589	3,876
181 to 365 days	873	551
Greater than 1 year	9,132	11,782
	$ 23,376	$ 26,961

6. INVESTMENTS AND INVESTMENTS UNDER SECURITY LENDING PROGRAM:

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

(Thousands of dollars)	2016	2015
Investments		
Bonds and debentures	**$ 309,767**	$ 276,026
Pooled bond fund	**102,407**	94,742
Pooled equity funds	**313,436**	237,265
Equities	**585,381**	745,258
Pooled real estate fund	**213,908**	198,587
Pooled mortgage fund	**138,990**	134,785
Short-term holdings	**38,987**	53,249
	1,702,876	1,739,912
Investments under Security Lending Program		
Bonds and debentures	**-**	106,089
Equities	**134,052**	161,101
Short-term holdings	**-**	9,325
	134,052	276,515
	$ 1,836,928	$ 2,016,427

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

(i) Bonds and debentures:

(Thousands of dollars)		2016		2015	
	Term to Maturity In Years	**Fair Value**	**Average Effective Yield**	Fair Value	Average Effective Yield
Government of Canada Securities					
	Less than 1	**$ -**	**-**	$ 22,109	2.04%
	1 - 5	**43,264**	**1.40%**	65,365	1.79%
	6 - 10	**23,213**	**2.63%**	-	-
	Over 10	**12,883**	**4.01%**	9,327	4.18%
Provincial & Municipal Securities					
	1 - 5	**21,918**	**2.72%**	1,617	1.85%
	6 - 10	**16,897**	**2.89%**	26,806	3.71%
	Over 10	**57,489**	**5.04%**	72,733	5.10%
Corporate Securities					
	Less than 1	**6,172**	**0.74%**	15,310	2.23%
	1 - 5	**82,645**	**2.45%**	92,922	2.60%
	6 - 10	**15,956**	**4.27%**	40,086	3.54%
	Over 10	**29,330**	**4.76%**	35,840	5.04%
Total		**$ 309,767**		$ 382,115	

(ii) Pooled bond fund:

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

(iii) Equities and pooled equity funds:

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

The WCB's equity investments includes foreign equities of $526,192,000 (2015 - $398,684,000).

The WCB has an investment in a pooled equity fund for Europe, Asia and the Far East (EAFE) with a carrying value of $131,328,000 (2015 - $157,562,000), an investment in a Canadian Equity Small Cap fund with a carrying value of 74,966,000 (2015 - $79,703,000), and an investment in Canadian Low Volatility Equity fund with a carrying value of $107,142,000 (2015 - $nil).

(iv) Pooled real estate fund:

All of the WCB's real estate holdings are in Canadian commercial property. These holdings consist of an investment in a pooled real estate fund with a carrying value of $213,908,000 (2015 - $198,587,000).

(v) Pooled mortgage fund:

The WCB has an investment in a pooled mortgage fund with a carrying value of $138,990,000 (2015 - $134,785,000).

(vi) Short-term holdings:

Short-term holdings is comprised of treasury bills and bank notes with effective interest rates of .4% to 1.0% (2015 - .4% to 1.5%) and average term to maturity of 3.80 months (2015 – 3.12 months).

(vii) Securities lending:

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

At December 31, 2016 the WCB had $134,052,000 (2015 - $276,515,000) in equities, bonds and debentures and short term investments on loan to various counterparties. At December 31, 2016 the total amount of collateral pledged to the WCB amounted to $140,867,000 (2015 - $290,341,000).

(b) Investment income

Net investment income was derived from the following sources:

(Thousands of dollars)	2016			2015		
	Realized	**Unrealized**	**Total**	Realized	Unrealized	Total
Cash and cash equivalents	**$ (30)**	**$ -**	**$ (30)**	$ 238	$ -	$ 238
Bonds and debentures	**15,807**	**(6,767)**	**9,040**	17,765	(6,365)	11,400
Pooled bond fund	**46**	**7,571**	**7,617**	61	4,681	4,742
Pooled equity funds	**9,858**	**17,570**	**27,428**	166,825	(99,596)	67,229
Equities	**65,666**	**1,697**	**67,363**	63,577	(54,789)	8,788
Pooled real estate fund	**-**	**15,321**	**15,321**	3,232	8,784	12,016
Pooled mortgage fund	**5,236**	**(1,031)**	**4,205**	5,432	781	6,213
Short-term holdings	**567**	**-**	**567**	521	-	521
Investment expenses	**(4,414)**	**-**	**(4,414)**	(4,851)	-	(4,851)
	$ 92,736	**$ 34,361**	**$ 127,097**	$ 252,800	$ (146,504)	$ 106,296

(c) Determination of fair value

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

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

Assets at fair value as at December 31, 2016

(Thousands of dollars)	Level 1	Level 2	Level 3	Total
Bonds and debentures	**$ -**	**$ 309,767**	**$ -**	**$ 309,767**
Pooled bond fund	**-**	**102,407**	**-**	**102,407**
Pooled equity funds	**313,436**	**-**	**-**	**313,436**
Equities	**719,433**	**-**	**-**	**719,433**
Pooled real estate fund	**-**	**-**	**213,908**	**213,908**
Pooled mortgage fund	**-**	**138,990**	**-**	**138,990**
Short-term holdings	**-**	**38,987**	**-**	**38,987**
	$ 1,032,869	**$ 590,151**	**$ 213,908**	**$ 1,836,928**

Assets at fair value as at December 31, 2015

(Thousands of dollars)	Level 1	Level 2	Level 3	Total
Bonds and debentures	$ -	$ 382,115	$ -	$ 382,115
Pooled bond fund	-	94,742	-	94,742
Pooled equity funds	237,265	-	-	237,265
Equities	906,359	-	-	906,359
Pooled real estate fund	-	-	198,587	198,587
Pooled mortgage fund	-	134,785	-	134,785
Short-term holdings	-	62,574	-	62,574
	$ 1,143,624	$ 674,216	$ 198,587	$ 2,016,427

During the year, no investments were transferred between levels.

Level 3 Reconciliation

(Thousands of dollars)	**2016**	**2015**
	Pooled Real Estate Fund	Pooled Real Estate Fund
Opening Balance	**$ 198,587**	$ 194,571
Acquisitions	**-**	-
Dispositions	**-**	(8,000)
Realised gain	**-**	3,232
Change in Unrealized gain	15,321	8,784
Closing Balance	**$ 213,908**	$ 198,587

(d) Financial risk management

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

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

(i) Market risk

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

Equity price risk

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

The following table indicates the approximate change that would be expected to net income based on a 10 percent change in the WCB's benchmark indices at December 31, 2016:

Change in Equity Benchmarks

(Thousands of dollars)	**2016**	**2015**
S&P/TSX Composite Index	**$ 29,156**	$ 43,682
World (ex-Canada) Index	**26,068**	25,180
S&P 500 Index	**14,377**	16,314
MSCI EAFE Index	**13,834**	14,811
S&P/TSX Small Cap Index	**5,047**	6,297

Interest rate risk

The WCB is exposed to fluctuations in interest rates that can impact the fair value of its bonds and debentures. Interest rate risk is minimized by managing the duration of the bonds and debentures within predetermined prudent policy limits. Duration is a measure used to estimate the extent market values of bonds and debentures change with a change in interest rates. Using this measure, it is estimated that a 1 percent increase in interest rates would decrease net income by approximately $21,117,000 at December 31, 2016 (2015 - $22,406,000), representing 6.8% (2015 – 5.9%) of the $309,767,000 (2015 - $382,115,000) fair value of bonds and debentures.

Foreign exchange risk

The WCB has certain investments denominated in foreign currencies. During 2016 the WCB did not undertake hedging strategies to mitigate currency risk of foreign equities and currency influenced short-term returns. In the SIP&G, the WCB limits its holdings in foreign equities to 32 percent of the investment portfolio. As at December 31, 2016, the WCB's holdings in foreign equities and pooled equity funds had a fair value of $526,192,000 (2015 - $306,638,000) representing 28.6% (2015 – 15.2%) of the fair value of the total investment portfolio, including cash equivalents. At December 31, 2016, it is estimated that a 10 percent appreciation in the Canadian dollar versus the U.S. dollar and the EAFE currencies would result in a decrease in net income of approximately $26,555,000 (2015 - $30,723,000).

(ii) Credit risk

Credit risk on financial instruments arises from the possibility that the issuer of a fixed-term instrument may fail to meet its obligations. The WCB's credit risk arises primarily from cash equivalents, receivables, short term holdings, bonds and debentures and the mortgage pooled fund. The maximum credit exposure related to these financial instruments is $551,477,000 (2015 - $630,884,000) which is managed through the minimum quality standards for investments set in the WCB's SIP&G. The SIP&G allows for a maximum of 15 percent to be invested in BBB rated bonds and the remainder of the bonds must be rated A or higher. For cash equivalents and short term holdings, the minimum quality standard is R-1. The SIP&G also specifies that there shall be no bond holdings from one issuer, other than the Government of Canada or a Canadian province, over 10 percent of the market value of the bond investment portfolio. The WCB does not anticipate that any issuers will fail to meet their obligations. A provision for credit losses in receivables is maintained in an allowance account that is periodically reviewed by the WCB (note 5).

Credit ratings for the bonds and debentures are as follows:

(Thousands of dollars)	**2016**		**2015**	
Credit Rating	**Fair Value**	**Percent of Portfolio**	Fair Value	Percent of Portfolio
AAA	**$ 88,740**	**28.7%**	$ 100,489	26.3%
AA	**133,009**	**42.9%**	136,705	35.8%
A	**63,005**	**20.3%**	100,583	26.3%
BBB	**25,013**	**8.1%**	44,338	11.6%
	$ 309,767		$ 382,115	

(iii) Liquidity risk

Liquidity risk is the risk that the WCB is unable to meet its financial obligations. Cash resources are managed daily based on anticipated cash flows. Receivables and payables and accrued liabilities are short-term in nature and the amounts due within one year are disclosed in notes 5 and 9. The cash flow to pay claims benefits is disclosed in note 10 and to pay annuity funds is disclosed in note 11. The WCB generally maintains positive cash flows through cash generated from premiums received and from investing activities.

7. PROPERTY AND EQUIPMENT:

(Thousands of dollars)	2016						2015
	Land	Buildings	Leasehold Improvements	Office Furnishings	Computer Equipment	Total	Total
Cost							
BALANCE, beginning of year	$ 1,375	$ 14,017	$ 6,274	$ 3,588	$ 1,954	$ 27,208	$ 27,442
Additions during the year	-	-	352	88	458	898	425
Disposals during the year	-	-	(39)	(84)	(581)	(704)	(659)
BALANCE, end of year	$ 1,375	$ 14,017	$ 6,587	$ 3,592	$ 1,831	$ 27,402	$ 27,208
Accumulated Amortization							
BALANCE, beginning of year	$ -	$ 8,159	$ 4,558	$ 3,025	$ 1,414	$ 17,156	$ 16,473
Amortization for the year	-	351	432	149	461	1,393	1,342
Disposals during the year	-	-	(39)	(84)	(581)	(704)	(659)
BALANCE, end of year	$ -	$ 8,510	$ 4,951	$ 3,090	$ 1,294	$ 17,845	$ 17,156
Net Book Value	$ 1,375	$ 5,507	$ 1,636	$ 502	$ 537	$ 9,557	$ 10,052

8. OTHER ASSETS:

(Thousands of dollars)	2016	2015
Intangible assets	$ 19,221	$ 22,508
Net accrued pension benefit asset (note 16)	871	862
Prepaid expenses	502	489
	$ 20,594	$ 23,859

Intangible Assets

Intangible assets are comprised of the following:

(Thousands of dollars)	2016			2015
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
System development				
BALANCE, beginning of year	**$ 67,013**	**$ (44,505)**	**$ 22,508**	$ 26,123
Additions during the year	**1,658**	**-**	**1,658**	1,476
Amortization for the year	**-**	**(4,945)**	**(4,945)**	(5,091)
Disposals during the year	**(426)**	**426**	**-**	-
BALANCE, end of year	**$ 68,245**	**$ (49,024)**	**$ 19,221**	$ 22,508

During the year, $1,658,000 (2015 - $1,476,000) of internally generated system development costs were capitalized.

9. PAYABLES AND ACCRUED LIABILITIES:

(Thousands of dollars)	2016	2015
Premium refunds	**$ 11,038**	$ 12,620
Occupational Health & Safety	**10,313**	11,528
Employee benefits liability	**6,495**	6,353
Other	**2,945**	3,190
Worker's Advocate	**1,192**	1,161
Accrued investment purchases	-	1,517
	$ 31,983	$ 36,369

At the end of the year, payables and accrued liabilities of $31,730,000 (2015 - $36,130,000) were due within one year.

10. BENEFITS LIABILITIES AND CLAIM COSTS EXPENSE:

Benefits liabilities represent an actuarially determined provision for future benefits payments and administration costs arising from both reported and unreported claims resulting from work related injuries that occurred on or before December 31, 2016 including the present value of expected future costs plus provision for adverse deviations. The resulting liability is considered an indicator of fair value since there is no market for the trading of benefit liabilities.

Benefits liabilities are determined in accordance with standards established by the Canadian Institute of Actuaries. Projected future benefits payments have been discounted to their present value by applying a discount rate of 5.50 percent per annum. The determination of the projected future benefits payments involves applying economic and actuarial assumptions and methods, based on past experience, modified for current trends. As these assumptions may change over time to respond to economic conditions or administrative policies and practices, it is possible that such changes could cause a material change to the actuarial present value of future benefits.

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

	2016	2015
Inflation	**2.25%**	2.25%
Expected future growth in gross wages	**3.25%**	3.25%
Expected future increase in health care costs	**5.25%**	7.00%
Discount rate	**5.50%**	5.50%

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

Benefits Liabilities Continuance Schedule

(Thousands of dollars)	2016								2015
	Short-Term Disability	Long-Term Disability	Survivor Benefits	Health Care	Vocational Rehabilitation	Future Benefits Administration	Latent Occupational Disease	Total	Total
BALANCE, beginning of year	**$121,883**	**$416,061**	**$95,163**	**$338,423**	**$26,521**	**$48,870**	**$91,998**	**$1,138,919**	$1,151,909
ADD:									
Claim costs incurred:									
Current year injuries	**59,852**	**20,168**	**7,375**	**80,296**	**3,047**	**10,013**	**(3,430)**	**177,321**	176,295
Prior years' injuries	**15,489**	**29,328**	**(4,060)**	**65,057**	**2,037**	**1,598**	**-**	**109,449**	17,936
	75,341	**49,496**	**3,315**	**145,353**	**5,084**	**11,611**	**(3,430)**	**286,770**	194,231
DEDUCT:									
Claim payments made:									
Current year injuries	**23,036**	**642**	**341**	**27,915**	**150**	**3,255**	**-**	**55,339**	49,851
Prior years' injuries	**41,870**	**45,140**	**8,946**	**51,845**	**4,191**	**8,146**	**-**	**160,138**	157,370
	64,906	**45,782**	**9,287**	**79,760**	**4,341**	**11,401**	**-**	**215,477**	207,221
BALANCE, end of year	**$132,318**	**$419,775**	**$89,191**	**$404,016**	**$27,264**	**$49,080**	**$88,568**	**$1,210,212**	$1,138,919

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

(Thousands of dollars)	
2017	$ 162,223
2018 - 2021	340,136
2022 - 2026	250,347
2027 - 2031	159,240
2032 - 2037	104,935
2037 - 2041	70,225
2042 and beyond	123,106
	$ 1,210,212

The following is a reconciliation of the benefits liabilities:

(Thousands of dollars)	**2016**	**2015**
BALANCE, beginning of year	**$ 1,138,919**	$ 1,151,909
ADD:		
Provision for current year injuries	**165,840**	164,481
Provision for prior years' injuries		
Interest allocated	**53,177**	54,668
Prior years' claim cost experience higher (lower) than expected	**11,521**	(22,329)
Effect of actual cost of living adjustment lower than expected	**(20,787)**	(3,976)
Provision for latent occupational disease	**18,362**	14,371
Change in actuarial assumptions		
Change in actuarial assumptions	**80,449**	(12,984)
Impact on provision for latent occupational disease	**(21,792)**	-
	286,770	194,231
DEDUCT:		
Benefit payments	**204,076**	196,363
Claim adjudication expense	**11,401**	10,858
	215,477	207,221
BALANCE, end of year	**$ 1,210,212**	$ 1,138,919

Claims Development Table

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

(Thousands of dollars)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
End of year	$249,710	$263,651	$252,218	$239,534	$228,580	$222,527	$205,059	$177,683	$172,375	$181,522
One year later	264,646	265,119	254,540	231,831	224,334	221,270	195,444	188,085	174,702	
Two years later	263,964	265,232	243,281	224,140	227,569	212,334	195,106	194,482		
Three years later	259,917	264,276	238,032	228,938	227,715	208,027	200,983			
Four years later	257,090	263,614	242,303	225,350	224,338	210,428				
Five years later	254,278	270,268	241,158	219,372	224,619					
Six years later	262,068	270,146	234,711	217,771						
Seven years later	261,066	265,988	234,656							
Eight years later	256,728	267,072								
Nine years later	255,652									
Estimate of cumulative claims	255,652	267,072	234,656	217,771	224,619	210,428	200,983	194,482	174,702	181,522
Cumulative payments	(214,112)	(221,945)	(190,742)	(176,107)	(178,042)	(154,544)	(142,981)	(127,855)	(100,618)	(56,841)
Benefits liabilities	$41,540	$45,127	$43,914	$41,664	$46,577	$55,884	$58,002	$66,627	$74,084	$124,681
Post 2006 benefits liabilities										$598,100
Pre-2007 benefits liabilities										523,544
Latent occupational disease										88,568
Total benefits liabilities										$1,210,212

Sensitivity of Actuarial Assumptions

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

The actuarial assumption most sensitive to change is the assumed discount rate of 5.50 percent. The approximate impact of a 1.0 percent decrease in the assumed discount rate results in a $126,122,000 increase in the benefits liabilities.

A 1.0 percent increase in inflation rates for general prices and wages (while holding the assumed investment return constant), results in a $121,288,000 increase in the benefits liabilities.

Health Care benefits liabilities are calculated assuming a future rate of escalation of health care costs of 7.0 percent per year. A 0.5 percent increase in the escalation factors used for future health care costs would increase benefits liabilities by approximately $31,548,000.

Calculation of the benefits liabilities for the loss of earnings benefit utilizes the WCB's injured worker claim termination experience. A flat reduction of 5.0 percent in these termination rates would increase benefits liabilities by approximately $8,681,000.

Calculation of the benefits liabilities for long-term disability and survivor benefits was based on Saskatchewan mortality experience. A flat reduction of 5.0 percent in these mortality rates would increase benefits liabilities by approximately $1,163,000.

Insurance Risk Management

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

11. ANNUITY FUND PAYABLE:

(Thousands of dollars)	**2016**	**2015**
BALANCE, beginning of year	**$ 200,274**	$ 193,432
ADD: Contributions		
Principal	**6,196**	5,441
Interest	**16,420**	14,570
	22,616	20,011
DEDUCT: Payouts		
Principal	**5,125**	4,713
Interest	**8,995**	8,456
	14,120	13,169
BALANCE, end of year	**$ 208,770**	$ 200,274

The table below shows the cash flows anticipated to pay annuity funds to existing claimants in future years. The estimated cash outflows have been determined based on the age of the claimants that existed at December 31, 2016.

(Thousands of dollars)	
2017	$ 13,959
2018 - 2021	54,669
2022 - 2026	66,601
2027 - 2031	39,133
2032 - 2037	20,253
2037 - 2041	7,411
2042 and beyond	6,744
	$ 208,770

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

12. RESERVES:

(Thousands of dollars)	2016				2015
	Disaster Reserve	Occupational Disease Reserve	Second Injury & Re-employment	Total	Total
BALANCE, beginning of year	$ 22,779	$ -	$ 11,389	$ 34,168	$ 34,557
Appropriation from (to) Injury Fund	1,426	-	713	2,139	(389)
Appropriation to fund cost relief for employers	13,536	4,985	26,867	45,387	40,774
Allocations for cost relief for employers	(13,536)	(4,985)	(26,867)	(45,387)	(40,774)
BALANCE, end of year	$ 24,205	$ -	$ 12,102	$ 36,307	$ 34,168

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

(a) The Disaster Reserve will provide all employers with cost relief in the event of a disaster and will cover potential volatility in rare but very severe disasters as well as less severe disasters that meet the requirements of the Act. In total, the funding policy specifies two per cent of benefits liabilities for this reserve. During the current year, $1,426,000 was transferred from the injury fund to this reserve.

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

(c) The Second Injury and Re-employment Reserve will provide employers with cost relief on claims that were attributed to an earlier injury and to assist in facilitating return to work through retraining. The funding policy specifies one per cent of benefit liabilities for this reserve. During the current year, $713,000 was transferred from the injury fund to this reserve.

13. PREMIUMS

(Thousands of dollars)	**2016**	**2015**
Premiums	**$ 282,303**	$ 306,097
Experience Rating Program - discounts	**(26,871)**	(28,266)
Experience Rating Program - surcharges	**25,585**	27,660
Other premium related income	**806**	168
	$ 281,823	$ 305,659

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

The Government of Canada is a self-insured employer whose claims are administered by the WCB. The Government reimburses the WCB for all claims paid out on their behalf plus an administration fee. Gross premiums reported are net of amounts received from the Government of Canada and accordingly claim costs do not include self-insured claims. Monies paid to the WCB for reimbursement of these claims are reflected in the Statement of Cash Flows as cash received from premiums and monies paid out relating to these claims are recorded as cash paid out to claimants or third parties on their behalf. The total Government of Canada self-insured claim costs in 2016 were $5,154,000 (2015 - $4,137,000).

14. SAFETY AND PREVENTION:

(Thousands of dollars)	2016	2015
Occupational Health & Safety	**$ 10,314**	$ 11,528
Safety Associations	**10,772**	10,331
WorkSafe Saskatchewan	**2,206**	2,208
	$ 23,292	$ 24,067

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

The WCB levies an additional premium on certain industry groups to collect funds which are used to fund the safety associations representing those industries. In 2016, funds were collected on behalf of and disbursed to the Heavy Construction Safety Association of Saskatchewan Inc., Saskatchewan Construction Safety Association Inc., Service & Hospitality Safety Association of Saskatchewan Inc., Safety Association of Saskatchewan Manufacturers, Saskatchewan Association for Safe Workplaces in Health, Motor Safety Association of Saskatchewan Inc., and Enform.

15. LEGISLATED OBLIGATIONS:

(Thousands of dollars)	2016	2015
Worker's Advocate	**$ 1,192**	$ 1,161
Committee of Review	**147**	161
	$ 1,339	$ 1,322

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

16. EMPLOYEE FUTURE BENEFITS:

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

Defined Benefit Plan

For the defined benefit pension plan, the WCB uses actuarial reports prepared by an independent actuary for accounting purposes. The net defined benefit plan expense is based on the results in the most recent actuarial valuation of the pension plan as at December 31, 2016.

(i) Actuarial Assumptions

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

	2016	2015
Discount rate	**3.69%**	3.80%
Average remaining service period	**0 years**	0 years

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

	2016	2015
Longevity at age 65 for current pensioners		
Male	**22.7**	22.7
Female	**24.6**	24.6
Longevity at age 65 for current members		
Male	**22.9**	22.9
Female	**24.9**	24.9

At December 31, 2016 the weighted-average duration of the defined benefit obligation was 11.3 years (2015 - 11.9 years).

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

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

(Thousands of dollars)	2016	2015	2016	2015	2016	2015
	Defined Benefit Obligation		Fair Value of Plan Assets		Net Accrued Pension Benefit (Asset) Liability	
Balance at January 1	$ 38,742	$ 39,874	$ (39,604)	$ (37,309)	$ (862)	$ 2,565
Included in profit or loss						
Current service cost	-	-	-	-	-	-
Interest cost (income)	1,426	1,468	(1,372)	(1,410)	54	58
	1,426	1,468	(1,372)	(1,410)	54	58
Included in OCI						
Remeasurement loss (gain)						
- Actuarial loss (gain) from change in assumptions	477	(117)	-	-	477	(117)
- Return on plan assets excluding interest income	-	-	(540)	(1,273)	(540)	(1,273)
	477	(117)	(540)	(1,273)	(63)	(1,390)
Other						
Employer contributions paid	-	-	-	(2,095)	-	(2,095)
Employee contributions paid	-	-	-	-	-	-
Benefits paid	(2,457)	(2,483)	2,457	2,483	-	-
	(2,457)	(2,483)	2,457	388	-	(2,095)
Asset ceiling adjustment					-	-
Balance at December 31	$ 38,188	$ 38,742	$ (39,059)	$ (39,604)	$ (871)	$ (862)

Employer contributions to the defined benefit plan will be $nil in 2017.

(iii) Plan Assets

(Thousands of dollars)	2016	2015
Bonds and debentures		
Government of Canada and guarantees	$ 2,689	$ 2,475
Provincials and guarantees	3,546	3,354
Corporate bonds	4,565	5,674
	10,800	11,503
Equities	8,391	7,578
Pooled equity funds	12,224	12,742
Pooled mortgage fund	3,254	3,007
Pooled real estate fund	4,073	1,536
Short-term investments	119	65
	38,861	36,431
Other	198	3,173
	$ 39,059	$ 39,604

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

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

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

Asset Category	Target Range
Short-term investments	0 - 25%
Bonds and debentures	20 - 40%
Canadian equities	15 - 25%
Foreign equities	20 - 40%
Real estate	5 - 15%
Mortgages	5 - 10%

(iv) Sensitivity Analysis

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

As at December 31, 2016	Defined Benefit Obligation Percentage Increase	Defined Benefit Obligation Percentage Decrease
Discount rate (1 percent change)	-10.3%	12.5%

Defined Contribution Plan

The WCB also has employees who are members of a defined contribution plan. The WCB's financial liability is limited to matching employee contributions of seven and one quarter percent to the plan. During the year, the WCB incurred costs of $2,480,000 (2015 - $2,349,000) related to its defined contribution plan.

17. RELATED PARTY DISCLOSURE:

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

(ii) Key Management Compensation:

At December 31, 2016, key management personnel is made up of 8 people (2015 - 9 people) and includes the Chairman of the Board, two board members, the Chief Executive Officer, the Chief Financial Officer, and three (2015 - four) members of the senior executive group.

(Thousands of dollars)	2016	2015
Salaries and other short-term benefits	**$ 2,289**	$ 2,461
Post employment benefits	**357**	137
	$ 2,646	$ 2,598

18. CONTINGENCIES:

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

19. CAPITAL MANAGEMENT:

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

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

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

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

The Funding Percentages at December 31 were as follows:

(Thousands of dollars)	**2016**	**2015**
Injury Fund	**$ 446,159**	$ 694,700
Unrealized gains on investments	**(219,806)**	(185,445)
	$ 226,353	$ 509,255
Benefits Liabilities	**$ 1,210,212**	$ 1,138,919
Injury Fund as a percentage of Benefits Liabilities	**18.7%**	44.7%
Funding Percentage	**118.7%**	144.7%

In 2016, the WCB paid a $281.5 million (2015 - $141.0 million) surplus distribution to employers based on the prior year's Funded Position.

20. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES:

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

21. COMPARATIVE FIGURES

Certain 2016 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Schedule 1 — Administration Expenses

(Thousands of dollars)	**2016**	**2015**
Salaries and employee benefits	**$ 42,202**	$ 40,234
Amortization (notes 7 & 8)	**6,338**	6,433
Computer services	**1,898**	2,351
Building operations	**1,784**	1,990
Communications and postage	**1,351**	1,425
Office expenses	**1,239**	1,271
Consulting services	**1,161**	785
Office rental	**957**	869
Training and development	**637**	954
Travel and automobile expenses	**548**	730
Professional services	**456**	540
Community relations	**297**	249
Advertising	**177**	77
Market research	**105**	160
Miscellaneous	**(191)**	129
	58,959	58,197
Less:		
Fees charged to self-insurers	**1,557**	1,627
	57,402	56,570
Less:		
Administration costs charged to Future Benefits Administration (note 10)	**11,401**	10,858
	$ 46,001	$ 45,712

See accompanying notes to financial statements.

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