


wcb Saskatchewan Workers' Compensation Board

2017 Annual Report


Contents

Front cover

Meridian Manufacturing, Regina, Health & Safety Leadership Charter Signatory

Bennett Dunlop Collision Centre, Regina, Health & Safety Leadership Charter Signatory (left)

K+S Potash Canada, Health & Safety Leadership Charter Signatory (right)

2017 Safe Worker Finalist **Jim Brown**, Viterra, Balgonie (left)

2017 Safe Worker Finalist **Echo Stringer,** Saskatchewan Liquor and Gaming, Moose Jaw (right)

Cameco, Cigar Lake Mine,
Health & Safety Leadership
Charter Signatory

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.

WCB Staff
Saskatoon Training Room

Year at a Glance

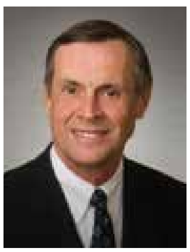
	2017	2016	2015	2014	2013
Number of workers covered [1]	**423,527**	420,279	405,784	402,894	398,774
Time Loss injury rate (per 100 workers) [2]	**1.86**	1.86	2.07	2.41	2.54
Total injury rate (per 100 workers) [2]	**5.25**	5.55	6.30	6.99	7.80
Number of claims reported	**28,952**	29,953	32,577	35,836	37,731
Number of Time Loss claims accepted [2]	**7,888**	7,813	8,417	9,715	10,116
Fatal claims accepted [3]	**27**	31	32	39	35*
Average duration in days [4]	**40.16**	43.07	38.92	37.01	34.88
Active employer accounts [5]	**48,630**	47,907	47,956	46,656	45,649
Average premium rate [6] (per $100 of assessable earnings)	**1.24**	1.34	1.46	1.51	1.58
Maximum Assessable Wage	**76,086**	69,242	65,130	59,000	55,000
Number of appeals registered					
Appeals department	**1,143**	1,217	1,139	1,070	1,006
Board Level	**301**	308	273	266**	275**
Claims costs ($ millions)	**230.2**	286.8	194.2	264.7	283.4
Premium revenue ($ millions)	**255.2**	281.8	305.7	291.2	301.4
Investment income ($ millions)[7]	**175.8**	127.1	106.3	159.5	252.6
Benefits liabilities ($ millions)	**1,228.4**	1,210.2	1,138.9	1,151.9	1,085.5
Funded position ($ millions)					
Injury Fund [7]	**555.0**	446.2	694.7	703.2	521.1
Reserves	**36.9**	36.3	34.2	34.6	117.6
AOCI [8]	**(1.7)**	(2.6)	(2.7)	(4.1)	(2.6)
Funding Percentage[9]	**117.8**	118.7	144.7	132.2	119.3

1 Full-time equivalent workers based on Statistics Canada average wage and WCB payroll information as of December 31. Does not include workers for self-insured employers.
2 Based on new claims reported to, and accepted by, the WCB in the year. Does not include claims for self-insured employers.
3 These figures include fatalities for self-insured employers. There were no self-insured fatalities in 2014-2017, and one in 2013.
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.

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 2017.



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

The Lieutenant Governor in Council:

We are pleased to submit the 88th Annual Report of the Workers' Compensation Board for the year ending December 31, 2017.

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

As we close out the 2017 year, I am pleased to report on the progress that we have made as an organization on behalf of our customers and to address some of the high level challenges that we will continue to face into the new year.

Throughout the year, we hold public meetings as an opportunity to hear from and connect with employers and workers throughout Saskatchewan. In 2017, we held 22 public meetings and at each of these meetings, we shared the importance of the Meredith Principles upon which our system of compensation is built. These principles – no-fault compensation; security of benefits; collective liability; independent administration; and exclusive jurisdiction – were adopted over 100 years ago to protect workers and their families, employers, and entire communities. The significance of this historic compromise indicates the tremendous leap of faith taken by workers and employers who entrust themselves to this independent body, which administers their compensation system. It is an immense obligation for us as a Board to live up to the obligations that have been entrusted to us.

Over the years, we've seen the number of injury claims go down. While this represents an improvement year over year, the fact is that in 2017, 22,247 claims were accepted for workers injured on the job and 7,888 of those were Time Loss injuries. Of those, even one injury is too many. Still there is a distance from Mission: Zero. This is without measure the greatest challenge that still faces us as a province. We are committed to move Saskatchewan closer to achieving Mission: Zero – zero injuries, zero fatalities, zero suffering. In 2017, 88 per cent of employers achieved Mission: Zero, reporting no injuries in their workplaces. This is thanks to the dedication of workers and employers who have placed safety as a priority.

The Board views oversight of the WCB's operations as a top priority. In 2017, governance highlights included: approval of rate model changes; a process which began in 2016, 29 policy reviews; and a number of actions related to known board best practices. These included: a governance policy and procedure review; Chief Executive Officer (CEO) and board evaluation; board education, providing strategic planning and risk management oversight; and approved a new approach to strategic planning oversight. As well, the board remained connected to its customers and partners through many face-to-face meetings, held in a variety of forums.

As part of our obligation to serve the workers and employers of Saskatchewan, over the years we have turned our attention to improving how we serve you, our customers. At every level of our organization, from governance and oversight to mid and frontline processes, service to our customers must be at the core of what we do every day. We recognize that we can do better, which is why in 2015, this Board began reviewing its own critical function as a Board Tribunal in the appeal and adjudication function in accordance with The Workers' Compensation Act, 2013. As a Board, we heard from our customers and agreed the length of time and the backlogs associated with the board appeals process was unacceptable. We set targets to address this directly on behalf of our customers. Today, I am pleased to report that two years of dedicated focus has resulted in some favourable results for our customers. The Board received 301 appeals; writing decisions on 280 appeals and 61 non-appeal applications as well as completing 91 oral hearings. The number of accepted appeals for 2017 at 34 per cent is similar to WCB Appeals Tribunals across Canada. In 2017, we cut the Board appeals backlog by an additional seven per cent on top of the 45 per cent drop in 2016. The number of appeals pending before the Board Appeal Tribunal dropped from 94 in 2016 to 87 in 2017, compared to 173 in 2015. Right now, Saskatchewan has the lowest board appeal wait times of any jurisdiction in Canada. Our challenge ahead will be to adopt processes that will help us continue to achieve an even greater level of service to customers.

Ensuring a strong financial performance is a key mandate and responsibility of this Board and at December 31, 2017, the WCB remains fully funded, with sufficient assets to cover the future costs of all claims in the system. This is the legislated guarantee and the Meredith security of benefits principle made to injured workers, that benefits and programs will be available when a workplace injury occurs. It also fulfills our commitment to employers that the system will be run effectively and efficiently.

It is with sincere appreciation that we extend our gratitude to the workers and employers of Saskatchewan who continue to put their trust in the WCB and to the WCB Executive team and staff for their dedication to you, our customers, and their ongoing commitment to process improvement.

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 employer in an industry covered by the Act must register with the WCB and pay invoiced premiums. There were 48,630 firms with 423,527 workers registered with the WCB in 2017. The WCB accepted 22,247 injury claims this year, and there were 7,888 Time Loss injuries. This means that the injury kept the worker away from work beyond the day of the injury. Over $230 million in expenses were incurred on worker benefits and programs in 2017. Each year the Board reviews and affirms the Balanced Scorecard.

Board Structure

The WCB has a three-person Board consisting of 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 received his Certificate in Adjudication for Administrative Agencies, Boards and Tribunals from the Osgoode Hall Law School of York University in 2016 and in 2017 participated in the ICD – Rothman Directors Education Program.

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 Osgoode Hall Law School of York University, and also completed the ICD – Rothman Directors Education Program. 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 CPHR Saskatchewan, 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 recognizes that a strong governance framework is necessary to ensure that the WCB fulfills its responsibilities to workers and employers in the most effective manner. The Board Members ensure this by:

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. Providing effective oversight of the WCB's financial and operational performance both directly and through its roles on the Audit and Investment Committee.
3. Performing 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 customers and partners

The Chairperson and Board Members also provide oversight through 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 2017, the Tribunal received 301 appeals, which was the third highest number of incoming appeals to the Tribunal in the last 15 years. It decided 280 appeals and 61 non-appeal applications (for barring of lawsuit, orders for collection of overpayment, and medical review panels), while continuing to make progress in 2017 at reducing the backlog of appeals. The Board also conducted 91 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. The Board Members have earned Certificates in Adjudication For Administrative Agencies, Boards and Tribunals, from the Osgoode School of Law, as part of their ongoing professional development, and in 2017, received training through the Institute of Corporate Directors.

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. The Board conducts an annual review of the Governance Policy and Code of Conduct, Board Orientation and Education Plan and develops 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, Chief Financial Officer (CFO) and vice presidents participate in strategic planning sessions with the Board. This includes an annual review of the WCB's 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. Our corporate beliefs focus on customer experience and 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 submits 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 customers and partners 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 2017 to meet future obligations was $1.23 billion. Investment assets, the financial resources that back up the funding guarantee to workers, were valued at $2.01 billion including unrealized investment gains and losses at the end of 2017.

The WCB Investment Committee is comprised of the three Board Members who oversee the WCB's financial policies and investments. The WCB's CEO, CFO, 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 Director of Internal Audit 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 mitigate unexpected 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. In establishing this range, the funding policy calls for exclusion of unrealized gains and losses on investments at the end of the year. The current range is set at five per cent to 20 per cent of Benefits Liabilities.

Under the Funding policy where the Injury Fund shifts out of the targeted range of 105 per cent and 120 per cent, the WCB has up to three 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.

The Board initiated a review of its funding policy in 2016 and, based on the 2015 Asset Liability Study and customer input, approved a change in 2017. The changes included adding the annuity fund payable with the benefits liabilities in the calculation of the funding percentage. If the funded status moves outside the targeted range, the WCB will replenish or regulate the fund to stay within the targeted range. Where the Funding Percentage falls below 100 per cent, the WCB will take action to replenish the Injury Fund immediately to reach 100 per cent. If the Funded Percentage falls below 103 per cent, the WCB, at its discretion, will take action to replenish the Injury Fund to reach 105 per cent within three years. Generally, where the Funding Percentage rises above 122 per cent, the WCB, at its discretion, will distribute surplus funds to employers within the year following the WCB's fiscal year in which the Funding Percentage exceeded 122 per cent.

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, and the dedication of additional resources and man-hours focused on the appeal process, there has been continued success through 2017 in reducing the backlog of appeals pending before the Board. Despite receipt of a near record 301 incoming appeals, the number of appeals waiting to be heard by the Board has been reduced from 94 to 87 outstanding appeals, as of December 31, 2017.

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 customers; 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 customers.

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 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 frontline teams administering claims and include file reviews by team leaders for completeness and accuracy.
- 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.

The Board Tribunal continued to make significant progress in 2017 in reducing its backlog of appeals. Although incoming appeal volumes remained well above average, the Tribunal reduced the number of appeals pending before it, from 94 to 87 by the end of 2017. Appellants, who were previously being advised to expect it to take approximately four months for the review of their appeal to begin, are now being advised to expect that process to start within three months.

Throughout 2017, the Tribunal remained focused on ensuring quality in its decision-making process. It did so through the dedication of sufficient time and resources to file development, to decision-making and to continuing Tribunal Member and staff training.

Appeals Activity

	2017	2016	2015	2014	2013
Appeals Received	**301**	308	273	266	275*
Appeals Decided					
Accepted	**94**	150	152	95	148
Denied	**186**	201	168	102	81
Total	**280**	351	320	222**	229
Appeals Withdrawn	**29**	36	22	25	10
Appeals Pending	**87**	94	173	240	217
Average Number of Days to Decision	**118**	165	295	296	217
Oral Hearings	**91**	140	103	96	115

The appeals pending entry may also include non-appeal applications.
*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

	2017	2016	2015	2014	2013
Workers' Advocate	**107**	132	110	128	137
Worker	**87**	96	72	79	59
Employer	**91**	48	66	20	30
Other Representative	**6**	13	12	33	39
Lawyer	**8**	18	11	3	4
Union Official	**0**	0	2	1	4
Family	**2**	1	0	2	2
Total	**301**	308	273	266	275

Nature of Appeals Decided

	2017		2016		2015		2014		2013	
		accepted		*accepted*		*accepted*		*accepted*		*accepted*
Initial Acceptance	**76**	***29***	127	*57*	106	*50*	84	*36*	77	*51*
Cost Relief	**70**	***24***	41	*15*	54	*34*	10	*9*	12	*12*
Relationship (of condition to injury)	**69**	***19***	106	*44*	69	*23*	68	*19*	78	*44*
Recovery/Fitness for Work	**23**	***10***	23	*9*	30	*16*	24	*10*	19	*15*
Other	**17**	***4***	18	*8*	9	*3*	8	*1*	11	*7*
Suspension	**4**	***2***	8	*4*	10	*6*	4	*3*	7	*5*
Assessment/Surcharge	**4**	***1***	7	*3*	6	*3*	2	*1*	4	*4*
Wage Base	**4**	***1***	7	*3*	3	*2*	3	*2*	3	*1*
Retraining	**4**	***1***	4	*2*	7	*3*	1	*1*	1	*1*
Expenses	**3**	***0***	2	*0*	6	*3*	4	*2*	2	*0*
Estimated Earnings	**2**	***2***	5	*3*	12	*4*	9	*7*	10	*7*
Permanent Functional Impairment	**2**	***1***	2	*1*	7	*5*	4	*4*	5	*1*
Independence Allowance	**2**	***0***	1	1	1	0	1	0	0	0
Total	**280**	***94***	351	*150*	320	*152*	222	95	229	148

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, compel documentation, 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 2017 there were 61 non-appeal matters decided.

Medical Review Panel

Certificates Received

	2017	2016	2015	2014	2013
Certificates Accepted	**4**	8	6	1	3
Certificates Denied	**15**	12	9	13	10
Cases Withdrawn	**1**	0	0	0	1
Total	**20**	20	15	14	14

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 2017 there were nine MRP's held; six were accepted and three 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.

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 COR report released in 2016 noted these 11 recommendations:

1. **Culture and Customer Service:** Focus on corporate culture and develop a customer-centric service delivery model.

   Status: The WCB's culture and customer service excellence is being addressed as part of the WCB's continuous process improvement effort.

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).

   Status: Requires Legislative change.

3. **Appeals:** Significantly reduce the average number of days to a decision and communicate clearly with appellants throughout the process.

   Status: The appeals process is being reviewed as part of the WCB's continuous process improvement effort.

4. **Psychological Injury:** Strengthen the Psychological Injury Policy regarding Post Traumatic Stress Disorder and mental health coverage for Saskatchewan workers.

   Status: Required Legislative change. Psychological Injury was addressed in 2016 with an amendment to The Workers' Compensation Act, 2013 to establish a rebuttable presumption for workers experiencing psychological injuries caused by workplace trauma.

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.

   Status: The WCB's Extended Services Department was established in 2016. Seven staff currently manage fatality and severe or catastrophic injury cases.

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.

   Status: Requires Legislative change.

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.

   Status: Requires Legislative change.

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.

   Status: This recommendation is being reviewed as part of the WCB's continuous process improvement effort.

9. **Communication and Surplus:** Increase transparency and awareness so that the public understands the application of the surplus in the Funding Policy.

   Status: This recommendation is being addressed as part of the WCB's continuous process improvement effort.

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

    Status: Planning will begin for the next Experience Rate Review Stakeholder Committee, which meets every three to five years to recommend changes to the Experience Rating Program.

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

    Status: This recommendation is addressed as part of the WCB's continuous process improvement effort.

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

2017 Safe Employer Finalist
RM of Wilton, Marshall

Fair Practices Office

About the Fair Practices Office

The Fair Practices Office (FPO) is an independent office of the WCB, established under section 186 of The Worker's Compensation Act, 2013 and reporting to the Board of Directors though the Chairperson. The FPO works to promote fairness in the services delivered by the WCB. We do so by:

- Responding and listening to the concerns raised by workers, their dependants, employers and external service providers.
- Working to resolving fairness issues quickly and as informally as possible.
- Identifying recurring fairness issues, reporting them to the WCB and when appropriate, making recommendations for improvement.

Role

The role and mandate of the FPO is set out in WCB policy – Fair Practice Office (POL 29/2016).

Our role is to be an impartial, confidential and informal resource for workers, their dependants, employers, external service providers, and for the WCB. As an impartial resource, we do not take sides. We assess each situation based on its own merits and work towards a fair resolution and improved services.

Mandate

The FPO can look at all areas of service delivered by the WCB including:

- Delays in adjudication, communication, referrals and payments
- Conduct of WCB staff
- Concerns about verbal and/or written communication
- Implementation of appeal findings
- Revenue and Employer Accounts
- Benefit payments
- Misapplication of policy

The FPO cannot look at matters outside of the mandate, including matters related to:

- The conduct and decisions of Board Members
- Cases under appeal or in the appeal process
- Appeal decision made by the Appeals Department and the Board Appeal Tribunal
- Changes in The Workers' Compensation Act, 2013 or its Regulations
- Alleged illegal or fraudulent acts

Number of Inquiries Received and Resolved

	2017	2016	2015	2014	2013
New Inquiries Received	**375**	425	403	363	415
Inquiries Resolved	**373**	425	401	359	415

Note: Inquiries resolved are based on the number of closed inquiry files per year. Inquiries not resolved in one calendar year are carried over to the following year.

In 2017, the FPO on average received 31 inquiry calls per month.

How Inquiries Were Resolved

	2017	2016	2015	2014	2013
Completed by FPO Without Referral	**274**	250	237	206	265
Called the WCB for Clarification	**16**	62	45	44	41
Referral to the WCB for Review	**83**	113	119	109	109
Total	**373**	425	401	359	415

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

The majority of inquiries to the FPO are concluded by FPO staff, meaning FPO staff have been able to assist the customer and answer their questions or provide them the information they needed to resolve their concerns.

In 2017, the FPO referred one in four inquiries back to the WCB decision maker for either clarification or for review and reconsideration of decision. The FPO refers cases back for reconsideration of the decision based on several factors such as the interpretation of policy, the use of discretion by the decision maker or availability of information to the decision maker.

Outcome of Referrals to the WCB

	2017	2016	2015	2014	2013
Decision Changed	**18**	20	20	18	16
New Action Taken	**59**	85	93	87	84
Reviewed – No Change	**6**	8	6	4	9
Total	**83**	113	119	109	109

Inquiries

	2017	2016	2015	2014	2013
Employers	**23**	46	37	24	60
Workers	**350**	375	364	335	335
Other	**2**	4	2	4	0
Total	**375**	425	403	363	415

In 2017, the majority of individuals who called the FPO identified themselves as workers.

Purpose of Inquiry

	2017	2016	2015	2014	2013
Decision/Decision-Making Process	**344**	377	386	333	364
Communication/Services	**126**	114	92	99	102
Timeliness	**36**	51	70	80	79
General Information	**75**	107	127	87	133
FPO Systemic Issue	**0**	0	1	4	0
Other	**5**	4	0	0	0
Total	**586**	653	676	603	678

Note: More than one issue can be raised per inquiry file.

Workers and employers called the FPO with a variety of questions and concerns that fell into four broad fairness categories:

1. **Communication and Services:** Questions or concerns related to a customer's experience and level of satisfaction with the services provided by or communication with WCB staff and/or services providers. Examples of this may include unclear communication, difficulty in contacting WCB staff or in having calls returned, or communication that the customer views as disrespectful, and concerns about accessing information in a timely manner, the release of information or the sufficiency of information provided.
2. **Decision/Decision-Making Process:** Questions or concerns about the decision made or the decision-making process used by WCB staff. Examples of this may include disagreement with decisions to accept or deny a claim, suspension or calculations of benefits, involvement in return to work or vocational plans and or the application of applicable WCB policies to the claim.

3. **Timeliness:** Questions or concerns about the length of time it has taken the WCB to render a decision or provide a service related to the claim. Examples of this may include perceived delays in making an initial decision to accept or deny a claim, perceived delays in making a decision to provide medical aid and/or delays in issuing benefits.
4. **General Information:** Questions or concerns about the WCB case management process, policies, procedures or legislation; information about the status of a claim and or information and or referrals to another WCB office or external organization that can assist the customer.

In 2017, the majority of inquiries received by the FPO were from workers concerned most about decisions made or the decision-making process used by the case manager on their claim file.

Response Time to Close (%)

	2017	2016	2015	2014	2013
0-7 Days	**64.9**	56.7	57.9	47.6	74.4
8-30 Days	**26.8**	34.8	26.4	32.3	15.2
Over 30 Days	**8.3**	8.5	15.7	20.1	10.4
Total	**100.0**	100.0	100.0	100.0	100.0

In 2017, 91 per cent of the inquiries received by the FPO were concluded within 30 days and 65 per cent were concluded within seven days of receiving the inquiry.

Athabasca Basin Security,
Corman Park, Health & Safety Leadership Charter Signatory

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 2017.

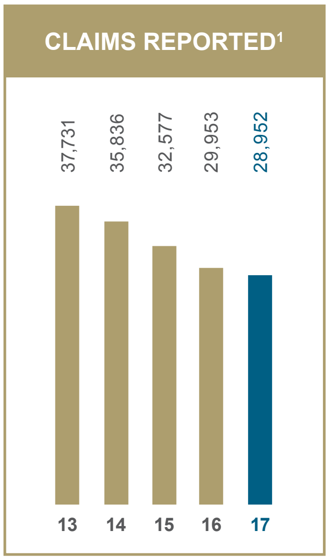
- Governance Policy (POL 01/2017)
- Injuries – Psychological (POL & PRO 02/2017)
- Arising Out of & In the Course of Employment (POL & PRO 03/2017)
- Injuries – Occupational Disease (POL & PRO 04/2017)
- Privacy of Information (POL 05/2017)
- Authority for Disclosure (PRO 06/2017)
- Records Management (PRO 07/2017)
- Serious & Wilful Misconduct (POL & PRO 08/2017)
- Suspension of Benefits (PRO 09/2017)
- Interjurisdictional Agreement on Workers' Compensation (IJA) (POL & PRO 10/2017)
- Second Injury and Re-Employment Reserve (POL & PRO 11/2017)
- Pre-Existing Conditions – Aggravation or Acceleration (POL & PRO 12/2017)
- Rate Setting Model (POL 13/2017)
- Funding (POL 14/2017)
- Maximum Wage Rates – 2018 (POL & PRO 15/2017)
- Maximum Assessable Wage Rate – 2018 (POL 16/2017)
- Industry Premium Rates – 2018 (POL 17/2017)
- Wage Base – Recurrence (POL & PRO 18/2017)
- Health Care Services – Psychologists (PRO 50/2017)
- Health Care Services – Assessment Teams (PRO 51/2017)

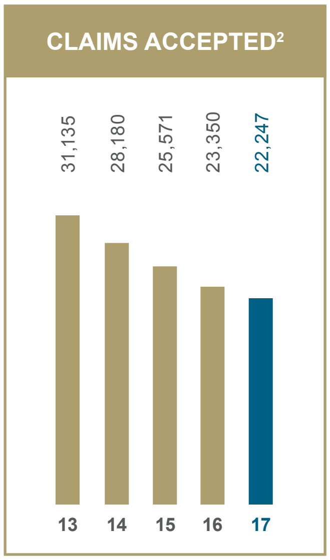
- Health Care Services – Registered Nurse (Nurse Practitioner) (PRO 52/2017)
- Expenses – Travel and Sustenance – PSC Rates (PRO 53/2017)
- Calculation of Net Compensation Payable (PRO 54/2017)
- Minimum Average Weekly Earnings (Section 70(5)) (PRO 55/2017)
- Minimum Compensation (Section 75) (PRO 56/2017)
- Hearing Services (PRO 57/2017)
- Default in Assessment Payment – 2018 (PRO 58/2017)
- Calculation of Net Compensation Payable (PRO 59/2017)
- Consumer Price Index (CPI) – Annual Increase (PRO 60/2017)

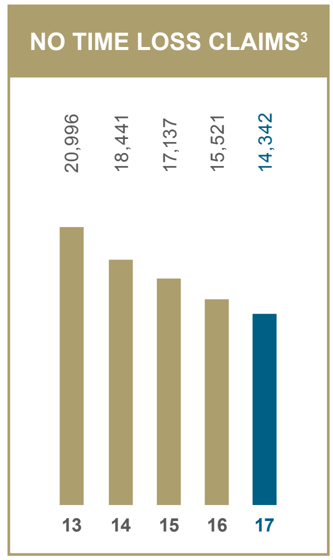
WCB policies and procedures are available on the WCB's website, www.wcbsask.com, About WCB.

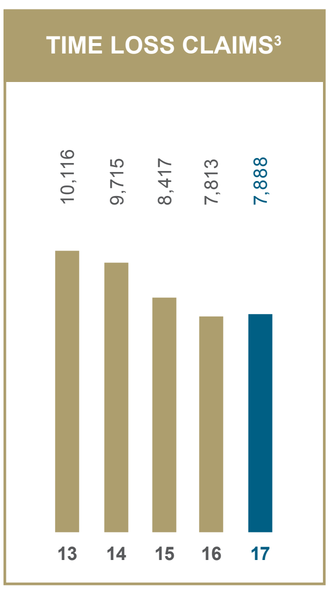
Bennett Dunlop Collision Centre, Regina, Health & Safety Leadership Charter Signatory

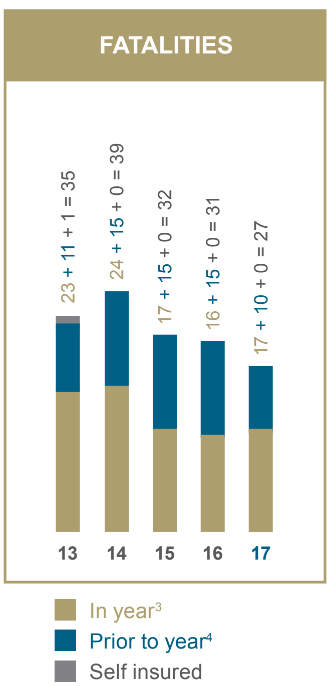
Statistical Summary

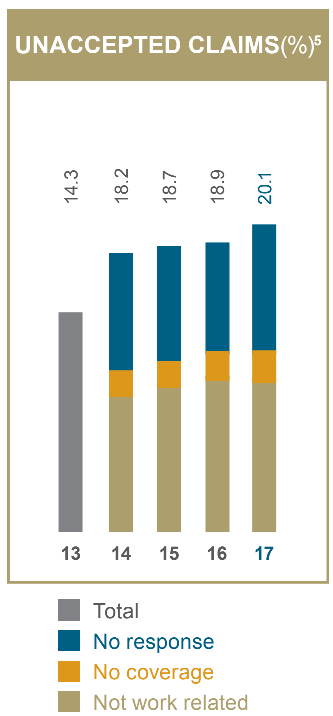












1 Claims Reported: New claims reported to the WCB in the current year, both accepted and unaccepted. Includes claims for self-insured employers. Additional claims reported information can be found on the WCB's website, www.wcbsask.com.

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

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

4 Based on claims reported prior to the year, but accepted by the WCB in the year. 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, 2018 for 2017 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. Breakdown for 2013 is not available.

2017 Top Five Rate Codes With Injuries*

Rate Code	Number of Claims Accepted
G22 Health Authority, Hospitals, Care Homes	3,824
G31 Cities, Towns, Villages, RMs	1,214
T42 Transportation, Courier, Commercial Bus	1,038
C61 Automotive, Implement Sales and Service	982
C32 Grocery, Department Store, Hardware	945

* All claims reported and accepted in 2017, excluding self-insured.

2017 Top Five Occupations With Injuries*

Occupation	Number of Claims Accepted
Nurse aides, orderlies and patient service associates	1,257
Truck drivers	919
Retail salespersons and sales clerks	755
Registered nurses	737
Construction trades helpers and labourers	708

* All claims reported and accepted in 2017, excluding self-insured.

2017 Top Five Parts of Body Injured*

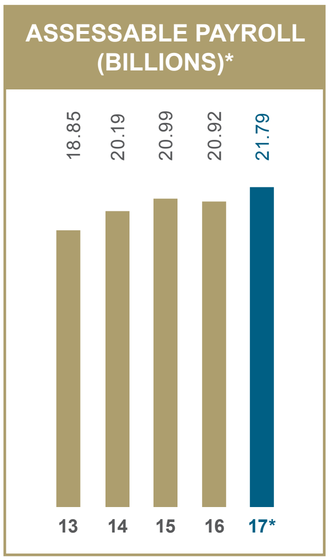
Part of Body	Number of Claims Accepted
Hand	4,399
Back	3,690
Leg	2,698
Arm	2,010
Head	1,610

* All claims reported and accepted in 2017, excluding self-insured.

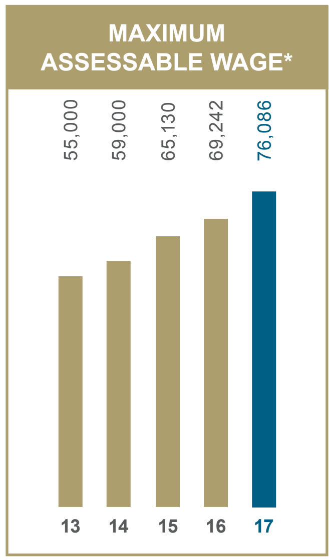
2017 Injuries by Age & Gender*

Age	Male	Female	Total
Under 25	2,358	1,163	3,521
25 - 34	3,660	1,927	5,587
35 - 44	2,842	1,767	4,609
45 - 54	2,577	1,907	4,484
55 - 64	1,995	1,428	3,423
65 and over	441	182	623
Total	**13,873**	**8,374**	**22,247**

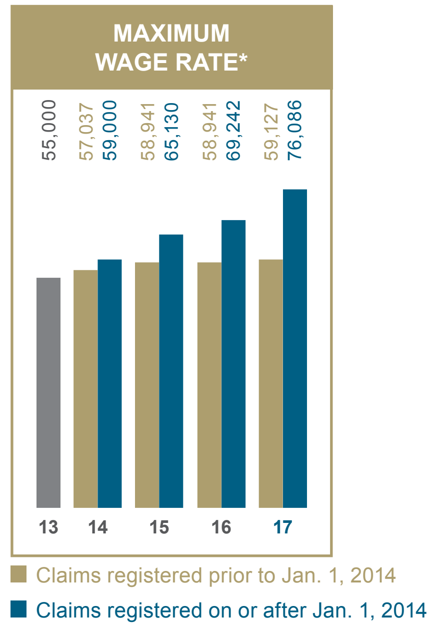
* All claims reported and accepted in 2017, excluding self-insured.



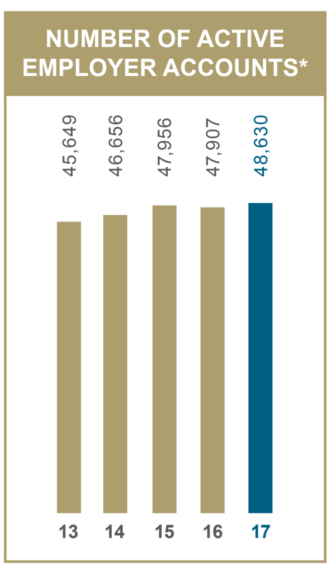
* Payroll provisional as at December 31. Previous year's figure has been updated to reflect actual assessment payroll.



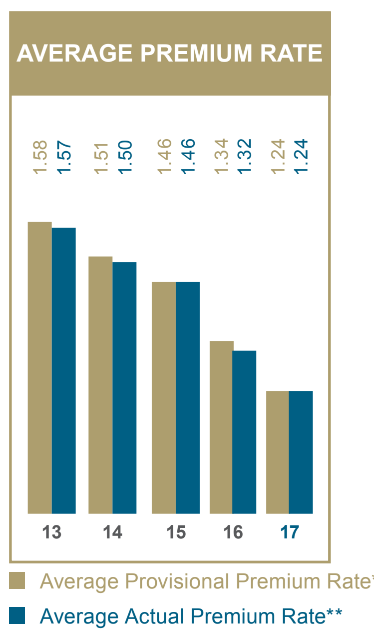
* Maximum wage per person reported annually by employers.



* 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 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. 2017 rate was the Board-approved rate at time of publication. 2016 rate is restated to reflect actual 2016 experience rating.

Injury Rates

RATE CODE	DESCRIPTION	TIME LOSS INJURY RATE					TOTAL INJURY RATE				
		2017	2016	2015	2014	2013	2017	2016	2015	2014	2013
All Class*		**1.86%**	1.86%	2.07%	2.41%	2.54%	**5.25%**	5.55%	6.30%	6.99%	7.80%
A11	Light Agricultural Operations	**5.36%**	4.95%	6.55%	7.11%	6.42%	**11.16%**	12.04%	14.30%	16.18%	16.20%
A21	Farming & Ranching	**2.51%**	1.22%	1.92%	1.48%	2.45%	**4.76%**	3.51%	4.60%	3.89%	6.09%
A31	Grain Elevators & Inland Terminals	**0.48%**	0.42%	0.54%	0.53%	0.52%	**2.66%**	2.59%	2.86%	3.02%	3.16%
B11	Construction Trades	**2.10%**	2.21%	2.45%	3.50%	3.54%	**8.02%**	9.80%	9.93%	12.40%	13.59%
B12	Residential Construction	**2.71%**	3.17%	3.64%	4.39%	4.38%	**8.04%**	8.34%	10.82%	12.89%	14.13%
B13	Commercial, Industrial Construction	**1.84%**	1.37%	2.01%	2.22%	1.96%	**6.45%**	5.35%	7.72%	8.19%	9.22%
C12	Light Commodity Marketing	**1.15%**	1.07%	1.18%	1.20%	1.29%	**2.96%**	3.12%	3.54%	3.17%	3.72%
C32	Grocery, Department Stores, Hardware	**1.75%**	1.81%	2.03%	2.37%	2.52%	**4.68%**	4.86%	5.86%	6.30%	7.02%
C33	Wholesale, Chain Stores	**3.22%**	2.91%	3.32%	4.20%	4.59%	**7.07%**	7.85%	9.68%	10.18%	12.54%
C41	Co-operative Associations	**2.44%**	2.37%	2.76%	3.53%	3.36%	**6.35%**	7.40%	8.98%	9.40%	9.70%
C51	Lumber Yard, Builders Supplies	**2.56%**	3.27%	3.59%	4.02%	4.32%	**7.02%**	8.65%	9.02%	11.42%	12.32%
C61	Automotive, Implement Sales & Service	**1.37%**	1.33%	1.38%	1.83%	1.97%	**4.18%**	4.21%	4.48%	5.30%	6.16%
C62	Automotive Service Shops, Towing	**1.63%**	1.79%	2.05%	2.04%	2.35%	**5.07%**	5.66%	6.73%	7.57%	8.71%
D32	Operation of Oilwells	**0.32%**	0.55%	0.70%	0.51%	0.55%	**2.48%**	2.77%	2.15%	3.23%	3.39%
D41	Oilwell Servicing	**2.01%**	1.54%	2.38%	2.52%	1.97%	**6.89%**	6.69%	8.29%	8.81%	11.18%
D51	Service Rigs, Water Well Drilling	**2.08%**	1.82%	1.38%	2.26%	1.61%	**12.61%**	10.60%	8.50%	14.60%	16.63%
D52	Seismic Drilling	**2.19%**	0.88%	0.67%	1.55%	0.75%	**8.87%**	4.51%	5.62%	9.01%	9.68%
D71	Open Pit Mining	**1.78%**	3.25%	0.90%	2.28%	1.69%	**14.15%**	11.88%	6.59%	7.46%	14.40%
D72	Underground Softrock Mining	**0.73%**	0.65%	0.98%	0.78%	0.77%	**5.44%**	13.50%	6.51%	7.28%	7.25%
D73	Underground Hardrock Mining	**0.64%**	0.52%	0.51%	0.66%	1.16%	**4.04%**	3.77%	3.54%	5.06%	6.03%
G11	Post Secondary Education	**0.66%**	1.16%	0.73%	0.76%	0.99%	**2.89%**	3.29%	2.73%	3.08%	3.42%
G12	Elementary & Secondary Education	**2.49%**	2.43%	2.78%	2.79%	2.96%	**6.25%**	6.17%	7.34%	7.30%	7.84%
G22	Health Authority, Hospitals, Care Homes	**3.25%**	3.37%	3.49%	4.13%	4.62%	**7.48%**	7.96%	8.49%	9.47%	10.52%
G31	Cities, Town, Villages, RMs	**2.99%**	2.82%	3.29%	3.59%	4.02%	**8.57%**	8.59%	9.39%	9.68%	11.53%
G51	Government of Saskatchewan & Ministries	**1.78%**	1.97%	2.53%	2.60%	2.80%	**4.75%**	6.21%	7.12%	7.17%	8.93%
M31	Manufacturing, Pipeline Operations	**0.53%**	0.49%	0.43%	0.66%	0.56%	**2.00%**	1.34%	1.76%	2.32%	2.23%
M33	Refineries and Upgrader	**0.51%**	1.18%	0.76%	0.96%	0.92%	**1.99%**	3.23%	2.64%	3.94%	4.22%
M41	Dairy Products, Soft Drinks	**3.18%**	3.24%	5.02%	4.96%	6.31%	**11.37%**	12.02%	15.22%	16.06%	18.78%
M42	Bakeries, Food Prep & Packaging	**2.28%**	1.72%	1.78%	3.07%	2.72%	**6.55%**	4.66%	5.58%	7.00%	6.65%
M62	Mills, Semi Medium Manufacturing	**3.83%**	3.58%	4.21%	5.12%	6.06%	**10.14%**	11.30%	12.65%	14.87%	16.32%
M72	Processing Meat, Poultry and Fish	**4.04%**	4.25%	5.54%	7.24%	8.57%	**14.09%**	12.48%	19.90%	25.90%	30.92%
M81	Metal Foundries & Mills	**2.16%**	2.35%	3.24%	2.79%	2.79%	**8.26%**	7.10%	12.82%	12.40%	13.46%
M91	Agricultural Equipment	**2.53%**	2.68%	3.15%	4.81%	5.25%	**10.72%**	10.15%	12.27%	15.54%	16.60%
M92	Machine Shops, Manufacturing	**2.64%**	2.36%	3.35%	3.83%	4.16%	**9.15%**	8.31%	10.94%	11.84%	14.61%
M94	Iron and Steel Fabrication	**3.12%**	3.05%	2.52%	4.65%	5.29%	**11.84%**	10.62%	11.48%	14.48%	18.10%
R11	Road Construction and Earthwork	**1.62%**	1.69%	1.96%	2.34%	2.23%	**5.49%**	5.91%	7.04%	7.71%	8.62%
S11	Legal Offices, Financial, Drafting	**0.34%**	0.21%	0.20%	0.29%	0.21%	**0.72%**	0.68%	0.69%	0.73%	0.72%
S12	Offices, Professionals	**0.35%**	0.38%	0.45%	0.54%	0.60%	**1.32%**	1.57%	1.61%	1.77%	1.90%
S21	Community & Social Services	**1.04%**	1.00%	1.08%	1.07%	1.29%	**2.58%**	2.58%	2.97%	2.99%	3.51%
S22	Restaurants, Catering, Dry Cleaning	**0.97%**	1.07%	0.97%	1.08%	1.12%	**2.64%**	2.98%	3.25%	3.29%	3.93%
S23	Hotels, Motels, Taxis	**1.22%**	1.31%	1.27%	1.55%	1.75%	**2.98%**	3.28%	3.33%	3.40%	4.36%
S32	Personal, Business & Leisure Services	**1.92%**	1.73%	1.77%	2.16%	2.22%	**5.20%**	5.07%	5.49%	6.54%	6.59%
S33	Caretaking, Park Authorities	**1.29%**	1.20%	1.48%	1.81%	1.77%	**4.06%**	4.32%	4.79%	5.82%	5.61%
S41	Engineering, Testing & Surveying	**0.53%**	0.43%	0.51%	0.68%	0.56%	**1.68%**	1.69%	1.73%	2.61%	2.66%
T42	Transportation, Courier, Commercial Bus	**4.34%**	4.14%	4.56%	5.47%	5.95%	**9.93%**	9.05%	9.72%	11.62%	13.88%
T51	Operation of Railways	**1.93%**	0.96%	1.49%	2.29%	1.94%	**3.74%**	2.83%	3.83%	6.05%	5.35%
T61	Commercial Air Transportation	**1.76%**	1.65%	1.52%	2.77%	2.03%	**4.08%**	4.14%	6.47%	7.57%	8.19%
U11	Telecommunications	**0.91%**	1.80%	1.14%	1.88%	1.55%	**2.25%**	3.49%	3.55%	4.26%	3.86%
U31	Electric Systems	**0.42%**	0.80%	2.12%	2.54%	2.62%	**2.70%**	4.37%	4.66%	6.41%	6.41%

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				
		2017	2016	2015	2014	2013
All Class*		**40.16**	43.07	38.92	37.01	34.88
A11	Light Agricultural Operations	**41.34**	43.60	43.24	52.19	45.78
A21	Farming & Ranching	**61.07**	79.28	80.20	70.54	49.98
A31	Grain Elevators & Inland Terminals	**39.67**	53.65	28.74	31.50	23.48
B11	Construction Trades	**48.98**	42.76	42.06	39.36	30.76
B12	Residential Construction	**69.85**	70.04	61.90	50.61	50.52
B13	Commercial, Industrial Construction	**66.03**	66.93	62.82	53.89	53.29
C12	Light Commodity Marketing	**25.75**	30.43	30.46	28.68	21.39
C32	Grocery, Department Stores, Hardware	**29.23**	30.92	33.14	34.88	30.10
C33	Wholesale, Chain Stores	**34.77**	34.88	28.54	27.31	25.84
C41	Co-operative Associations	**32.84**	23.17	31.86	27.98	30.83
C51	Lumber Yard, Builders Supplies	**29.69**	26.47	32.68	28.69	26.24
C61	Automotive, Implement Sales & Service	**30.62**	33.94	33.07	30.05	29.25
C62	Automotive Service Shops, Towing	**51.70**	48.94	39.84	46.15	48.85
D32	Operation of Oilwells	**48.95**	50.90	36.90	53.19	57.64
D41	Oilwell Servicing	**72.36**	103.48	79.48	77.45	64.86
D51	Service Rigs, Water Well Drilling	**64.32**	90.63	61.07	42.52	38.23
D52	Seismic Drilling	**75.97**	56.26	107.28	78.90	64.63
D71	Open Pit Mining	**44.75**	31.73	71.82	29.00	55.83
D72	Underground Softrock Mining	**46.91**	57.58	45.82	53.16	35.91
D73	Underground Hardrock Mining	**70.67**	92.32	76.21	83.74	67.80
G11	Post Secondary Education	**23.44**	16.34	24.83	27.66	43.48
G12	Elementary & Secondary Education	**30.08**	34.13	38.22	32.34	30.53
G22	Health Authority, Hospitals, Care Homes	**32.43**	34.42	28.44	28.09	27.44
G31	Cities, Town, Villages, RMs	**27.02**	33.03	29.24	30.97	29.01
G51	Government of Saskatchewan & Ministries	**42.37**	45.43	42.64	46.62	46.08
M31	Manufacturing, Pipeline Operations	**35.48**	46.64	38.33	13.36	28.29
M33	Refineries and Upgrader	**28.27**	31.76	47.04	36.41	38.88
M41	Dairy Products, Soft Drinks	**34.32**	10.04	24.02	31.69	30.63
M42	Bakeries, Food Prep & Packaging	**30.35**	30.59	35.30	28.97	43.11
M62	Mills, Semi Medium Manufacturing	**33.75**	33.40	30.05	28.33	25.41
M72	Processing Meat, Poultry and Fish	**30.16**	56.09	22.15	29.20	31.82
M81	Metal Foundries & Mills	**51.38**	49.95	35.03	23.55	27.58
M91	Agricultural Equipment	**43.93**	28.41	22.72	21.27	19.14
M92	Machine Shops, Manufacturing	**35.44**	51.75	37.14	29.26	31.23
M94	Iron and Steel Fabrication	**57.29**	54.52	63.58	35.05	24.70
R11	Road Construction and Earthwork	**68.67**	84.71	68.04	63.80	52.34
S11	Legal Offices, Financial, Drafting	**17.79**	22.52	17.35	40.00	24.74
S12	Offices, Professionals	**35.49**	32.28	28.88	29.92	28.31
S21	Community & Social Services	**25.11**	31.22	24.05	26.56	27.18
S22	Restaurants, Catering, Dry Cleaning	**33.18**	27.03	25.74	25.98	28.04
S23	Hotels, Motels, Taxis	**32.19**	42.51	38.88	37.88	28.30
S32	Personal, Business & Leisure Services	**33.35**	43.60	46.81	36.04	35.10
S33	Caretaking, Park Authorities	**46.03**	53.52	46.60	40.56	33.36
S41	Engineering, Testing & Surveying	**34.94**	64.07	42.44	50.05	39.59
T42	Transportation, Courier, Commercial Bus	**62.93**	68.52	55.19	49.79	47.85
T51	Operation of Railways	**38.77**	58.66	49.09	41.79	49.05
T61	Commercial Air Transportation	**28.18**	28.27	23.66	25.71	25.62
U11	Telecommunications	**21.00**	18.97	21.44	21.02	19.80
U31	Electric Systems	**20.58**	18.29	16.60	13.58	16.29

Average duration in days equals total days lost divided by claims with time lost.
* All Class duration 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 2016 data (the most recent data available). You can view the complete report on the AWCBC's website at www.awcbc.org.

	AB	BC	MB	NB	NL	NS	NT/NU	ON	PE	QC	SK	YT
Administration Cost per Time Loss Claim [1]	$8,193	$5,867	$5,368	$8,943	$10,582	$7,482	$30,870	$14,890	$8,637	$5,287	**$6,521**	$17,702
Administration Cost per $100 Assessable Payroll	$0.19	$0.31	$0.36	$0.33	$0.42	$0.40	$0.87	$0.38	$0.45	$0.26	**$0.26**	$0.74
Average Calendar Days from Injury to First Payment Issued	22.93	27.00	24.70	45.60	33.41	28.00	26.50	36.66	37.29	N/A	**34.94**	30.82
Average Calendar Days from Registration of Claim to First Payment Issued	19.52	20.70	19.60	35.80	27.23	20.00	10.10	27.60	29.36	N/A	**26.51**	27.14
Injury Rate per 100 Workers of Assessable Employers [2]	1.25	2.20	2.89	1.33	1.72	1.93	2.03	N/A	1.47	1.80	**2.11**	2.10
Average Composite Duration of Claim (in days)	65.75	70.90	N/A	92.30	117.07	110.32	49.94	N/A	74.30	N/A	**56.61**	30.76

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. The AWCBC includes claims that receive a permanent functional impairment award with or without any time lost, while the WCB only includes claims with time lost.

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.

2017 Safe Worker Finalist
Jim Brown, Viterra,
Balgonie (right)

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.

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.

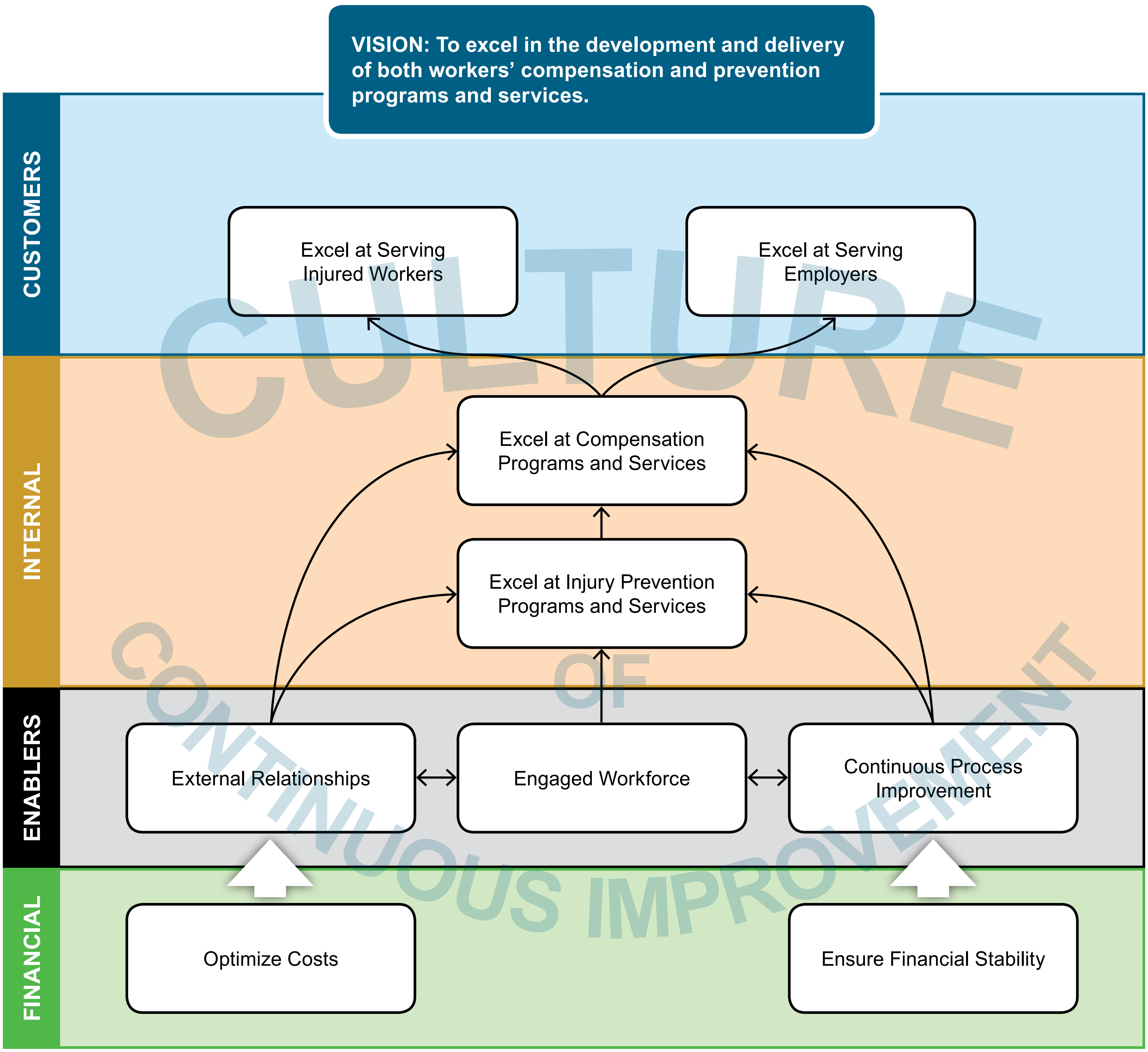
3. The Enablers' Perspective

Engaged people are our key resource, and continuous process improvement enables effective and efficient processes to deliver customer service excellence. Positive relationships with customers and partners 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.

WCB Strategy Map



2017 Balanced Scorecard Targets and Performance

Corporate Objective	Indicator	Target	2017 Performance
CUSTOMERS' PERSPECTIVE			
Excel at serving injured workers	Worker service satisfaction score	4.20	4.01
Excel at serving employers	Employer service satisfaction score	4.20	4.05
INTERNAL PERSPECTIVE			
Excel at compensation programs and services	Duration of Time Loss claims	39 days	40.16 days
Excel at injury prevention programs and services	Total injury rate	5.17%	5.25%
ENABLERS' PERSPECTIVE			
External relationships	Speaking engagements	≥120	136
Engaged workforce	Engaged workforce	100%	74%
Continuous process improvement	Effective process index	100%	85.7%
FINANCIAL PERSPECTIVE			
Optimize costs	Optimize cost index	100%	99%
Ensure financial stability	Funded position	105-120%	117.8%

WCB Staff – Case Management
Regina Interview Room

Management Discussion & Analysis

For several years now, the Board has set a direction for us to focus on seeking excellence in the way we serve our customers, the workers and employers of Saskatchewan.

Our desire to serve our customers with excellence is at the heart of what we do at the WCB. Our intent is to get better every day as an organization. From the young injured worker looking to get back to the job site, to the small employer wanting to create safety standards to ensure a safer workplace, this desire to serve and our intent to excel has been the challenge we have placed before us.

Last year, we introduced, as noted further in the MD&A, our journey of continuous improvement. It is by nature disruptive and we commend our staff who have been impacted and yet who have been willing to engage in this effort to improve our service to our customers.

Through these efforts, we have come to understand that successful and sustainable improvement efforts require a shift in culture. The type of transformation we are seeking requires alignment down and throughout the organization and that the systems and tools we use to improve will support and enable the desired results.

With this new understanding, we took time to evaluate our progress to date and realign our approach to set an even stronger foundation for lasting success into the future. We directly engaged our staff in focus groups to better understand how the organization could support them. We also reassessed the strength of the systems that were in place and evaluated how they needed to be adjusted.

We have realized that this journey is truly continuous and will require us to always be learning. We recognize that the systemic, lasting and meaningful customer service improvements that we are striving for requires leaders to create an environment where every staff members' input is valued and they are empowered to improve their processes, which ultimately ensures they are supported in providing an exceptional experience for our customers.

We have moved closer towards aligning organizational energy and effort around a common goal and a shared vision. Our work will focus on the "must do – can't fail" initiatives, and our energy will be targeted at what is truly important to our customers and connected to the overall strategy, objectives and our vision.

We reevaluated our vision statement to better capture the hearts and minds of our employees and create alignment and deeper engagement. The Board recently approved the following revision to our vision statement:

We eliminate injuries and restore abilities.

We know that our success depends on having a clear vision for the future and by employing an engaged team that is dedicated to making this vision a reality. We believe this will help us move closer to bridging that gap. Success will require that every employee can see themselves in this vision and will take the steps necessary to help employers and workers prevent injuries and fatalities and restore abilities.

We have also revisited our value statements with the intent of making them more meaningful for our staff. We believe the revised values are now more relatable to our customers and more clear in terms of how our actions are guided and how we want our decisions to be made.

- **Safety** – We relentlessly pursue Mission: Zero ensuring all employees have the healthy and safe workplace they deserve.
- **Respect for People** – We recognize the value and worth of every individual and their contribution to our success and we treat everyone in an open, honest and dignified way.
- **Excellence** – We strive for perfection and seek improvement and innovation every day in how we carry out our work in service of our customers.
- **Collaboration** – We work hand-in-hand with our partners and with our customers to deliver on their expectations and meet their needs.
- **Customer Focused** – We create an exceptional experience for all customers and we bring their perspective to the forefront of our conversations and improvement efforts.

While we recognize we have a long journey ahead, we will continue to focus on the development of our people, processes and systems. We will ensure that corporately we have a standard in terms of how we do our work and good knowledge of where our best opportunities lie. Our people will be more connected to the vision and objectives of the WCB and will be supported by systems that drive individual and collective excellence and improvement. In the end, we believe these enhancements to our approach will get us closer to our vision and mission and will help us deliver consistent outcomes to our customers.

Throughout this continuous process improvement journey, we are grateful for the dedication and commitment of our staff and the patience of our customers as we endeavour to lead through this next phase towards customer service excellence. More than ever we want to dedicate ourselves to the service of our customers, the workers and employers of Saskatchewan.

Peter Federko
Chief Executive Officer

Ann Schultz
Chief Financial Officer

Phil Germain
Vice-President, Prevention and Employer Services

Stuart Cunningham
Vice-President, Human Resources and Communications

Mick Williams
Vice-President, Operations

Claude Bwanka
Vice-President, Administration and Process Improvement

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 risks is completed by Senior Management with the Board reviewing the results.

The top risks identified by Senior Management in 2017 were:

Labour unrest	The WCB's collective agreement has expired. There is a risk to morale, productivity, turnover, and of job action.
Claims management	There is a risk that the claim acceptance and management process and decisions will not comply with applicable policy, procedure, service standards.
Continuous improvement	There is a risk that if the organization does not continuously build its capability to meet customer needs through continuous process improvement.
Cyber security	There is a risk that the WCB will be the victim of an internal or external security attack affecting system availability and performance, data integrity or unauthorized access to data.
Internal churn	There is risk that high internal employee movement and lack of training and development opportunities may impact our ability to meet or exceed customer service standards.
Health, safety and security	There are risks of health, safety and/or security issues to employees or visitors of the organization.
Claim payments	There is a risk that claim payments will not be processed on a timely, complete and accurate basis.

Strategic and operational plans incorporate control requirements, which prioritize process improvement initiatives and projects to reduce or mitigate identified risks.

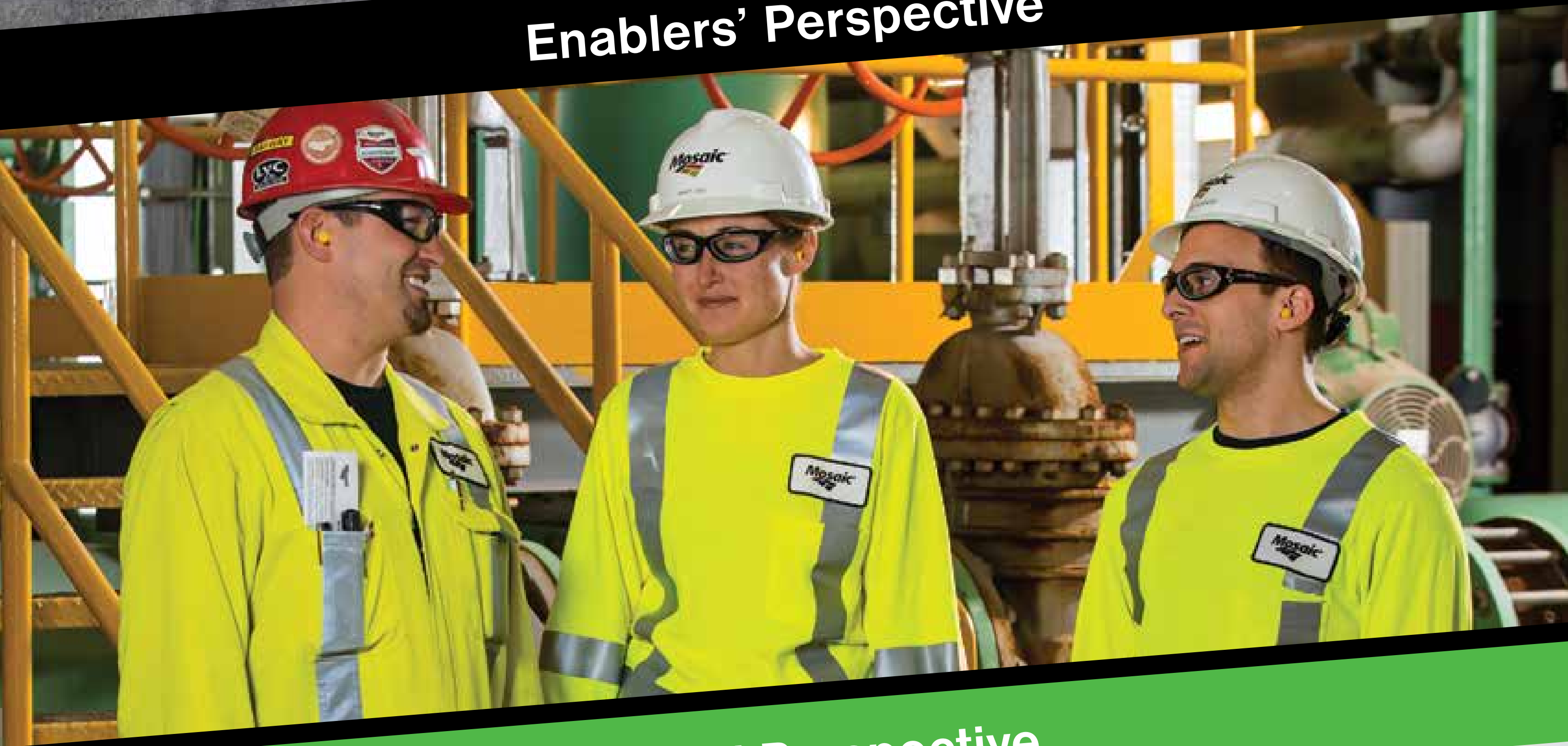
2017 Operational Highlights

This portion of the Management Discussion and Analysis provides an overview of our 2017 operational highlights based on the four perspectives of our strategy map: Customers, Internal, Enablers and Financial.

Customers' Perspective

Internal Perspective

Enablers' Perspective



Financial Perspective

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.

4.05 out of 5

Employer Service Feedback

4.01 out of 5

Worker Service Feedback

19,572

Active Employer Online Accounts

K+S Potash Canada,
Health & Safety Leadership
Charter Signatory

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 specifically for public service organizations to measure customer satisfaction levels with its services.

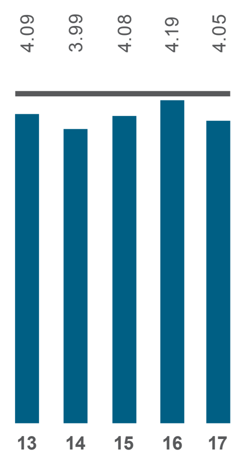
At year-end 2017, employers rated their overall satisfaction with claims services at 4.05 out of 5, down from 4.19 out of 5 in 2016. Workers with Time Loss injuries had an average satisfaction of 4.01 out of 5, up from 3.90 out of 5 in 2016.

The decline in employer satisfaction in 2017 was driven by a number of claim services that involve a more in-depth customer-WCB interaction: hearing an employer's concerns, answering their questions and concerns fully, and resolving a problem to the employer's satisfaction.

Worker satisfaction increased year over year. We believe this can be attributed to a focus on improving our call handling to be more accessible to our customers. We improved our call handling rate by 25 per cent to make it easier for workers and employers to reach us.

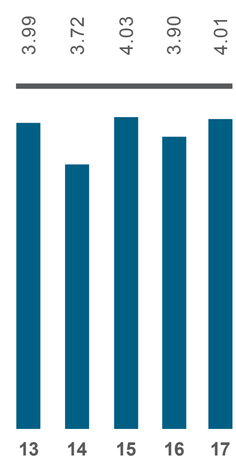
The increase in injured worker satisfaction in 2017 was also driven by improved communication in claim procedures (specifically clarifying what both the injured worker and the WCB need to do next in the claim process).

Despite the increase in worker satisfaction, we did not achieve our 2017 customer satisfaction improvement goal of 4.2 out of 5 in overall satisfaction. We recognize we have opportunities for improvement to our responsiveness with call handling and to achieve our vision of providing excellent service.



EMPLOYER SERVICE FEEDBACK

Measure — Target 4.20



WORKER SERVICE FEEDBACK

Measure — Target 4.20

Our 2018 focus will include the following three objectives:

Mission: Zero – Prevent workplace injuries and fatalities

Restore Abilities – Take all possible steps to ensure that injuries and impairments do not become disabilities

Culture of Continuous Improvement – We will create a culture where all staff are empowered and engaged every day in making improvements to their processes for the benefit of customers.

Employer Online Services

Several improvements were made to online services in 2017, including improvements to tools such as Employer's Payroll Statements (EPS), requesting a clearance and new employer registration. These improvements increased usage by making the services easier for employers to use. As a result, in 2017, the number of active WCB online accounts increased by 15 per cent, from 17,000 in 2016 to 19,572 in 2017. In particular, this can be attributed to the ongoing promotion of filing EPS online.

The percentage of employers who reported their payroll online increased from 75 per cent in 2016 to 78 per cent in 2017. This is because of improvements made to the online submission form, which make it easier for employers. Employer feedback drove these changes, which is part of our continuous work to improve our services to our customers. Online payroll submission provides 24/7 customer convenience and it allows for an invoice to be issued to the customer immediately upon receipt.

Extended Services

The Extended Services Department was officially launched in the fall of 2016 based on a need that we identified and then subsequently based on the Committee of Review report recommendation to "assign fatality service specialists to assist individuals and families affected by workplace fatalities and minimize the number of caseworkers per claim."

In operation throughout 2017, the Extended Services Department has set out to offer additional and more personalized care to individuals and families impacted by workplace fatalities and those with catastrophic injuries.

The Department is structured within the WCB Operations Department and is the first point of contact for families affected by a workplace fatality and workers who have suffered catastrophic injuries.

Extended Services staff conducts home visits to assess the level of service needed by the individuals in a setting that is familiar to them. Extended Services works to minimize the burden placed on families dealing with a fatality or a catastrophic injury.

In 2018, our Extended Services team will continue to improve on how they assist Saskatchewan families who have suffered.

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.

1.86 per cent

Time Loss Injury Rate

5.25 per cent

Total Injury Rate

40.16

Duration of Time Loss Claims

Meridian Manufacturing, Regina,
Health & Safety Leadership
Charter Signatory

Compensation Programs and Services

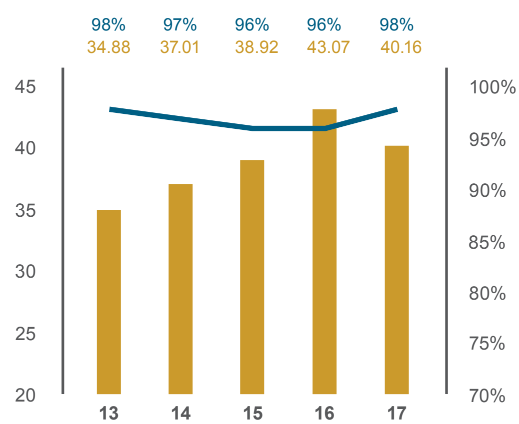
Return to Work – 2017: 98 per cent (2016: 96 per cent)

Average Duration – 2017: 40.16 days (2016: 43.07 days)

Claims management results in 2017 are similar when compared to those in 2016.

- 98 per cent of injured workers sustaining a Time Loss injury returned to work, achieving the WCB's 95 per cent objective and is slightly up from 2016 but overall remains consistent.
- Average duration, which is the measure of timeliness of return to work, decreased by 2.91 days to 40.16 days per Time Loss claim. We had more capacity available to do the work, which we believe is the primary driver of this improvement.

The trend in the changing distribution of all claims in our system levelled off in 2017. We had been experiencing an ongoing trend where fewer short-term claims were being reported, which was causing the proportion of longer term claims to increase.



CLAIM DURATION AND RETURN TO WORK PERCENTAGE

Duration in Days

Return to Work Percentage

In 2017, there was a slight increase in shorter-term claims. The reduction in durations was impacted by this mix in claim demographic and by reduced work backlogs in areas where these claims are handled.

Back injuries continue to account for the largest number of compensation days paid, while shoulder injuries have the highest per claim duration. Durations decreased across most categories, including back and shoulder injuries.

Our 2018 improvement focus will be to make adjustments to our practice in an attempt to restore injured workers to function more safely and more quickly.

Injury Prevention Programs and Services

Time Loss Injury Rate – 2017: 1.86 per cent (2016: 1.86 per cent)

Total Injury Rate – 2017: 5.25 per cent (2016: 5.55 per cent)

Total Claims Reported – 2017: 28,952 (2016: 29,953)

Total Claims Accepted – 2017: 22,247 (2016: 23,350)

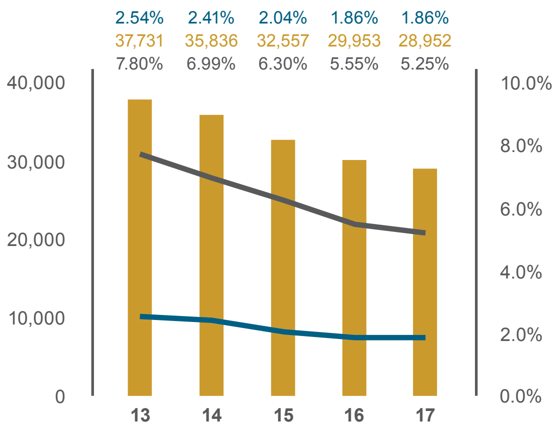
The WCB was founded to assist workers and employers in the case of workplace injury, and to assist them as they recover from the devastating impacts of an injury or death. To that end, the WCB invests heavily in injury prevention, working toward our goal of Mission: Zero – zero injuries, zero fatalities and zero suffering.

As Saskatchewan workers, employers, safety organizations and WorkSafe partners answer the call of Mission: Zero, the Total injury rate continues to fall in our province. As well, even though the WCB covered 3,248 more full-time workers in 2017, the total number of claims reported to the WCB decreased by 1,001 claims. Most importantly, more people are going home safely at the end of every shift.

The Time Loss injury rate remained the same as 2016 at 1.86 per cent, falling above our target of 1.71 per cent. In 2017, there were 7,888 TLCs, 75 more than in 2016.

Our WCB 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.

Our WorkSafe goal was to reduce the Total injury rate to 5.17 per cent in 2017. At December 31, 2017, the Total injury rate was 5.25 per cent, a 5.4 per cent drop from 2016. While reducing the Total injury rate is good, we missed the target set for 2017.



CLAIMS REPORTED AND INJURY RATES

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

The WCB and WorkSafe Saskatchewan use a four pillar approach to injury prevention. The continuous progress in injury reduction and increased activity around safety show that this method is working.

The four pillars are:

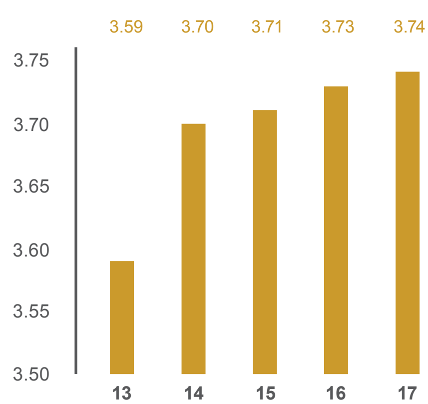
1. Awareness Campaigns
2. Education & Training
3. Targeting Initiatives
4. Partnerships & Leadership.

In 2008, when Mission: Zero was launched, people said zero injures was an impossible target. Now, 88 per cent of companies achieve zero injuries. The WCB conducts annual surveys of working people. Thirty-five per cent of people have changed something they do at work to be safer because of Mission: Zero and WorkSafe. Survey results from 2014 suggested 89 per cent of people agreed that workplace injuries are preventable. Unfortunately in 2017, only 85 per cent of people agree that workplace injuries are preventable. It's evident that we haven't advanced safety culture in the way we would have liked. We will continue our efforts to make Saskatchewan the safest place in which to live, work and play.

Awareness Campaigns

WorkSafe marketing campaigns are directly tied to the WorkSafe Strategic and Operational plan. The campaigns are developed through research to reach the general population, as well as targeted high risk audiences, to address particular injuries and bring change in attitudes toward safety.

Marketing efforts include face-to-face interactions, online advertising, television and video, radio, billboards, rink boards, print advertising, and social media.



INJURY TOLERANCE

WorkSafe measures Saskatchewan's overall safety culture and tolerance for injury by using a monthly survey and a tool called 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 2017 ranking is 3.74, up from 3.69 at the end of 2016.

Education & Training

WorkSafe provides classroom and online training, as well as online and hard copy resources, for workers and employers. Saskatchewan's wide geographic and diverse economy can make it challenging to provide classroom style safety training and education that meets the needs of our customers. In 2017, we looked at opportunities to improve workplace safety training access and strengthen the overall training infrastructure in the province in the future. It is our goal to ensure that workers and employers can access quality training in order to create safe workplaces.

We developed WHMIS Train the Trainer course materials for employers to provide on site in order to become compliant with WHMIS 2015. We improved our online resources to make it easier for workers, employers, teachers and students to access safety information and training. We also developed a downloadable app that helps employers develop an effective safety management system.

It is a goal for the WCB and WorkSafe that employers and workers have access to training that is important to them. In 2017 we partnered with the Canadian Centre for Occupational Health and Safety (CCOHS) to develop resources for Psychological Health and Safety, Violence and a Hazard Identification course that will be launched in 2018.

The WorkSafe website received 118,262 visits in 2017; 78,336 of these were unique visits and 64.72 per cent were new visits in 2017. The new Foundational Pillars tool, an online safety management system for employers, received 15,140 visits; 11,064 of these were unique visits.

The demand for WorkSafe training remains strong. The WCB delivered training to 6,402 people through online courses and another 3,793 attended WCB classroom training. WorkSafe-approved training agencies delivered training to 9,747 people.

Targeting Initiatives

With roughly 88 per cent of all employers achieving Mission: Zero, it means a small number of industries, employers and occupations account for a disproportionate amount of the workplace injuries. We use a targeted approach to help industries and employers improve workplace health and safety. The targeted approach is working to lower injury rates and bring more Saskatchewan workers home safely each day. WorkSafe increased the number of targeted initiatives in 2017. Targeting initiatives now include:

- Health Care Focus Strategy
- Manufacturing Targeting Strategy
- Priority Employers
- Residential Construction Targeting Strategy
- Serious Injury and Fatality Strategy
- Violence Strategy
- Youth Targeting Strategy

Health Care Focus Strategy

The Health Care Focus Strategy is a partnership between the WCB, the OHS Division and the Saskatchewan Association for Safe Workplaces in Health

(SASWH). The goal of the strategy is to impact the overall injury rate in Saskatchewan by addressing injuries in health care. The health care sector is Saskatchewan's largest employer, reporting the highest total number of injuries. The entire health care sector employs 11.6 per cent of the covered workforce and accounts for 17.2 per cent of the claims accepted by the WCB.

Efforts in 2017 have directly addressed:

- Back and shoulder injuries
- Violence
- Safety Management Systems
- Supervision and Safety

The partners identified 19 health care facilities with the highest number of claims. In 2017, the target was for them to achieve a Total injury rate of 7.53 per cent (from 7.96 per cent in 2016). They surpassed this target by 20.72 per cent, achieving a Total injury rate of 5.97 per cent. The total number of injuries in the 19 targeted health care facilities dropped from 1,832 in 2016 to 1,613 in 2017.

WorkSafe Committee members meet regularly with SASWH and the provincial health care OHS Practitioners group to share information and gather feedback and strategize opportunities for improvement.

Manufacturing Targeting Strategy

The entire manufacturing sector employs 6.56 per cent of the covered workforce and accounts for 10.51 per cent of the claims accepted by the WCB. The WCB, OHS Division, the Safety Association of Saskatchewan Manufacturers (SASM) and the Chiropractors' Association of Saskatchewan have partnered together to develop a targeted strategy to address injuries in this sector (Rate Codes M41, M62, M72, M91, M92, & M94).

WorkSafe Saskatchewan

WorkSafe Saskatchewan is the WCB's partnership with the Ministry of Labour Relations and Workplace Safety (LRWS). Formed in 2002 through a Memorandum of Understanding, the partners work through an integrated provincial injury prevention strategy to deliver programs that move Saskatchewan to zero workplace injuries.

For more information on the WorkSafe partnership including the strategic and operational plan, visit the website at: www.worksafesask.ca.

This is an example of Mission: Zero awareness advertising from 2017.

In 2017, the strategy combined awareness, inspections and support to help employers deal with ergonomics-related issues. The partners produced four videos, fact sheets and information for manufacturing employers. OHS ergonomists visited worksites to do inspections, and SASM provided training and support to employers to control and remove ergonomic hazards.

Priority Employers

WorkSafe (WCB and the OHS Division) identifies employers based on injury rates and total injury numbers to determine those who most require the support of this program. Priority Employers receive assistance from OHS, the WCB and their funded safety associations to assess their safety systems, receive training and improve their injury rates. The number of employers currently involved in this program is 220.

This intervention continues to be successful. Total injury rates in this group dropped from 6.22 per cent in 2016 to 5.29 per cent in 2017. Overall claim count in this group dropped from 5,230 in 2016 to 4,544 in 2017.

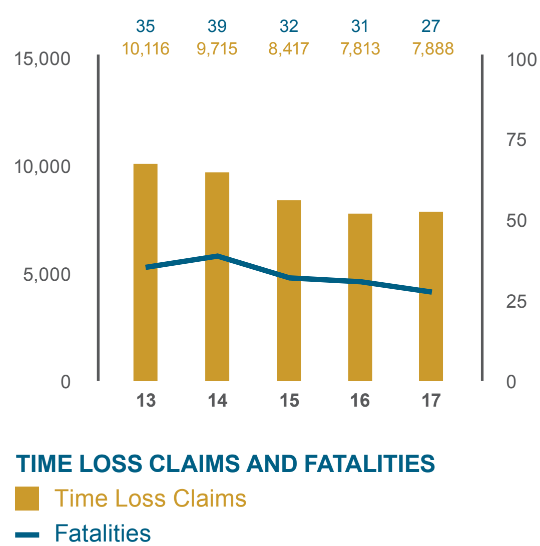
Residential Construction Targeting Strategy

The residential construction industry makes up two per cent of the workforce and accounts for four per cent of all claims. The Residential Construction Targeting Strategy addresses the compliance issues most likely to cause serious injury or death on a construction site: fall arrest to prevent falls from heights, covering openings, providing safe access and egress to work areas, and wearing personal protective equipment. WorkSafe and the Saskatchewan Construction Safety Association (SCSA) work together to reach employers, supervisors and workers about these issues.

This strategy also uses a combination of awareness, inspections and support to help employers focus on these key issues. This strategy first started in 2015. At the time, the 2015 Total injury rate for residential construction was 10.82 per cent. In 2016, the total injury rate for residential construction decreased by 22.9 per cent to 8.34 per cent. Today, the strategy continues and the total injury rate for residential construction in 2017 was 8.04 per cent, a decrease from 2016 of 3.6 per cent.

Serious Injury and Fatality Strategy

The WCB accepted 27 fatalities in 2017 compared to 31 in 2016. These fatalities occurred in many different industries. Thirteen were caused by occupational disease. Fourteen were caused by traumatic events. Five were related to incidents involving motor vehicles. The number one cause of trauma-related fatalities were motor vehicle-related incidents and the number one cause of occupational disease-related fatalities was exposure to asbestos. We continue to raise awareness about the importance of driving safe and working safely around asbestos.



TIME LOSS CLAIMS AND FATALITIES

Violence Strategy

Injuries caused by violence are increasing in Saskatchewan, from 2.8 per cent of total claims in 2013 to four per cent of total claims in 2017. The risk of violence is a concern to employers and workers in various industries. The WCB has conducted a jurisdictional scan for resources and developed a strategy to address this pressing issue. In May 2017, the WCB, along with its partner SASWH, introduced the Provincial Violence Prevention Framework, a model developed in Ontario and being tested by SASWH in participating health care organizations in Saskatchewan.

The WCB continues to work with SASWH and other industry partners to expand materials for other industries in mid-2018.

Youth Targeting Strategy

The Youth Targeting Strategy addresses employers, workers, supervisors, teachers and parents of Saskatchewan workers under 25 years old.

WorkSafe sets a goal to lower the percentage of youth injuries to total injuries reported to the WCB. In 2017, 15.8 per cent of the injuries reported to the WCB were youth injuries. This is slightly lower than 16.2 per cent in 2016.

Since its peak in 2008, the total number of youth workplace injuries has dropped by 4,643. There were 3,521 injuries to youth in 2017 and one youth-related fatality reported to the WCB compared to three in 2016.

WorkSafe and our partners reach youth, their teachers and their employers through face-to-face meetings, presentations and events, through the annual Youth Video Contest, and through resources such as the Youth Worker Readiness Certificate Course, the New and Young Worker Orientation Resource and other free materials.

WorkSafe continues to partner with the Saskatchewan Safety Council to provide the Career Safety Education Program (formerly called the Early Safety Training Program). Aimed at youth aged 14 to 21, this program encourages youth to develop safety awareness, attitudes and habits at work and at home. WorkSafe also partnered with the Service and Hospitality Safety Association (SHSA) to raise awareness about the importance of workplace health and safety to high school students during Youth Education Safety Day.

Partnerships & Leadership

WorkSafe builds capacity through establishing partnerships with organizations that are aligned with WorkSafe's goals and objectives: bringing Saskatchewan closer to Mission: Zero. Investing in strategic, collaborative safety partnerships minimizes duplication of effort and increases the efficacy of WorkSafe and of the partners themselves.

In addition to the seven funded safety associations, in 2017, WorkSafe added 10 new partnership agreements, growing our formal partnerships to 47. New injury prevention partners formed with organizations like the Industry Education Councils in Regina and Saskatoon and CCOHS. The partnership with CCOHS allows WorkSafe the capacity to offer more online training resources to employers in the province. WorkSafe's partnership with the Saskatchewan Roughriders continues to be an ongoing effort to raise awareness, as well as our ongoing partnerships with safety associations and with Saskatchewan Chambers of Commerce and the Saskatchewan Federation of Labour.

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 and partners 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.

22

Public Meetings

2,500+

Attendees at Public Meetings

74 per cent

Favourable Employee Surveys

2017 Safe Employer Finalist
Mosaic Potash, Belle Plaine

Enhance External Relationships

Throughout 2017, we worked to increase the number of opportunities where we could better engage our customers, increase communication, and ultimately provide better service. In 2017 we conducted 22 public meetings:

- We continued to build on our current partnerships by growing relationships and developing new ones
- Annual General Meetings in Regina and Saskatoon locations (now also offered via webinar so customers from remote locations can participate or watch later)
- Compensation Institute, which attracted capacity attendance from around the province
- WorkSafe regional meetings
- Rate Model Enhancement Sessions, which attracted close to 1,500 participants to the 16 sessions. These were also offered via webinar.
- Rate Setting sessions were held in Regina and Saskatoon and were offered via webinar for those in remote locations

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

In addition to the above work with our customers and partners, the WCB continues to recognize its position as a leader in the province and its responsibility to partner with, and support, community-based organizations and the broader public. Throughout 2017, the WCB continued to foster relationships with organizations that directly support injured workers and that align closely with our corporate vision, mission and values.

Engaged Workforce

Having a healthy and engaged workforce is a key strategic objective for the WCB. Our corporate beliefs include a statement that our people expect leadership to provide a healthy and engaging environment, noting that healthy and engaged staff are better positioned to serve our customers. This expectation is something that our employees deserve and is something that we have begun to actively pursue during 2017.

In 2017, we began a review of the health and safety approach within the WCB. Despite being a predominantly office-based workplace, we have not realized Mission: Zero, therefore we have begun to review and improve our health and safety strategy. While we have been extremely vigilant about documenting incidents and injuries that occur in WCB workplaces, we recognize we must have systems in place that allow us to be better at preventing injuries in the first place and responding appropriately.

Building on what we have developed in 2017, we will take the next steps to further close the gaps in our safety system. We will continue to focus on improving the timeliness and effectiveness of our incident reporting efforts, but will also incorporate preventative strategies that will help ensure that today's near miss does not become tomorrow's injury.

Health and wellness efforts remained a focus for the WCB throughout 2017, with a number of learning events and practical campaigns aimed at promoting healthy lifestyles and ensuring that all staff are equipped to maintain a healthy work-life balance. In addition to running our Safety & Wellness Day – aimed at educating staff and their families on important topics in a fun and inclusive environment – we hosted a number of lunch and learns throughout the year focused on a variety of health and wellness topics.

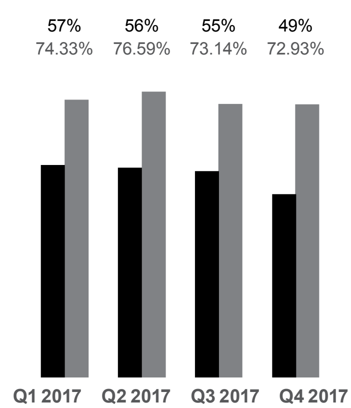
The organization was pleased to again be named as a Top Employer in Saskatchewan, as this directly contributes to positive recruitment and retention results. The WCB attends career fairs, promotes fair hiring practices, encourages and celebrates diversity and employment equity, and recognizes employees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

Despite this recognition, we know that we have room to improve the experience we provide our employees, as indicated by the results of our engagement surveys.

The WCB believes that 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. A third party has traditionally administered a comprehensive engagement survey on behalf of the WCB every two years. 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 timely manner, as well as track the success of any engagement initiatives during that period. Averaged over the four quarters in 2017, just over 74 per cent of employees responded favorably to the questions in these surveys, although we did notice a significant dip in Q3 and again in Q4. In addition, our participation rate dropped each quarter and was below 50 per cent in Q4. This reduced response rate may be an indicator of reduced engagement and/or survey fatigue.

Improved Communications

Throughout 2017, the Communications team worked closely with internal and external partners to increase communication opportunities to our customers by focusing on proactive information sharing and education on technical issues that impact them. Communications continued to advance its use of diverse communications tools, including offering webinars for all of its events, recording and sharing key events and further increasing its social media presence and utilization as a two-way communication tool. Work to enhance our websites continued through 2017 with an aim of improving the customer experience and simplifying it so they can find what they need as intuitively as possible.



2017 ENGAGEMENT SURVEYS

Participation Rate
Engagement Score

Continuous Process Improvement

In 2017, as mentioned in the opening section of the MD&A, advancing our continuous process improvement efforts and becoming even more centred on the experience of our customers was the primary effort at all levels of the organization. We spent time examining our processes and trying to improve the methods by which we could better serve our customers. Our learning in that regard has been iterative. The changes that we've seen have been gradual and improvements have been incremental.

Midway through 2017, we began to assess our approach to Continuous Process Improvement and how well we, as leaders, were promoting the purpose of our efforts to staff and connecting it to our vision. We reaffirmed through our assessment that what was critical to our ability to be successful in improving and to then sustain our gains was to focus on creating the appropriate culture of improvement. This means that leadership must provide a work environment that provides purpose and meaning, that enables staff to attain our collective vision, that engages them in identifying opportunities to improve our processes and that ultimately empowers them to make meaningful change in service of our customers.

When we began the continuous process improvement (CPI) journey several years ago, we focused on developing our abilities as leaders to coach effectively and navigate our teams through the often-times turbulent waters of change. We began to engage staff in daily huddles meant to bring opportunities and challenges to the surface and foster innovation in team discussions. We adopted the use of visual boards to display key metrics and to discuss our progress through our daily huddles towards the targets we had set. We worked to develop problem solving at the front lines where the work is done and we examined our processes to identify opportunities for improvements that would directly benefit our customers.

Along the way and during 2017, we have had the opportunity to celebrate some successes:

- In our Operations department, the overall call answer rate increased in 2017 as a result of our dedicated focus on incoming customer calls and our goal to respond to all customer calls as quickly as possible.
- In the Case Management area, we improved the time it took to address our oldest tasks by shifting our focus from individual employee work queues to a broader look at where the customer was waiting the longest and shifted to pull work from these queues.
- Improvements to the Employer Payroll Statement (EPS) reporting process were introduced in 2017, including: enhancements to the online EPS form tool to make it more user friendly for customers to understand how to file their EPS. Improvements included the use of visuals of the website to assist. with confirmation emails to confirm receipt of EPS, which reduced the need for customers to follow-up to see if their EPS had been received.
- Subrogation recoveries from SGI for workers injured in motor vehicle accidents is now credited to the employer's cost history before the money

is received from SGI. This helps benefit employers as this improvement affects their cost history. The benefit is that we are able to deal with costs more efficiently, which in turn mitigates experience rating charges for customers.

- The Data Governance department implemented a new business analytics system, which has resulted in monthly statistical reporting now completed in one week compared to the two week timeframe from the year prior. As a result, we are able to provide claim information on a more timely basis to our external partners and customers as well as provide more timely information to support business processes that serve our customers.

- The Finance and ITS departments worked to reduce payment processing time for annuitants eligible for payouts by three days. Finance introduced the option of receiving annuity settlements through electronic funds transfer, which eliminated the traditional mailing lag time.

- In 2017, the WCB held 22 public meetings in person and via webinar compared to 17 public meetings in 2016 and eight in 2015, in addition to posting all recorded sessions on our website and YouTube channel so that customers unable to attend in person could have easy access to pertinent information or could view it again or share it with others.

We are happy to include the above examples of some of our most meaningful improvements in 2017. We are confident that the pause we took to assess our progress and refocus our efforts will set us up for more successes for our customers into the future.

Appeals Department

The Appeals Department is independent of the Operations Division where initial claim decisions are made. Injured workers or employers who disagree with an initial claim decision may appeal that decision to the Appeals Department.

In 2017, the Appeals Department continued to focus on providing quality decisions in a timely manner. A number of continuous process improvements were adopted in 2017 to enable the appeals team to deal with the large influx of incoming appeals and continue to work towards reducing 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

	2017	2016	2015	2014	2013
Prior Year's Pending	**109**	82	133	92	41
Appeals Registered	**1,143**	1,217	1,139	1,070	1,009
Total Appeals	**1,252**	1,299	1,272	1,162	1,050
Accepted	**265**	312	303	356	250
Denied	**761**	769	785	626	660
Returned for Additional Development	**48**	78	57	12	10
Sub Total Completed	**1,074**	1,159	1,145	994	920
Withdrawn	**33**	31	45	35	38
Appeals Pending	**145**	109	82	133	92
Average Days to Decision	**38**	24	38	39	21
Appeals Decided Within 30 Days	**25%**	78%	35%	28%	74%
Appeals Decided Within 45 Days	**72%**	98%	68%	63%	n/a
Appeal Meetings	**38**	33	45	56	22

Team Drilling, Saskatoon,
Health & Safety Leadership
Charter Signatory

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:

1. Optimize Costs: An index comprised of an indicator of direct claim costs divided by variable administration costs and the administration budget variance.
2. Ensure Financial Stability: Our funded status.

99 per cent

Optimize Cost Index

117.8 per cent

Funding Percentage

$175.8 million

Investment Income

2017 Safe Employer Winner
GFL Environmental Inc., Saskatoon

In 2017, we reached an Optimize Cost Index of 99 per cent, falling just short of our 100 per cent target. The direct claim costs were slightly over the goal of four times variable administration costs and the administration budget was underspent by 3.3 per cent outside the 2017 target range of plus or minus 0.75 per cent.

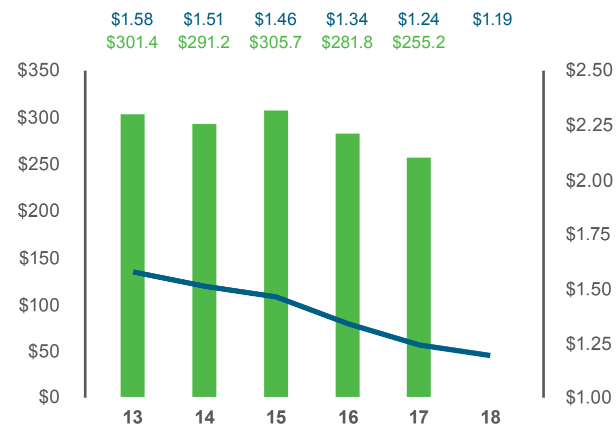
Our funding policy sets the parameters for the Injury Fund and each of our reserves. The targeted range for the Injury Fund is five per cent to 20 per cent of the total of benefit liabilities and the annuity fund payable, resulting in a targeted funding percentage of 105 per cent to 120 per cent. For 2017, our funding percentage was 117.8 per cent, within the targeted range.

Saskatchewan's economy remained stable in 2017 as both oil prices and the Canadian dollar began to recover. Global markets continued to experience volatility during the year. The WCB investment income recorded was $175.8 million, compared to $127.1 million in 2016.

In 2017, the WCB reported an underwriting loss of $66.4 million. This compares to an underwriting loss in 2016 of $92.0 million. The underwriting loss, combined with investment income of $175.8 million and Other Comprehensive Income of $888,000, resulted in a Total Comprehensive Income at the end of the year of $110.3 million. This Total Comprehensive Income and a slight increase in reserves results in a funded position at 117.8 per cent. 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 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.



PREMIUM REVENUE AND AVERAGE PREMIUM RATE

Premium Revenue (millions)

Average Premium Rate (per $100 Insurable Earnings)

As a result of the recommendations in the 2015 Asset Liability Study, the WCB undertook an independent consultant's review of our rate setting model in 2016. The Board approved enhancements to the rate setting model. Education sessions explaining the enhancements occurred in 2016 and 2017 and feedback on how to transition to the enhanced rate model was requested from employers. The enhanced rate model was implemented for the 2018 rate year. Rate codes experiencing an increase were transitioned in 2018 to mitigate the impact of the increases. All rate codes will be fully transitioned to the enhanced model in 2019.

Employers in the Advanced program are subject to a 200 per cent maximum surcharge, while employers in the Standard program are subject to a 75 per cent maximum surcharge. The maximum discount available to employers in the Standard program is 25 per cent. Employers in the Advanced program are eligible for a maximum 30 per cent discount. In 2017, 1,426 employers paid $24.0 million in surcharges, while 23,681 employers received discounts of $24.9 million. The number of employers affected by the ERP was similar to 2016 when 1,627 paid surcharges and 23,613 received discounts.

Employer assessable payrolls increased 4.3 per cent to a provisional $21.8 billion in 2017 from an actual $20.9 billion in 2016. Employer assessable payrolls increased approximately 2.3 per cent from economic growth and two per cent as a result of the maximum assessable earnings increasing effective January 1, 2017. Sectors that experienced the largest payroll increase were Refineries and Upgrader, and Service Rigs and Water Well Drilling. The sectors with the largest payroll decreases were Commercial, Industrial Construction, and Operation of Railways. Base premium revenue decreased by 9.4 per cent from 2016 to $255.2 million in 2017, despite the net increase in assessable payrolls, due to the drop in the average premium rate from $1.34 in 2016 to $1.24 in 2017, the tenth consecutive decline. The net cost of the ERP, which decreased in 2017 to $0.9 million, also decreased premium revenue.

With continuing declines in the Total injury rate and projected increases in reported payroll, the average premium rate for 2018 dropped 4.0 per cent to $1.19, down from $1.24 in 2017, the lowest in over 33 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 totalled $230.2 million in 2017, a 19.7 per cent decrease from 2016. The total claims costs consists of $212.0 million in cash expenses plus a $18.2 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 2017, compensation costs paid were $200.6 million. This is a $3.5 million decrease from 2016, despite the fact that the maximum wage rate increased effective January 1, 2017. Administration costs for adjudicating and managing claims are also allocated to claims costs, bringing the total 2017 compensation payments to $212.0 million, a 1.6 per cent or $3.5 million decrease from 2016.

Durations and the number of Time Loss claims (TLCs) are two key drivers of compensation costs.

The average duration of TLCs paid decreased 6.8 per cent in 2017 to 40.16 days. There was a 1.5 per cent increase in the total number of claims in the system, from 10,318 to 10,474. However, total days paid actually decreased 5.3 per cent to 420,594. Earnings replacement costs, at $55.3 million in 2017, remained the same as 2016 even though there was a slight decrease in the number of workers and their dependants receiving benefits, from 4,886 to 4,821.

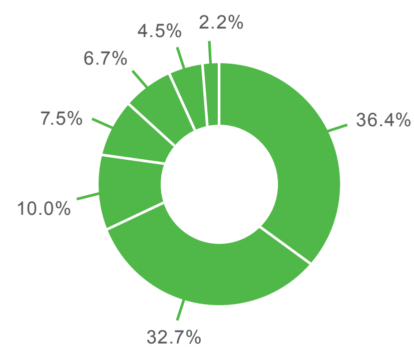
Health care payments decreased 1.1 per cent in 2017, to $78.9 million. The inflationary increase in the costs of health care services in the year was more than offset by a decrease in utilization of tertiary and secondary treatment services. Vocational rehabilitation expense claims remain stable.

Benefits Liabilities

The benefits liabilities increased 1.4 per cent in 2017 to $1,228.4 million. The benefits liabilities increased by $18.2 million due to changing the method of calculating future claims liabilities for non-pension benefits using claims that have lasted for one year rather than based on the claims that occurred in the current year.

Except for modifying the Saskatchewan population mortality tables published by Statistics Canada to reflect injured workers and including generational mortality projections, the remaining long-term economic and actuarial assumptions used in determining future benefits and administration costs were the same as those used in 2016. Going forward, wages are expected to increase by 1.0 per cent above the assumed 2.25 per cent 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 per cent. This means that most benefits, for the purpose of calculating the benefits liabilities, are determined using the 3.25 per cent real rate of return. However, all wage-based benefits including short-term and 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 per cent.



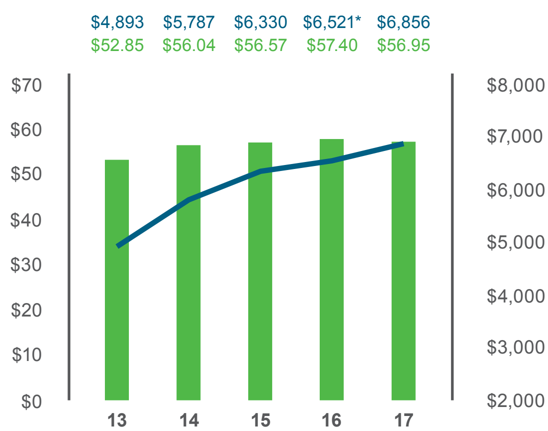
BENEFITS LIABILITIES (thousands of dollars)

36.4%	Health Care	$ 447,075
32.7%	Long-Term Disability	$ 401,894
10.0%	Short-Term Wage Loss	$ 122,828
7.5%	Latent Occupational Disease	$ 91,696
6.7%	Survivor Benefits	$ 82,585
4.5%	Future Benefits Administration	$ 55,064
2.2%	Vocational Rehabilitation	$ 27,278
100%	Total	$ 1,228,420

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 per cent of the liability for long-term disability and survivor awards, and 6.3 per cent of the liability for all other claims. Future benefits administration accounts for $55.1 million of the $1,228.4 million total benefits liabilities.

Administration Expenses

Administration costs, before costs charged to Future Benefits Administration, decreased to $57.0 million in 2017, a 0.7 per cent decrease from the 2016 administration expenses of $57.4 million. There was an increase in amortization, building operations, communications and office expenses offset by a decrease in salaries, training and development, and miscellaneous. As well there was an increase in fees charged to self-insurers. Administrative expenses were 14.3 per cent of total expenses in 2017.



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

Administration Expenses (millions)

Administration $ per Time Loss Claim

* Restated 2016 to reflect AWCBC metric for comparability.

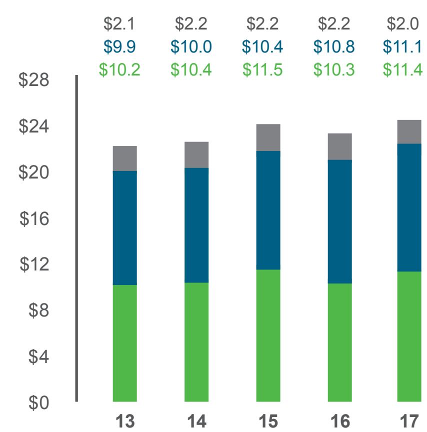
An important measure of administrative efficiency is our administration cost per TLC. We calculated this to be $6,856 in 2017 compared to $6,964 in 2016. The target for 2017 was $5,612. The decrease reflects the increase in the number of TLCs and the decrease in administration costs overall. In 2016, 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 2017 ratio was $.25, equal to our target of $.25 per $100 of assessable payroll. For 2016, the most recent year that data is available from AWCBC, the ratio was $.26 per $100 of assessable payroll, making Saskatchewan tied for the second lowest in Canada.

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.



SAFETY AND PREVENTION (MILLIONS)

OHS Division

Safety Associations

WorkSafe Saskatchewan

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 2017, the OHS funding increased by 10.7 per cent to $11.4 million.

Funding is provided to seven industry safety associations that represent 18 rate codes. Employers in these rate codes are charged a levy on their premiums to cover the cost of this funding. The total funds for the year increased $0.3 million to $11.1 million. Total injury rates for industries with safety associations have decreased from 8.20 per cent to 5.26 per cent since 2013. This 35.9 per cent decrease compares to a 32.9 per cent decrease in those industries without safety associations.

Expenditures on WorkSafe decreased slightly from 2016 to $2.0 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.

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 per cent 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 2017, contributions to the fund amounted to $6.0 million, down from $6.2 million in 2016.

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 2017, interest allocated totaled $19.9 million, due to an increase in the rate of return to 9.8 per cent. This compares to $16.4 million allocated in 2016 at a rate of return of 8.4 per cent.

At December 31, 2017, the annuity fund payable was $221.5 million, a 6.1 per cent increase over the balance at December 31, 2016. Total annuity payouts in 2017 were $13.2 million, down 6.4 per cent from the $14.1 million paid out in 2016. Total annuity contributions in 2017 were $25.9 million as compared to $22.6 million in 2016. There were 5,635 active claims with annuities at the end of 2017 with an average annuity fund of approximately $39,300 compared to 5,683 at the end of 2016 with an average annuity fund of approximately $36,700.

Legislated Obligations

Under the Act, we are obliged to fund the operations of the Office of the Worker's Advocate. Funding in 2017 was $1.2 million, as compared to $1.3 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 per cent is built into the calculation of benefits liabilities, as well as the premium rate setting model. In 2017, our investment portfolio had a return of 9.8 per cent at market, compared to a return of 7.1 per cent in 2016. 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 increased $5.8 million from $92.7 million in 2016 to $98.5 million in 2017. Unrealized gains on investments held at December 31, 2017 were $297.1 million, as compared to $219.8 million at December 31, 2016, an increase in unrealized investment gains of $77.3 million. This compares to a $34.4 million increase in unrealized investment gains recognized in 2016.

The $175.8 million in investment income consists of:

- $98.5 million of realized investment income is made up of:
    - $59.2 million of income from interest and dividends,
    - $44.4 million of net gains realized from the sale of equities, bonds and real estate,
    - Less $5.1 million for investment expenses.

Plus,

- A $77.3 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 $2,009.5 million, a $172.6 million increase from the 2016 total of $1,836.9 million and includes accumulated unrealized gains of $297.1 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.

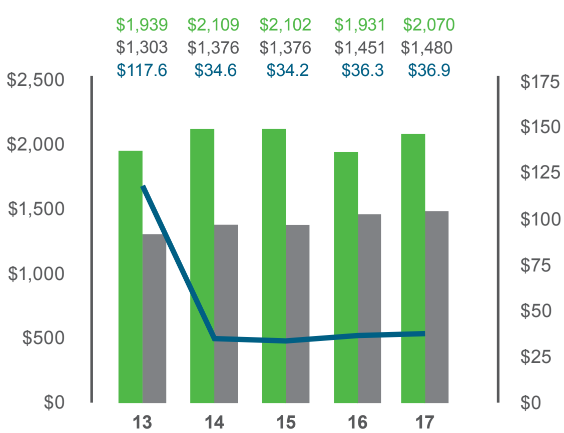
Our Investment Committee reports to the Board and, with the assistance of an independent investment consultant, recommends the approval of the SIP&G and the appointment of the investment managers. The Investment Committee recommends prudent policy goals and objectives to safeguard the funded position. 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, 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 were completed in 2017. The SIP&G was modified in 2017 to include a Global Small Cap Equity portfolio in the asset mix as the last step in implementing this revised asset allocation strategy to reduce the investment return volatility. In order to complete the transition to the Global Small Cap Equity portfolio, a portion of the Canadian bond and equity investments were disposed of in 2017, resulting in realized investment gains of $7.3 million.

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 five per cent to 20 per cent of benefits liabilities and annuity fund payable, resulting in a targeted Funding Percentage of 105 per cent to 120 per cent. The Injury Fund is maintained in this range to ensure sufficient funds are available to meet required benefit levels and to guard against unexpected claim activity and volatile economic conditions.

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.



FUNDED POSITION AND RESERVES (MILLIONS)

Assets
Liabilities
Reserves

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, 2017 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 $12.3 million in this reserve is 1.0 per cent 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 per cent of benefits liabilities for each component. The total of the disaster reserve was $24.6 million at the end of 2017.

The balances in the two reserves combined for a total of $36.9 million at December 31, 2017, compared to a total reserve balance of $36.3 million at the end of 2016.

The comprehensive net income in 2017 of $109.4 million, less a net $0.5 million increase to reserves to comply with the Funding Policy, results in a balance of $555.0 million in the Injury Fund at the end of 2017. However, for Funding Policy purposes, net unrealized gains and losses are excluded from the Injury Fund. Excluding unrealized gains on investments of $297.1 million decreases the Injury Fund to $257.9 million at December 31, 2017. The calculation of the funding percentages is disclosed in note 18 of the financial statements.

Based on the Funding Policy, the funding percentage at December 31, 2017, was 117.8 per cent, within the targeted range of 120.0 per cent.

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 $1.7 million are recorded in AOCI as at December 2017 and the actuarial gain for the year of $0.9 million is recorded in the Statement of Operations in 2017.

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.

The ICOFR Committee assesses the WCB's system of internal controls against this updated framework. The assessments undertaken by the Committee in 2017 did not identify any weaknesses in internal controls over financial reporting that would result in material misstatement of the December 31, 2017 financial statements. The 2017 report by the Chief Executive Officer and the Chief Financial Officer can be found on page 76 of this annual report.

Looking Ahead

Our refined vision to eliminate injuries and restore abilities gives us the clear direction necessary to reach our mission which is to be a customer-centric organization that continuously seeks to add value for our customers through a culture of continuous process improvement.

Our corporate values: safety; respect for people; excellence; collaboration; customer-focused are the standards by which our actions and decisions are to be considered and judged by others.

It is our corporate beliefs that enable a culture of continuous process improvement and are core to creating a customer-centric organization. Our operational plan is focused on processes that we have identified as being central to us fulfilling our corporate beliefs:

Executive Management outlined three key strategic objectives going forward into 2021. These represent the highest level strategic goals for the WCB and achieving these objectives requires the full engagement of the WCB staff in the coming years:

- **Mission: Zero** – Prevent workplace injuries and fatalities
- **Restore Abilities** – Take all possible steps to ensure that injuries and impairments do not become disabilities
- **Culture of Continuous Improvement** – We will create a culture where all staff are empowered and engaged every day in making improvements to their processes for the benefit of customers.

The Board requires the Executive Management develop operational plans designed to achieve these objectives. It will be through the Balanced Scorecard that we will measure our success against these objectives.

The WCB will measure progress towards reaching our goals and will monitor the outcomes of the strategic plan. This is the challenge the Board has placed before us.

Economic Outlook

After two years of low resource prices that impacted economies across Canada, like most provinces, Saskatchewan's economy continued to recover from the economic slowdown in 2017, according to the Conference Board of Canada. This growth is anticipated to continue in 2018.

According to recent reports, the Bank of Canada says overturning decades of more open trade through the North American Free Trade Agreement (NAFTA) would hurt Canada. Actions of the United States are hard to predict and no one should expect a small change. Most economists indicate Canadians and Americans would be in a better position with free trade. It is impossible to say ahead of time how individual industries will be impacted, similar to the predictions about the impacts of the first free trade deal between Canada and the U.S. in the late 1980s.[1]

However, the Royal Bank of Canada expects that Saskatchewan will be among leaders in Canada in GDP growth in 2018 at 2.7 per cent. The economy is anticipated to receive a boost from the rebounding agriculture, oil and gas sectors, as well as rising investment spending.

Because of improvements in the mining sector, capital spending and the construction industry is expected to see positive growth in 2018. Global demand and key contracts with China and India are expected to cause potash to continue to recuperate in 2018. The uranium sector, however, is predicted to continue facing challenges from global market conditions. Employment in the province is forecasted to grow minimally by half a percentage point, while the unemployment rate is anticipated to remain at 5.7 per cent.

Saskatchewan's population grew slightly from 1,098,352 in 2016 to 1,168,057, according to Statistics Canada.

[1] Source: http://www.cbc.ca/news/business/rate-hike-poloz-bank-canada-1.4491023

Tron Construction & Mining Limited Partnership, Saskatoon, Health & Safety Leadership Charter Signatory

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, 2017.

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, 2017 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 12, 2018

Actuarial Certification

To the Board of Directors of the Saskatchewan Workers' Compensation Board

We have completed an actuarial valuation as at December 31, 2017 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 inflation increases being slightly higher than best estimate. 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 $1,228,420,000 represents the actuarial present value at December 31, 2017 of all payments expected to be made in future years in respect of all claims occurring on or before December 31, 2017. 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 16, 2018

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, 2017, 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, 2017, 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 12, 2018
Regina, Canada

Statement of Financial Position

(Thousands of dollars)	**2017**	**2016**
Assets		
Cash and cash equivalents	**$ 5,785**	$ 45,367
Receivables (note 4)	**22,890**	18,366
Investments under security lending program (note 5)	**115,283**	134,052
Investments (note 5)	**1,894,251**	1,702,876
Property and equipment (note 6)	**9,817**	9,557
Other assets (note 7)	**22,097**	20,594
	$ 2,070,123	$ 1,930,812
Liabilities		
Payables and accrued liabilities (note 8)	**$ 30,136**	$ 31,983
Benefits liabilities (note 9)	**1,228,420**	1,210,212
Annuity fund payable (note 10)	**221,461**	208,770
	1,480,017	1,450,965
Funded Position		
Injury Fund	**554,985**	446,159
Accumulated Other Comprehensive Loss	**(1,731)**	(2,619)
Reserves (note 11)	**36,852**	36,307
	590,106	479,847
	$ 2,070,123	$ 1,930,812

Contingencies (note 17)
See accompanying notes to financial statements.

Approved by the Board and signed on their behalf on March 12, 2018.

Gord Dobrowolsky
Chairperson

Larry Flowers
Board Member

Garry Hamblin
Board Member

Statement of Operations and Other Comprehensive Income

(Thousands of dollars)	2017	2016
Premiums (note 12)	$ **255,172**	$ 281,823
Expenses		
Claim costs (note 9)	**230,153**	286,770
Administration (schedule 1)	**45,800**	46,001
Safety and prevention (note 13)	**24,491**	23,292
Annuity fund interest (note 10)	**19,928**	16,420
Legislated obligations (note 14)	**1,207**	1,339
	321,579	373,822
Underwriting Loss	**(66,407)**	(91,999)
Investment income (note 5)	**175,778**	127,097
	109,371	35,098
Surplus distribution	**-**	281,500
Net Income (Loss)	**109,371**	(246,402)
Other Comprehensive Income		
Employee Benefits		
Net actuarial gains (note 15)	**888**	63
Total Comprehensive Income (Loss)	$ **110,259**	$ (246,339)

See accompanying notes to financial statements.

Statement of Changes in Funded Position

(Thousands of dollars)	2017	2016
Injury Fund		
Balance, beginning of year	**$ 446,159**	$ 694,700
Net income (loss)	**109,371**	(246,402)
Appropriation of funds to reserves (note 11)	**(545)**	(2,139)
Balance, end of year	**554,985**	446,159
Accumulated Other Comprehensive Loss		
Balance, beginning of year	**(2,619)**	(2,682)
Other comprehensive income	**888**	63
Balance, end of year	**(1,731)**	(2,619)
Reserves		
Balance, beginning of year	**36,307**	34,168
Appropriation of funds from injury fund (note 11)	**545**	2,139
Balance, end of year	**36,852**	36,307
Funded Position	**$ 590,106**	$ 479,847

See accompanying notes to financial statements.

Statement of Cash Flows

(Thousands of dollars)	**2017**	**2016**
OPERATING ACTIVITIES		
Cash received from:		
Premiums	**$ 254,951**	$ 286,574
Dividends	**35,047**	31,373
Interest	**25,750**	15,914
	315,748	333,861
Cash paid to:		
Claimants, or third parties on their behalf	**214,396**	215,936
Employees and suppliers, for administrative and other goods and services	**59,559**	55,994
Safety and prevention programs	**23,437**	24,507
Ministry of Labour Relations and Workplace Safety	**1,339**	1,322
	298,731	297,759
Net cash provided by operating activities	**17,017**	36,102
INVESTING ACTIVITIES		
Cash received from:		
Sale and maturity of investments	**817,212**	1,575,104
Cash paid for:		
Purchase of investments	**869,686**	1,312,305
Purchase of property and equipment	**1,424**	909
Purchase of other assets	**2,701**	1,765
	873,811	1,314,979
Net cash provided by (used in) investing activities	**(56,599)**	260,125
FUNDING ACTIVITIES		
Cash paid for:		
Surplus distribution	**-**	(281,505)
Net cash used in funding activities	**-**	(281,505)
Increase (decrease) in cash during the year	**(39,582)**	14,722
Cash and cash equivalents, beginning of year	**45,367**	30,645
Cash and cash equivalents, end of year	**$ 5,785**	$ 45,367

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 2017

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, 2017 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 9), the valuation of receivables (note 4), investments (note 5) and employee future benefits (note 15).

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, 2017 has been determined by estimating future benefits payments in accordance with the WCB's administrative policies and practices in effect at December 31, 2017.

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 15)

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 17, Insurance Contracts

On May 18, 2017, the IASB issued IFRS 17, which is effective for annual periods beginning on or after January 1, 2021. IFRS 17 will replace IFRS 4, *Insurance Contracts.*

This standard introduces consistent accounting for all insurance contracts. The standard requires companies to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts. Additionally, IFRS 17 requires a company to recognize profits as it delivers insurance services, rather than when it receives premiums.

The WCB intends to adopt IFRS 17 in its financial statements for the annual period beginning on January 1, 2021. The extent of the impact of adoption of the standard has not yet been determined.

IFRS 4, Insurance Contracts

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 new insurance contracts Standard, IFRS 17, *Insurance Contracts,* issued in May 2017.

The amendments apply in the same period in which the WCB 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, January 1, 2018, and IFRS 17, effective January 1, 2021:

- 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 IFRS 17; or January 1, 2021.

The WCB intends to adopt the amendments to IFRS 4 in its financial statements for the annual period beginning on January 1, 2018 and take the temporary exemption to adopt IFRS 9 on January 1, 2021.

IFRS 9, Financial Instruments

On July 24, 2014 the IASB issued the complete IFRS 9 standard. IFRS 9 introduces new requirements for the classification and measurement of financial assets. Under IFRS 9, 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 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 WCB has adopted the temporary exemption described previously. It is expected that IFRS 9 will have a significant impact on classification and measurement of financial assets, however, the WCB is not able at this time to estimate reasonably the impact that IFRS 9 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 WCB intends to adopt IFRS 15 and the clarifications in its financial statements for the annual period beginning on January 1, 2018. The WCB does not expect the standard to have a material impact on the financial statements.

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 WCB 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. RECEIVABLES:

(Thousands of dollars)	2017	2016
Premiums	**$ 12,635**	$ 10,699
Other	**7,563**	7,272
Interprovincial claims	**2,701**	2,253
Accrued interest	**2,620**	2,650
Subrogation receivable	**1,993**	455
Investment proceeds receivable	**47**	47
	27,559	23,376
Allowance for doubtful accounts	**(4,669)**	(5,010)
	$ 22,890	$ 18,366

Premiums receivable includes an estimate of $5,010,000 (2016 - $4,780,000) for premium revenue to be assessed when employers submit their final insurable earnings information for 2017. The estimate is based on the total estimated premium revenue for the year less premiums received for the year. The total estimated premium revenue uses management's best estimate and judgment in calculating the employers' final payroll amounts for the year.

At the end of the year, receivables of $18,962,000 (2016 - $14,244,000) were due within one year.

Investment proceeds receivable represent transactions traded in December 2017 but not settled until January 2018.

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)	**2017**	**2016**
BALANCE, beginning of year	**$ 5,010**	$ 6,196
Amounts written off	**(1,569)**	(1,670)
Current provision	**1,228**	484
BALANCE, end of year	**$ 4,669**	$ 5,010

The aging of receivables is as follows:

(Thousands of dollars)	**2017**	**2016**
Less than 60 days	**$ 12,957**	$ 11,782
61 to 180 days	**4,331**	1,589
181 to 365 days	**1,674**	873
Greater than 1 year	**8,597**	9,132
	$ 27,559	$ 23,376

5. 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)	**2017**	**2016**
Investments		
Bonds and debentures	**$ 328,019**	$ 309,767
Pooled bond fund	**106,229**	102,407
Pooled equity funds	**401,250**	313,436
Equities	**632,327**	585,381
Pooled real estate fund	**236,660**	213,908
Pooled mortgage fund	**144,640**	138,990
Short-term holdings	**45,126**	38,987
	1,894,251	1,702,876
Investments under Security Lending Program		
Equities	**115,283**	134,052
	$ 2,009,534	$ 1,836,928

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)		**2017**		**2016**	
	Term to Maturity In Years	**Fair Value**	**Average Effective Yield**	Fair Value	Average Effective Yield
Government of Canada Securities					
	1 - 5	**$ 89,292**	**1.45%**	$ 43,264	1.40%
	6 - 10	**35,014**	**2.55%**	23,213	2.63%
	Over 10	**13,300**	**3.97%**	12,883	4.01%
Provincial & Municipal Securities					
	1 - 5	**23,544**	**3.73%**	21,918	2.72%
	6 - 10	**5,832**	**2.70%**	16,897	2.89%
	Over 10	**64,392**	**4.99%**	57,489	5.04%
Corporate Securities					
	Less than 1	**17,736**	**2.40%**	6,172	0.74%
	1 - 5	**26,706**	**3.24%**	82,645	2.45%
	6 - 10	**24,510**	**3.53%**	15,956	4.27%
	Over 10	**27,693**	**4.55%**	29,330	4.76%
Total		**$ 328,019**		$ 309,767	

(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 $661,418,000 (2016 - $526,192,000).

The WCB has an investment in a pooled equity fund for Europe, Asia and the Far East (EAFE) with a carrying value of $142,087,000 (2016 - $131,328,000), an investment in a Canadian Equity Small Cap fund with a carrying value of $69,919,000 (2016 - $74,966,000), an investment in a Canadian Low Volatility Equity fund with a carrying value of $107,316,000 (2016 - $107,142,000) and an investment in a Global Equity Small Cap fund with a carrying value of $81,928,000 (2016 - $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.

(v) Pooled mortgage fund:

The WCB has an investment in a pooled mortgage fund that is invested in Canadian mortgages.

(vi) Short-term holdings:

Short-term holdings is comprised of treasury bills and bank notes with effective interest rates of 1.0% to 1.7% (2016 - .4% to 1.0%) and average term to maturity of 3.32 months (2016 – 3.80 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, 2017, the WCB had $115,283,000 (2016 - $134,052,000) in equities on loan to various counter-parties. At December 31, 2017, the total amount of collateral pledged to WCB amounted to $121,050,000 (2016 - $140,867,000).

(b) Investment income

Net investment income was derived from the following sources:

(Thousands of dollars)	2017			2016		
	Realized	**Unrealized**	**Total**	Realized	Unrealized	Total
Cash and cash equivalents	**$ 1,156**	**$ -**	**$ 1,156**	$ (30)	$ -	$ (30)
Bonds and debentures	**9,580**	**(627)**	**8,953**	15,807	(6,767)	9,040
Pooled bond fund	**94**	**3,728**	**3,822**	46	7,571	7,617
Pooled equity funds	**28,678**	**23,906**	**52,584**	9,858	17,570	27,428
Equities	**57,958**	**27,646**	**85,604**	65,666	1,697	67,363
Pooled real estate fund	**-**	**22,752**	**22,752**	-	15,321	15,321
Pooled mortgage fund	**5,732**	**(82)**	**5,650**	5,236	(1,031)	4,205
Short-term holdings	**378**	**-**	**378**	567	-	567
Investment expenses	**(5,121)**	**-**	**(5,121)**	(4,414)	-	(4,414)
	$ 98,455	**$ 77,323**	**$ 175,778**	$ 92,736	$ 34,361	$ 127,097

(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, 2017

(Thousands of dollars)	Level 1	Level 2	Level 3	Total
Bonds and debentures	**$ -**	**$ 328,019**	**$ -**	**$ 328,019**
Pooled bond fund	**-**	**106,229**	**-**	**106,229**
Pooled equity funds	**401,250**	**-**	**-**	**401,250**
Equities	**747,610**	**-**	**-**	**747,610**
Pooled real estate fund	**-**	**-**	**236,660**	**236,660**
Pooled mortgage fund	**-**	**144,640**	**-**	**144,640**
Short-term holdings	**-**	**45,126**	**-**	**45,126**
	$ 1,148,860	**$ 624,014**	**$ 236,660**	**$ 2,009,534**

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

During the year, no investments were transferred between levels.

Level 3 Reconciliation

(Thousands of dollars)	**2017**	**2016**
	Pooled Real Estate Fund	Pooled Real Estate Fund
Opening Balance	**$ 213,908**	$ 198,587
Acquisitions	**-**	-
Dispositions	**-**	-
Realized gain	**-**	-
Change in Unrealized gain	**22,752**	15,321
Closing Balance	**$ 236,660**	$ 213,908

(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, 2017:

Change in Equity Benchmarks

(Thousands of dollars)	**2017**	**2016**
S&P/TSX Composite Index	**$ 28,964**	$ 29,156
World (ex-Canada) Index	**30,132**	26,068
S&P 500 Index	**14,278**	14,377
MSCI EAFE Index	**15,000**	13,834
S&P/TSX Small Cap Index	**4,033**	5,047

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 $22,880,000 at December 31, 2017 (2016 - $21,117,000), representing 7.0% (2016 – 6.8%) of the $328,019,000 (2016 - $309,767,000) fair value of bonds and debentures.

Foreign exchange risk

The WCB has certain investments denominated in foreign currencies. During 2017, 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 38 percent of the investment portfolio. As at December 31, 2017, the WCB's holdings in foreign equities and pooled equity funds had a fair value of $661,418,000 (2016 - $526,192,000) representing 32.9% (2016 - 28.6%) of the fair value of the total investment portfolio, including cash equivalents. At December 31, 2017, 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 $27,814,000 (2016 - $26,555,000).

(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 and bonds and debentures. The maximum credit exposure related to these financial instruments is $401,820,000 (2016 - $412,487,000) 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 4).

Credit ratings for the bonds and debentures are as follows:

(Thousands of dollars)	**2017**		**2016**	
Credit Rating	**Fair Value**	**Percent of Portfolio**	Fair Value	Percent of Portfolio
AAA	**$ 146,669**	**44.7%**	$ 88,740	28.7%
AA	**80,378**	**24.5%**	133,009	42.9%
A	**64,228**	**19.6%**	63,005	20.3%
BBB	**36,744**	**11.2%**	25,013	8.1%
	$ 328,019		$ 309,767	

(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 4 and 8. The cash flow to pay claims benefits is disclosed in note 9 and to pay annuity funds is disclosed in note 10. The WCB generally maintains positive cash flows through cash generated from premiums received and from investing activities.

6. PROPERTY AND EQUIPMENT:

(Thousands of dollars)	2017						2016
	Land	Buildings	Leasehold Improvements	Office Furnishings	Computer Equipment	Total	Total
Cost							
BALANCE, beginning of year	$ 1,375	$ 14,017	$ 6,587	$ 3,592	$ 1,831	$ 27,402	$ 27,208
Additions during the year	-	-	449	569	648	1,666	898
Disposals during the year	-	-	(101)	(549)	(427)	(1,077)	(704)
BALANCE, end of year	$ 1,375	$ 14,017	$ 6,935	$ 3,612	$ 2,052	$ 27,991	$ 27,402
Accumulated Amortization							
BALANCE, beginning of year	$ -	$ 8,510	$ 4,951	$ 3,090	$ 1,294	$ 17,845	$ 17,156
Amortization for the year	-	350	369	202	485	1,406	1,393
Disposals during the year	-	-	(101)	(549)	(427)	(1,077)	(704)
BALANCE, end of year	$ -	$ 8,860	$ 5,219	$ 2,743	$ 1,352	$ 18,174	$ 17,845
Net Book Value	$ 1,375	$ 5,157	$ 1,716	$ 869	$ 700	$ 9,817	$ 9,557

7. OTHER ASSETS:

(Thousands of dollars)	2017	2016
Intangible assets	$ 16,473	$ 19,221
Net accrued pension benefit asset (note 15)	1,708	871
Prepaid expenses	3,916	502
	$ 22,097	$ 20,594

Intangible Assets

Intangible assets are comprised of the following:

(Thousands of dollars)	2017			2016
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
System development				
BALANCE, beginning of year	**$ 68,245**	**$ (49,024)**	**$ 19,221**	$ 22,508
Additions during the year	**2,732**	**-**	**2,732**	1,658
Amortization for the year	**-**	**(5,480)**	**(5,480)**	(4,945)
Disposals during the year	**(3,766)**	**3,766**	**-**	-
BALANCE, end of year	**$ 67,211**	**$ (50,738)**	**$ 16,473**	$ 19,221

During the year, $2,732,000 (2016 - $1,658,000) of internally generated system development costs were capitalized.

8. PAYABLES AND ACCRUED LIABILITIES:

(Thousands of dollars)	2017	2016
Occupational Health & Safety	**$ 11,368**	$ 10,313
Premium refunds	**8,695**	11,038
Employee benefits liability	**6,487**	6,495
Other	**2,379**	2,945
Worker's Advocate	**1,207**	1,192
	$ 30,136	$ 31,983

At the end of the year, payables and accrued liabilities of $29,989,000 (2016 - $31,730,000) were due within one year.

9. 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, 2017 including the present value of expected future costs plus provision for adverse deviations. The resulting liability is considered an indicator of fair value since there is no market for the trading of benefit liabilities.

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

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

	2017	2016
Inflation	**2.25%**	2.25%
Expected future growth in gross wages	**3.25%**	3.25%
Expected future increase in health care costs	**5.25%**	5.25%
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)	2017								2016
	Short-Term Disability	Long-Term Disability	Survivor Benefits	Health Care	Vocational Rehabilitation	Future Benefits Administration	Latent Occupational Disease	Total	Total
BALANCE, beginning of year	**$132,318**	**$419,775**	**$89,191**	**$404,016**	**$27,264**	**$49,080**	**$88,568**	**$1,210,212**	$1,138,919
ADD:									
Claim costs incurred:									
Current year injuries	**54,918**	**21,994**	**5,137**	**74,191**	**2,998**	**9,299**	**3,128**	**171,665**	177,321
Prior years' injuries	**(2,328)**	**6,017**	**(2,374)**	**47,758**	**1,579**	**7,836**	**-**	**58,488**	109,449
	52,590	**28,011**	**2,763**	**121,949**	**4,577**	**17,135**	**3,128**	**230,153**	286,770
DEDUCT:									
Claim payments made:									
Current year injuries	**22,405**	**391**	**297**	**25,832**	**139**	**3,072**	**-**	**52,136**	55,339
Prior years' injuries	**39,675**	**45,501**	**9,072**	**53,058**	**4,424**	**8,079**	**-**	**159,809**	160,138
	62,080	**45,892**	**9,369**	**78,890**	**4,563**	**11,151**	**-**	**211,945**	215,477
BALANCE, end of year	**$122,828**	**$401,894**	**$82,585**	**$447,075**	**$27,278**	**$55,064**	**$91,696**	**$1,228,420**	$1,210,212

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)	
2018	$ 155,629
2019 - 2022	340,315
2023 - 2027	251,710
2028 - 2032	159,847
2033 - 2037	107,135
2038 - 2042	74,031
2043 and beyond	139,753
	$ 1,228,420

The following is a reconciliation of the benefits liabilities:

(Thousands of dollars)	**2017**	**2016**
BALANCE, beginning of year	**$ 1,210,212**	$ 1,138,919
ADD:		
Provision for current year injuries	**182,371**	165,840
Provision for prior years' injuries		
Interest allocated	**57,295**	53,177
Prior years' claim cost experience higher than expected	**9,064**	11,521
Effect of actual cost of living adjustment higher (lower) than expected	**17,189**	(20,787)
Provision for latent occupational disease	**3,128**	18,362
Change in actuarial methods and assumptions	**(38,894)**	58,657
	230,153	286,770
DEDUCT:		
Benefit payments	**200,794**	204,076
Claim adjudication expense	**11,151**	11,401
	211,945	215,477
BALANCE, end of year	**$ 1,228,420**	$ 1,210,212

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)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
End of year	$278,057	$266,090	$252,708	$241,152	$234,766	$216,337	$187,455	$181,855	$189,778	$174,274
One year later	279,700	268,539	244,582	236,672	233,440	206,194	198,429	184,311	189,661	
Two years later	279,820	256,661	236,468	240,086	224,012	205,837	205,179	180,479		
Three years later	278,812	251,124	241,530	240,239	219,469	212,037	207,128			
Four years later	278,113	255,630	237,744	236,677	222,002	213,532				
Five years later	285,133	254,422	231,438	236,973	211,288					
Six years later	285,004	247,620	229,749	236,539						
Seven years later	280,617	247,563	229,182							
Eight years later	281,760	240,644								
Nine years later	277,229									
Estimate of cumulative claims	277,229	240,644	229,182	236,539	211,288	213,532	207,128	180,479	189,661	174,274
Cumulative payments	(237,893)	(204,589)	(189,071)	(193,300)	(168,623)	(157,853)	(145,591)	(123,563)	(107,592)	(53,551)
Benefits liabilities	$39,336	$36,055	$40,111	$43,239	$42,665	$55,679	$61,537	$56,916	$82,069	$120,723
Post 2007 benefits liabilities										$578,330
Pre-2008 benefits liabilities										558,394
Latent occupational disease										91,696
Total benefits liabilities										$1,228,420

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 $133,518,000 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 $128,533,000 increase in the benefits liabilities.

Health Care benefits liabilities are calculated assuming a future rate of escalation of health care costs of 5.25 percent per year. A 0.5 percent increase in the escalation factors used for future health care costs would increase benefits liabilities by approximately $37,270,000.

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 $9,126,000.

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 $1,310,000.

Insurance Risk Management

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

10. ANNUITY FUND PAYABLE:

(Thousands of dollars)	**2017**	**2016**
BALANCE, beginning of year	**$ 208,770**	$ 200,274
ADD: Contributions		
Principal	**6,012**	6,196
Interest	**19,928**	16,420
	25,940	22,616
DEDUCT: Payouts		
Principal	**4,702**	5,125
Interest	**8,547**	8,995
	13,249	14,120
BALANCE, end of year	**$ 221,461**	$ 208,770

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, 2017.

(Thousands of dollars)	
2018	$ 17,688
2019 - 2022	61,224
2023 - 2027	70,721
2028 - 2032	36,866
2033 - 2037	18,179
2038 - 2042	9,965
2043 and beyond	6,818
	$ 221,461

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

11. RESERVES:

(Thousands of dollars)	2017				2016
	Disaster Reserve	Occupational Disease Reserve	Second Injury & Re-employment	Total	Total
BALANCE, beginning of year	**$ 24,205**	**$ -**	**$ 12,102**	**$ 36,307**	$ 34,168
Appropriation from Injury Fund	**363**	**-**	**182**	**545**	2,139
Appropriation to fund cost relief for employers	**14,889**	**2,852**	**28,896**	**46,637**	45,387
Allocations for cost relief for employers	**(14,889)**	**(2,852)**	**(28,896)**	**(46,637)**	(45,387)
BALANCE, end of year	**$ 24,568**	**$ -**	**$ 12,284**	**$ 36,852**	$ 36,307

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 2017, 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, $363,000 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, $182,000 was transferred from the injury fund to this reserve.

12. PREMIUMS:

(Thousands of dollars)	**2017**	**2016**
Premiums	**$ 256,132**	$ 282,303
Experience Rating Program - discounts	**(24,897)**	(26,871)
Experience Rating Program - surcharges	**23,982**	25,585
Other premium related income	**(45)**	806
	$ 255,172	$ 281,823

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 2017 were $5,441,000 (2016 - $5,154,000).

13. SAFETY AND PREVENTION:

(Thousands of dollars)	2017	2016
Occupational Health & Safety	**$ 11,368**	$ 10,314
Safety Associations	**11,133**	10,772
WorkSafe Saskatchewan	**1,990**	2,206
	$ 24,491	$ 23,292

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 2017, 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.

14. LEGISLATED OBLIGATIONS:

(Thousands of dollars)	2017	2016
Worker's Advocate	**$ 1,207**	$ 1,192
Committee of Review	**-**	147
	$ 1,207	$ 1,339

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.

15. 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 extrapolation of the pension plan as at December 31, 2017.

(i) Actuarial Assumptions

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

	2017	2016
Discount rate	**3.34%**	3.69%
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:

	2017	2016
Longevity at age 65 for current pensioners		
Male	**22.8**	22.7
Female	**24.7**	24.6
Longevity at age 65 for current members		
Male	**23.0**	22.9
Female	**24.9**	24.9

At December 31, 2017 the weighted-average duration of the defined benefit obligation was 11.6 years (2016 - 11.3 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)	2017	2016	2017	2016	2017	2016
	Defined Benefit Obligation		**Fair Value of Plan Assets**		**Net Accrued Pension Benefit (Asset) Liability**	
Balance at January 1	$ 38,188	$ 38,742	$ (39,059)	$ (39,604)	$ (871)	$ (862)
Included in profit or loss						
Current service cost	-	-	-	-	-	-
Interest cost (income)	1,363	1,426	(1,312)	(1,372)	51	54
	1,363	1,426	(1,312)	(1,372)	51	54
Included in OCI						
Remeasurement loss (gain)						
- Actuarial loss (gain) from change in assumptions	1,517	477	-	-	1,517	477
- Return on plan assets excluding interest income	-	-	(2,405)	(540)	(2,405)	(540)
	1,517	477	(2,405)	(540)	(888)	(63)
Other						
Employer contributions paid	-	-	-	-	-	-
Employee contributions paid	-	-	-	-	-	-
Benefits paid	(2,502)	(2,457)	2,502	2,457	-	-
	(2,502)	(2,457)	2,502	2,457	-	-
Asset ceiling adjustment					-	-
Balance at December 31	$ 38,566	$ 38,188	$ (40,274)	$ (39,059)	$ (1,708)	$ (871)

Employer contributions to the defined benefit plan will be $nil in 2018.

(iii) Plan Assets

(Thousands of dollars)	2017	2016
Bonds and debentures		
Government of Canada and guarantees	$ **4,570**	$ 2,689
Provincials and guarantees	**3,172**	3,546
Corporate bonds	**3,264**	4,565
	11,006	10,800
Equities	**5,986**	6,279
Pooled equity funds	**15,103**	14,336
Pooled mortgage fund	**3,386**	3,254
Pooled real estate fund	**4,507**	4,073
Short-term investments	**165**	119
	40,153	38,861
Other	**121**	198
	$ **40,274**	$ 39,059

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, 2017	Defined Benefit Obligation Percentage Increase	Percentage Decrease
Discount rate (1 percent change)	-10.4%	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 $2,603,000 (2016 - $2,480,000) related to its defined contribution plan.

16. 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, 2017, key management personnel is made up of 9 people (2016 - 8 people) and includes the Chairman of the Board, two board members, the Chief Executive Officer, the Chief Financial Officer, and four (2016 - three) members of the senior executive group.

(Thousands of dollars)	**2017**	**2016**
Salaries and other short-term benefits	**$ 2,307**	$ 2,289
Post employment benefits	**137**	357
	$ 2,444	$ 2,646

17. 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.

18. 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 plus Annuity Fund Payable.

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. Where the Funding Percentage falls below 100 percent, the WCB will take action to replenish the Injury Fund immediately to reach 100 percent. If the Funded Percentage falls below 103 percent, the WCB, at its discretion, will take action to replenish the Injury Fund to reach 105 percent within three years. Generally, where the Funding Percentage rises above 122 percent, the WCB, at its discretion, will distribute surplus funds to employers, within the year following the WCB's fiscal year in which the Funding Percentage exceeded 122 percent.

The WCB monitors its funded status on the basis of its Funding Percentage. The funding policy was updated in 2017 to include the Annuity Fund Payable in the Funding Percentage. The Funding Percentage is calculated as the Benefits Liabilities plus the Annuity Fund Payable 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 plus the Annuity Fund Payable.

The Funding Percentages at December 31 were as follows:

(Thousands of dollars)	**2017**	**2016**
Injury Fund	**$ 554,985**	$ 446,159
Unrealized gains on investments	**(297,129)**	(219,806)
	$ 257,856	$ 226,353
Benefits liabilities		1,210,212
Benefits liabilities + annuity fund payable	**1,449,881**	
Injury Fund as a percentage of benefits liabilities		18.7%
Injury Fund as a percentage of benefits liabilities + annuity fund payable	**17.8%**	
Funding Percentage	**117.8%**	118.7%

19. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES:

The fair value of financial assets and liabilities other than investments (note 5), benefits liabilities (note 9), and annuity fund payable (note 10) approximates carrying value due to their immediate or short term nature.

20. COMPARATIVE FIGURES:

Certain 2017 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Schedule 1 – Administration Expenses

(Thousands of dollars)	**2017**	**2016**
Salaries and employee benefits	**$ 42,114**	$ 42,202
Amortization (notes 6 & 7)	**6,886**	6,338
Building operations	**1,966**	1,784
Computer services	**1,882**	1,898
Communications and postage	**1,446**	1,351
Office expenses	**1,383**	1,239
Consulting services	**1,155**	1,161
Office rental	**964**	957
Travel and automobile expenses	**621**	548
Training and development	**545**	637
Professional services	**539**	456
Community relations	**229**	297
Market research	**135**	105
Advertising	**102**	177
Miscellaneous	**(491)**	(191)
	59,476	58,959
Less:		
Fees charged to self-insurers	**2,525**	1,557
	56,951	57,402
Less:		
Administration costs charged to Future Benefits Administration (note 9)	**11,151**	11,401
	$ 45,800	$ 46,001

See accompanying notes to financial statements.

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