



2018

ANNUAL REPORT

SASKATCHEWAN WORKERS'
COMPENSATION BOARD



wcb

Saskatchewan
Workers'
Compensation
Board

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Front cover

Top left: 2018 Safe Worker Award Finalist **Gerry Sohnchen**, North Ridge Development Corp., Saskatoon

Middle left: **Wascana Rehabilitation Centre**, Regina

Right: **Saskatchewan Workers' Compensation Board**, Regina

Above

Top left: 2018 Safe Employer Award Finalist **CEDA**, Regina

Top right: 2018 Safe Employer Award Nominee **Warner Industries**, Regina

Bottom left: 2017 Safe Saskatchewan Mission: Zero Award Winner **Discovery Co-operative Limited**, North Battleford

Bottom right: 2018 Safe Employer Award Winner **R.M. of Wilton**, Marshall

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2018 Safe Employer Finalist
Asiil Enterprises Ltd.,
Prince Albert

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 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 & MISSION

OUR VISION

We eliminate injuries and restore abilities.

OUR MISSION

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





Year at a Glance

	2018	2017	2016	2015	2014
Number of workers covered ¹	410,600	423,527	420,279	405,784	402,894
Time Loss injury rate (per 100 workers) ²	1.99	1.86	1.86	2.07	2.41
Total injury rate (per 100 workers) ²	5.44	5.25	5.55	6.30	6.99
Number of claims reported	29,140	28,952	29,953	32,577	35,836
Number of No Time Loss claims accepted ²	14,192	14,342	15,521	17,137	18,441
Number of Time Loss claims accepted ²	8,151	7,888	7,813	8,417	9,715
Fatal claims accepted ³	48	27	31	32	39
Average duration in days ⁴	41.89	40.16	43.07	38.92	37.01
Active employer accounts ⁵	49,598	48,630	47,907	47,956	46,656
Average premium rate (per \$100 of assessable earnings)	1.19	1.24	1.34	1.46	1.51
Maximum Assessable Wage	82,627	76,086	69,242	65,130	59,000
Number of appeals registered					
Appeals Department	1,165	1,143	1,217	1,139	1,070
Board Level	287	301	308	273	266*
Claims costs (\$ millions)	278.2	230.2	286.8	194.2	264.7
Premium revenue (\$ millions)	256.5	255.2	281.8	305.7	291.2
Investment (loss) income (\$ millions)	(41.6)	175.8	127.1	106.3	159.5
Benefits liabilities (\$ millions)	1,280.9	1,228.4	1,210.2	1,138.9	1,151.9
Funded position (\$ millions)					
Injury Fund	399.8	555.0	446.2	694.7	703.2
Reserves	38.4	36.9	36.3	34.2	34.6
AOCI ⁶	(2.4)	(1.7)	(2.6)	(2.7)	(4.1)
Funding Percentage ⁷	115.2	117.8	118.7	144.7	132.2

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 was 1 self-insured fatality in 2018, and 0 in 2017, 2016, 2015 and 2014.

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 Accumulated Other Comprehensive Income (AOCI) includes actuarial gains (losses) on the defined benefit pension plan.

7 The calculation of Funding Percentage excludes the unrealized gains and losses on investments in the Injury Fund.

* Restated to reflect the correct number of Board Level appeals.

Letters of Transmittal

The Honourable William Thomas Molloy

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 2018.



A handwritten signature in cursive script that reads "Don Morgan".

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

The Lieutenant Governor in Council:

We are pleased to submit the 89th Annual Report of the Workers' Compensation Board for the year ending December 31, 2018.

Respectfully submitted,

A handwritten signature in cursive script that reads "Gord Dobrowolsky".

Gord Dobrowolsky
Chairperson

A handwritten signature in cursive script that reads "L. Flowers".

Larry Flowers
Board Member

A handwritten signature in cursive script that reads "Garry Hamblin".

Garry Hamblin
Board Member



Garry Hamblin
Board Member
Worker Representative



Gord Dobrowolsky
Chairperson



Larry Flowers
Board Member
Employer Representative

Message from the Board

As stewards of the province's compensation system, our obligation is to govern the Workers' Compensation Board with the interests of our customers at the forefront of all our decision making.

The Meredith Principles are the foundation that allow us to oversee the WCB with a trusted standard of due diligence. At all levels of our organization, we work to be mindful that our decisions and the strategic directions we chart may impact those we serve.

The Workers' Compensation Act, 2013 governs our actions as a Board, giving the WCB exclusive jurisdiction in Saskatchewan as an independent board, fully-funded by our employers' premiums and investment income. It is our vision to eliminate injuries and restore abilities and our mission to be a customer-centric organization that continuously seeks to add value to our customers through a process of continuous process improvement.

Over the past decade, we've seen solid growth in employment, at points reaching record highs for our province. As our labour force has grown, workplace safety becomes more and more vital for Saskatchewan as we realize our economic growth potential. Sadly, the number of workplace fatalities increased in 2018 to 48, with deaths from occupational disease making up nearly 42 per cent of all fatalities. We will continue to work to reduce the human and economic hardships and suffering brought on by predictable and preventable workplace injuries. Eliminating workplace injuries will remain a core focus of the WCB until we reach our goal of zero injuries. In 2018, 88 per cent of employers in the province achieved Mission: Zero.

Financial stewardship of our compensation system is paramount in our ability to support injured workers and restore abilities. It is our responsibility to provide excellent customer

service while being cost effective and efficient with the funds with which we have been entrusted. This included a solid investment and capital management plan that has allowed us to withstand a volatile investment market. In 2018, the Board maintained a solid financial position necessary to support our provincial compensation system. We lowered the 2019 average employer premium rate to \$1.17 per hundred dollars of payroll in 2019 from \$1.19 in 2018. This represents a 1.7 per cent decrease from 2018 to 2019. This is the 12th consecutive year the rate has dropped.

As a Board Tribunal, in addition to providing financial and operational oversight, this Board performs a customer appeal and adjudication function in accordance with *The Workers' Compensation Act, 2013*. The Board has dedicated itself to providing timely service to customers and in 2018, heard and wrote decisions on 260 appeals and conducted 110 oral hearings.

Our CEO Peter Federko announced his retirement after 25 years of dedicated service to the WCB. Without question, Peter leaves behind a tremendous gap. We are grateful for his service here at the WCB and for his leadership and positive influence in shaping the compensation system both provincially and federally. Actively involved in a succession plan, the Board has implemented a transition plan and will announce Peter's replacement in the coming weeks.

We also want to express our sincere thanks to our dedicated employees, our partners and stakeholders for the trust and confidence which has been placed in us again this year. We offer a sincere thanks to Saskatchewan's 49,598 registered employers, to our 410,600 insured workers, to care providers in the medical community, to our partner associations, to community leaders, and to our valued employees at the WCB. It is our honour to serve you. We thank you for your continuing support.

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 49,598 firms with 410,600 workers registered with the WCB in 2018. The WCB accepted 22,371 injury claims this year, and there were 8,151 Time Loss injuries. This means that the injury kept the worker away from work beyond the day of the injury. Over \$278 million in expenses were incurred on worker benefits and programs in 2018. Each year the Board reviews and affirms the vision and mission of the WCB and related strategic and operational plans.

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 the 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, the 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 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 completed 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 non-profit sectors. Since 1989, he has implemented strategic HR, training, safety and business solutions as an internal and external business strategist. 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 Master of 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.

Proposed Changes to Board Structure

Bill 165, *The Workers' Compensation Amendment Act, 2018*, received second reading on December 5, 2018. It proposes to make changes to the board's composition following recommendations from the 2015 Committee of Review and further consultation with stakeholder groups.

The proposed amendment would permit the appointment of up to seven Board Members, including a full-time chairperson, two full-time members, with one being a representative of the views of employers and one representative of views of workers, plus an even number of up to four part-time members, half of whom would be representative of employers' views and half who would be representative of workers' views. The full-time members would be responsible for hearing and deciding appeals to the Board. Both full-time and part-time members would be responsible for the governance and proper administration of matters governed by the Act.

Board Mandate and Responsibilities

The Board recognizes that a strong governance framework is necessary to ensure that the WCB fulfils 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 corporate beliefs expressed as True North, and by requiring and receiving regular reports that monitor the WCB's financial and operational performance.

They fulfil 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 2018, the Tribunal received 287 appeals, which was the third highest number of incoming appeals to the Tribunal in more than 15 years. It decided 260 appeals and 55 non-appeal applications (for barring of lawsuit, orders for collection of overpayment, and Medical Review Panels). The Board also conducted 110 oral hearings. This direct involvement in the appeal process gives the Members valuable information that helps them to assess the effectiveness of the WCB's 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 the system for strategy development and deployment,

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. In 2018, the Board Members received executive coaching on continuous process improvement.

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 vision, mission, values, risk register and True North statements driving the strategic plan. Our corporate values are the standards by which our actions and decisions are to be considered and judged by others. Our True North statements

represent the five areas that we must focus on to enable improvement of the customer experience.

- **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.
- **QUALITY** – Customers rely on us to deliver defect-free service.
- **TIMELINESS** – Customers rely on us to deliver service at the right time, when they need it.

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 the 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 2018 to meet future obligations was \$1.28 billion. Investment assets, the financial resources that back up the funding guarantee to workers, were valued at \$1.92 billion including unrealized investment gains and losses at the end of 2018.

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 financial 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 5 per cent to 20 per cent of Benefits Liabilities and Annuity Fund Payable.

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.

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. 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 2018 in maintaining a reduced backlog of appeals pending before the Board. Despite receipt of higher than usual volumes of appeals, the Board continues to be able to advise appellants that the review of their appeal can be expected to begin within three months and the net turnaround time for appeals has been reduced from 295 days in 2015 to 115 days as of December 31, 2018.

7. The Fair Practices Office

The Board is responsible 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 plan that tracks the WCB's achievement of the Strategic Plan approved by the Board. The WCB has been publishing its strategic objectives and operational targets 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 five 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 dissatisfied with decisions received on their appeals to the Appeals Department or the Assessment Committee can apply to have those decisions reviewed by the Board Appeal Tribunal. The Board Members serve as the Board Appeal Tribunal, which is the highest level of appeal within the WCB for all matters, unless there is a bona fide medical question to be determined by a Medical Review Panel.

The Board Appeal Tribunal conducted 110 hearings and issued 260 decisions in 2018. It also considered 55 non-appeal matters. Despite high appeal volumes, the Board Appeal Tribunal continued to be able to advise clients that the review of their appeals could be expected to commence within three months. This was possible because the process improvements adopted by the Tribunal members and support staff in 2015 have continued to generate efficiencies that have maintained the advances that were made in reducing the backlog of appeals.

The Tribunal has remained focused throughout 2018 on the need for thorough file development, ongoing staff and Tribunal Member training, and the dedication of sufficient time and resources to ensure quality in its decision-making process.

Appeals Activity

	2018	2017	2016	2015	2014
Appeals Received	287	301	308	273	266
Appeals Decided					
Accepted	116	94	150	152	95
Denied	144	186	201	168	102
Total	260	280	351	320	222*
Appeals Withdrawn	17	29	36	22	25
Appeals Pending	99	87	94	173	240
Average Number of Days to Decision	115	118	165	295	296
Oral Hearings	110	91	140	103	96

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

* 2014 total decided of 222 included 25 withdrawn cases.



Saskatchewan Government Insurance,
Regina, Health & Safety Leadership
Charter Signatory

Board Appeal Tribunal (continued)

Source of Appeals

	2018	2017	2016	2015	2014
Workers' Advocate	126	107	132	110	128
Worker	85	87	96	72	79
Employer	68	91	48	66	20
Other Representative	5	6	13	12	33
Lawyer	2	8	18	11	3
Union Official	0	0	0	2	1
Family	1	2	1	0	2
Total	287	301	308	273	266

Nature of Appeals Decided

	2018		2017		2016		2015		2014	
	<i>accepted</i>		<i>accepted</i>		<i>accepted</i>		<i>accepted</i>		<i>accepted</i>	
Initial Acceptance	89	36	76	29	127	57	106	50	84	36
Relationship (of condition to injury)	61	29	69	19	106	44	69	23	68	19
Recovery/Fitness for Work	38	22	23	10	23	9	30	16	24	10
Cost Relief	21	12	70	24	41	15	54	34	10	9
Other	12	6	17	4	18	8	9	3	8	1
Expenses	12	3	3	0	2	0	6	3	4	2
Estimated Earnings	8	2	2	2	5	3	12	4	9	7
Retraining	5	1	4	1	4	2	7	3	1	1
Permanent Functional Impairment	5	1	2	1	2	1	7	5	4	4
Wage Base	4	2	4	1	7	3	3	2	3	2
Assessment/Surcharge	3	1	4	1	7	3	6	3	2	1
Suspension	2	1	4	2	8	4	10	6	4	3
Independence Allowance	0	0	2	0	1	1	1	0	1	0
Total	260	116	280	94	351	150	320	152	222	95

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

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 2018, there were 55 non-appeal matters decided.

Medical Review Panel

Certificates Received

	2018	2017	2016	2015	2014
Certificates Accepted	4	4	8	6	1
Certificates Denied	22	15	12	9	13
Cases Withdrawn	0	1	0	0	0
Total	26	20	20	15	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 2018, there were four MRPs held; two were accepted and two were denied.

Appeals Department

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

In 2018, the Appeals Department continued to focus on providing quality decisions in a timely manner. A number of continuous process improvements were adopted in 2018 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

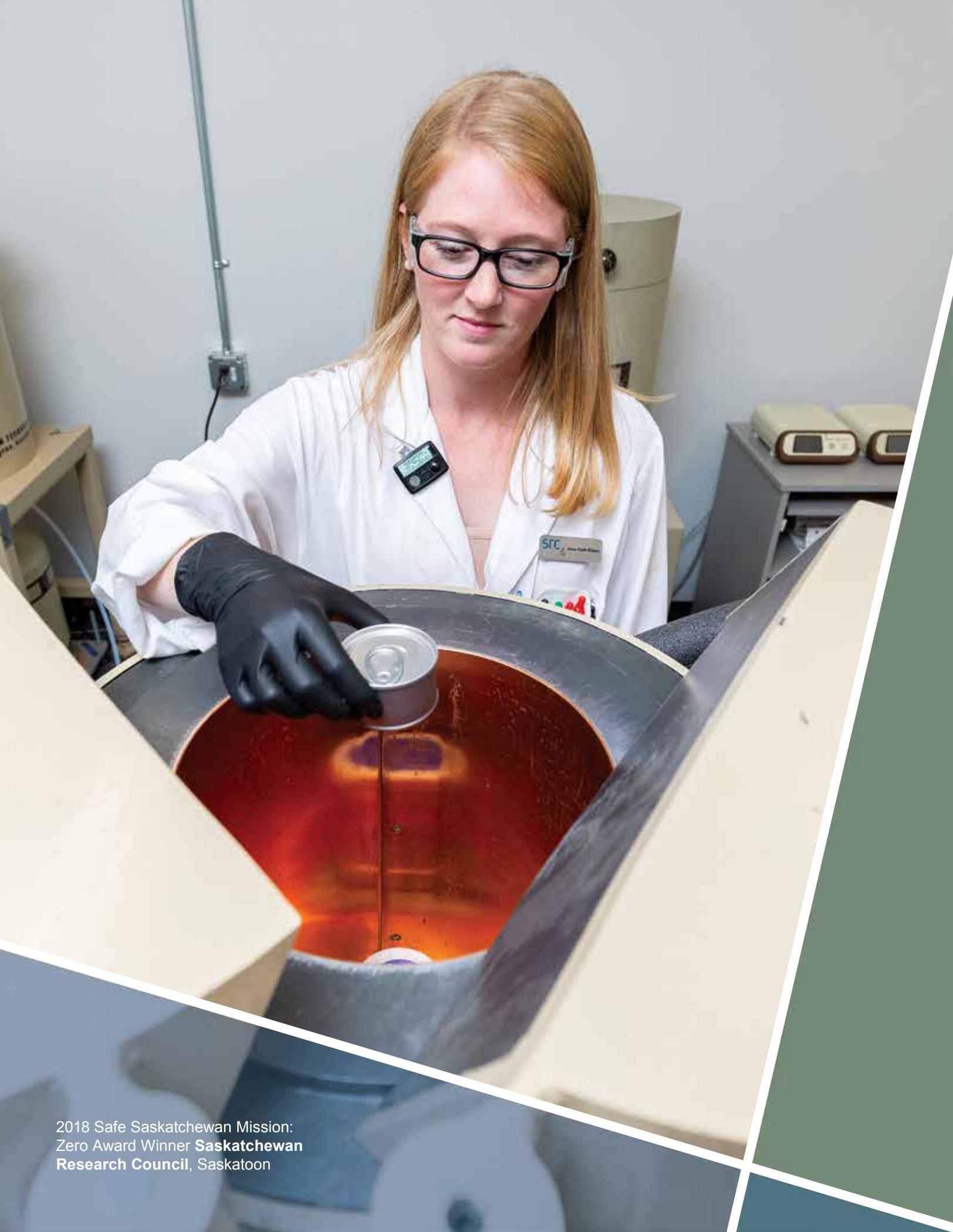
	2018	2017	2016	2015	2014
Prior Year's Pending	145	109	82	133	92
Appeals Registered	1,165	1,143	1,217	1,139	1,070
Total Appeals	1,310	1,252	1,299	1,272	1,162
Accepted	256	265	312	303	356
Denied	813	761	769	785	626
Returned for Additional Development	51	48	78	57	12
Subtotal Completed	1,120	1,074	1,159	1,145	994
Withdrawn	38	33	31	45	35
Appeals Pending	152	145	109	82	133
Average Days to Decision	57	38	24	38	39
Appeals Decided Within 30 Days	12%	25%	78%	35%	28%
Appeals Decided Within 45 Days	20%	72%	98%	68%	63%
Appeal Meetings	26	38	33	45	56



WorkSafe

Work to live.

WCB Staff
Regina Head Office



2018 Safe Saskatchewan Mission:
Zero Award Winner **Saskatchewan
Research Council**, Saskatoon

Committee of Review

The Saskatchewan government establishes a WCB Committee of Review (COR) every five 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 most recent COR was in 2015 and received over 70 written submissions and hosted public consultations in Saskatoon, North Battleford, Prince Albert, Yorkton, and Regina. The COR committee released the Workers' Compensation Act Committee of Review Report in 2016 based on public consultations.

The COR report released in 2016 noted 11 recommendations. As of 2018, all 11 recommendations have been addressed, implemented or legislated. The exceptions are noted below:

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 and through the strategy deployment system, which is aligning efforts to our vision and mission.

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: In December 2018, the Minister announced an increase in the number of members of the Workers' Compensation Board. Once appointed, the WCB will consist of seven Board Members:

- One full-time chairperson;
- Two full-time members (one representing workers and one representing employers); and
- Four part-time members (two representing workers and two representing employers).

The change to our Board is in response to a recommendation from the Workers' Compensation Act Committee of Review made in 2016. Further public consultations in 2017 identified a general consensus that stakeholders would support an expansion of the board. For more details, see page 9.

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. **Co-ordination of Benefits:** Co-ordinate benefits between the WCB and SGI to ensure that no worker is disadvantaged in the event of a work-related motor vehicle incident.

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, co-ordinated through the Office of the Workers' Advocate, dedicated to helping employers navigate the workers' compensation system.

Status: An Employer Resource Centre Working Group convened in mid-2018 to investigate the gaps in supports for employers navigating the workers' compensation system.

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

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

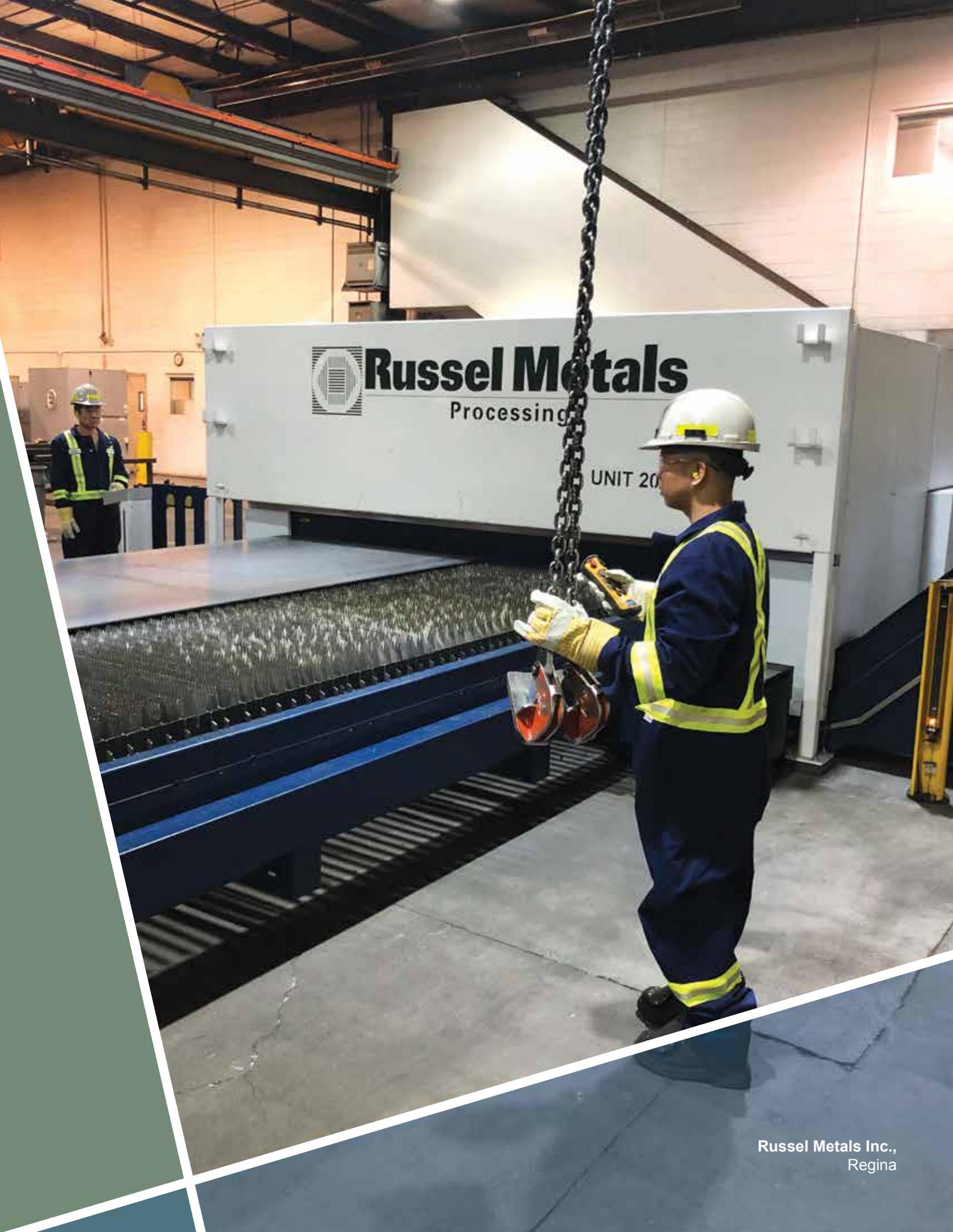
10. **Rate Review and Standard Discount:** Ensure best practices are fair and equitable for all employers and not excessively punitive for small employers.

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 being addressed as part of the WCB's continuous process improvement effort.

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



Russel Metals

Processing

UNIT 20

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 Workers' Compensation Act, 2013* and reporting to the Board of Directors through 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 the 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

	2018	2017	2016	2015	2014
New Inquiries Received	355	375	425	403	363
Inquiries Resolved	345	373	425	401	359

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 2018, the FPO on average received 30 inquiry calls per month.

How Inquiries Were Resolved

	2018	2017	2016	2015	2014
Completed by FPO Without Referral	250	274	250	237	206
Called the WCB for Clarification	19	16	62	45	44
Referral to the WCB for Review	60	83	113	119	109
Referred to outside entity	16	0	0	0	0
Total	345	373	425	401	359

Note: Numbers include only new inquiries.

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 2018, 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

	2018	2017	2016	2015	2014
Decision Changed	10	18	20	20	18
New Action Taken	41	59	85	93	87
Reviewed – No Change	9	6	8	6	4
Total	60	83	113	119	109

Inquiries

	2018	2017	2016	2015	2014
Employers	20	23	46	37	24
Workers	328	350	375	364	335
Other	7	2	4	2	4
Total	355	375	425	403	363

In 2018, the majority of individuals who called the FPO identified themselves as workers.

Purpose of Inquiry

	2018	2017	2016	2015	2014
Decision/Decision-Making Process	304	344	377	386	333
Communication/Services	113	126	114	92	99
Timeliness	40	36	51	70	80
General Information	89	75	107	127	87
FPO Systemic Issue	0	0	0	1	4
Other	5	5	4	0	0
Total	551	586	653	676	603

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 2018, 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 Inquiry (%)

	2018	2017	2016	2015	2014
0-7 Days	68.5	64.9	56.7	57.9	47.6
8-30 Days	23.7	26.8	34.8	26.4	32.3
Over 30 Days	7.8	8.3	8.5	15.7	20.1
Total	100.0	100.0	100.0	100.0	100.0

In 2018, 92 per cent of the inquiries received by the FPO were concluded within 30 days and 68 per cent were concluded within seven days of receiving the inquiry.



2018 Safe Worker Award Winner
Justin Ellis, Humboldt Electric,
Saskatoon

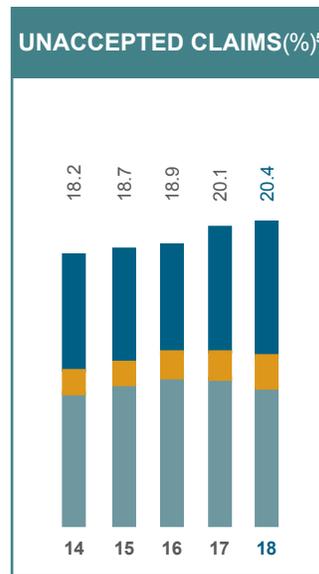
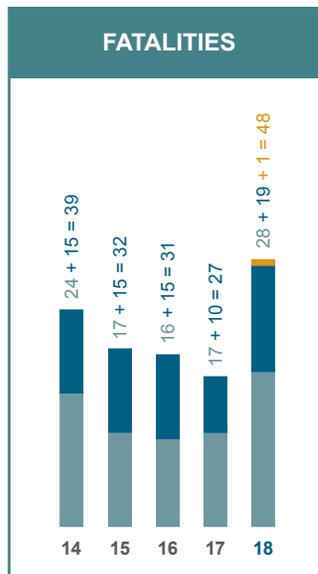
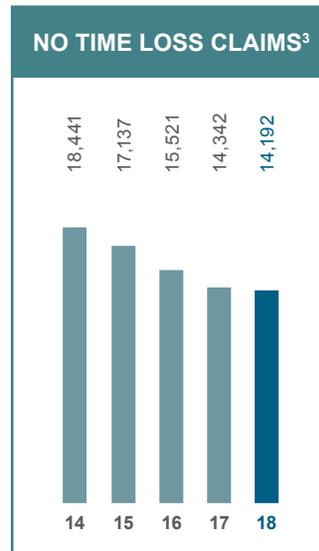
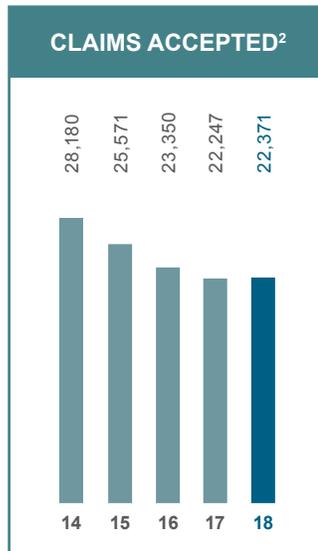
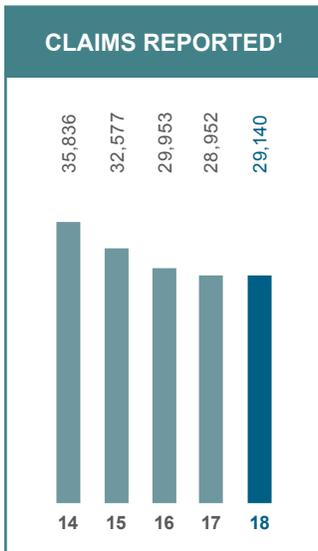
New & Amended Policies & Procedures

Policy directives include policy and procedure documents that form the basis of decisions made or actions performed 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 2018.

- Benefits – Long-Term Earnings Loss (POL & PRO 01/2018)
- Benefits – Return to Work (RTW) Interrupted (POL & PRO 02/2018)
- Employer Audits (POL 03/2018)
- Maximum Wage Rates – 2019 (POL & PRO 04/2018)
- Maximum Assessable Wage Rate – 2019 (POL 05/2018)
- Industry Premium Rates – 2019 (POL 06/2018)
- Expenses – Travel and Sustenance – PSC Rates (PRO 50/2018)
- Minimum Average Weekly Earnings (Section 70(5)) – 2019 (PRO 51/2018)
- Minimum Compensation (Section 75) – 2019 (PRO 52/2018)
- Default in Assessment Payment – 2019 (PRO 53/2018)
- Consumer Price Index (CPI) – Annual Increase – 2019 (PRO 54/2018)

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

Statistical Summary



In year³
 Prior to year⁴
 Self insured
 No response
 No coverage
 Not work related

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.wcbask.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 February 3, 2019 for 2018 claims reported. Claims are not accepted when the industry is not covered by *The Workers' Compensation Act, 2013*, a claim is not work related, or no further information is received following the initial report of the injury.

2018 Top Five Rate Codes With Injuries*

Rate Code	Number of Claims Accepted
G22 Health Authority, Hospitals, Care Homes	3,949
G31 Cities, Towns, Villages, RMs	1,305
T42 Transportation, Courier, Commercial Bus	1,002
S21 Community and Social Services	943
C32 Grocery, Department Store, Hardware	934

* All claims reported and accepted in 2018, excluding self-insured.

2018 Top Five Occupations With Injuries*

Occupation	Number of Claims Accepted
Nurse aides, orderlies and patient service associates	1,238
Truck drivers	1,004
Registered nurses	838
Construction trades helpers and labourers	769
Retail salespersons and sales clerks	748

* All claims reported and accepted in 2018, excluding self-insured.

2018 Top Five Parts of Body Injured*

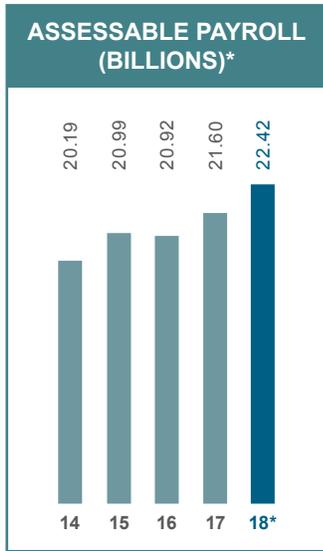
Part of Body	Number of Claims Accepted
Hand	4,536
Back	3,851
Leg	2,986
Arm	2,157
Head	1,771

* All claims reported and accepted in 2018, excluding self-insured.

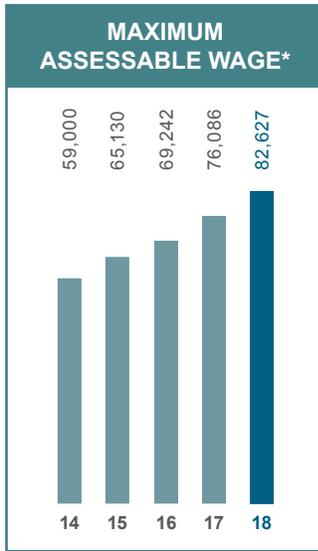
2018 Injuries by Age & Gender*

Age	Male	Female	Total
Under 25	2,284	1,141	3,425
25 - 34	3,650	1,896	5,546
35 - 44	2,960	1,816	4,776
45 - 54	2,469	1,929	4,398
55 - 64	2,075	1,454	3,529
65 and over	470	227	697
Total	13,908	8,463	22,371

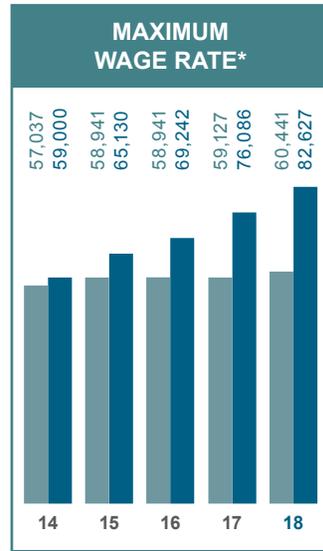
* All claims reported and accepted in 2018, excluding self-insured.



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



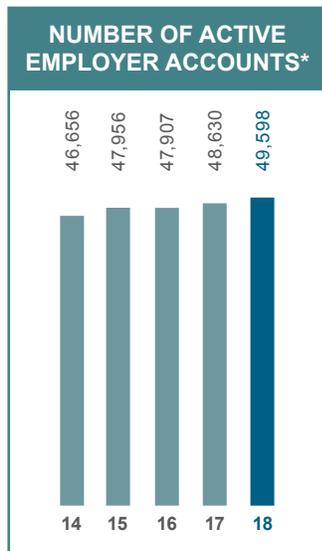
* Maximum wage per person reported annually by employers.



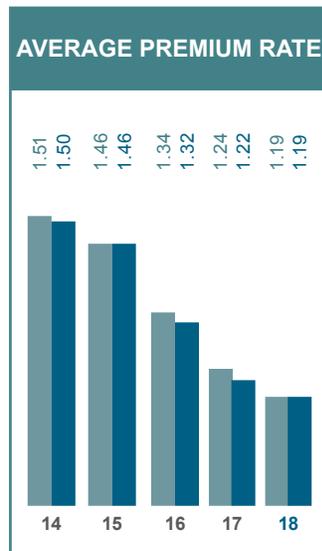
■ Claims registered prior to Jan. 1, 2014

■ Claims registered on or after Jan. 1, 2014

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



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



■ Average Provisional Premium Rate*

■ Average Actual Premium Rate**

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

** This rate consists of the base rate net of experience rating. 2018 rate is the Board-approved rate at time of publication. 2017 rate is restated to reflect actual 2017 experience rating.

Injury Rates

RATE CODE	DESCRIPTION	TIME LOSS INJURY RATE					TOTAL INJURY RATE				
		2018	2017	2016	2015	2014	2018	2017	2016	2015	2014
All Class*		1.99%	1.86%	1.86%	2.07%	2.41%	5.44%	5.25%	5.55%	6.30%	6.99%
A11	Light Agricultural Operations	5.10%	5.36%	4.95%	6.55%	7.11%	10.57%	11.16%	12.04%	14.30%	16.18%
A21	Farming & Ranching	2.26%	2.51%	1.22%	1.92%	1.48%	4.07%	4.76%	3.51%	4.60%	3.89%
A31	Grain Elevators & Inland Terminals	0.61%	0.48%	0.42%	0.54%	0.53%	2.55%	2.66%	2.59%	2.86%	3.02%
B11	Construction Trades	2.44%	2.10%	2.21%	2.45%	3.50%	8.31%	8.02%	9.80%	9.93%	12.40%
B12	Residential Construction	3.18%	2.71%	3.17%	3.64%	4.39%	8.54%	8.04%	8.34%	10.82%	12.89%
B13	Commercial, Industrial Construction	2.06%	1.84%	1.37%	2.01%	2.22%	7.45%	6.45%	5.35%	7.72%	8.19%
C12	Light Commodity Marketing	1.07%	1.15%	1.07%	1.18%	1.20%	3.06%	2.96%	3.12%	3.54%	3.17%
C32	Grocery, Department Stores, Hardware	2.00%	1.75%	1.81%	2.03%	2.37%	4.96%	4.68%	4.86%	5.86%	6.30%
C33	Wholesale, Chain Stores	2.87%	3.22%	2.91%	3.32%	4.20%	6.86%	7.07%	7.85%	9.68%	10.18%
C41	Co-operative Associations	2.40%	2.44%	2.37%	2.76%	3.53%	5.92%	6.35%	7.40%	8.98%	9.40%
C51	Lumber Yard, Builders Supplies	2.45%	2.56%	3.27%	3.59%	4.02%	6.71%	7.02%	8.65%	9.02%	11.42%
C61	Automotive, Implement Sales & Service	1.27%	1.37%	1.33%	1.38%	1.83%	4.04%	4.18%	4.21%	4.48%	5.30%
C62	Automotive Service Shops, Towing	1.57%	1.63%	1.79%	2.05%	2.04%	5.28%	5.07%	5.66%	6.73%	7.57%
D32	Operation of Oilwells	0.48%	0.32%	0.55%	0.70%	0.51%	2.20%	2.48%	2.77%	2.15%	3.23%
D41	Oilwell Servicing	2.07%	2.01%	1.54%	2.38%	2.52%	7.06%	6.89%	6.69%	8.29%	8.81%
D51	Service Rigs, Water Well Drilling	2.07%	2.08%	1.82%	1.38%	2.26%	11.38%	12.61%	10.60%	8.50%	14.60%
D52	Seismic Drilling	1.83%	2.19%	0.88%	0.67%	1.55%	9.24%	8.87%	4.51%	5.62%	9.01%
D71	Open Pit Mining	2.25%	1.78%	3.25%	0.90%	2.28%	7.99%	14.15%	11.88%	6.59%	7.46%
D72	Underground Softrock Mining	0.49%	0.73%	0.65%	0.98%	0.78%	5.11%	5.44%	13.50%	6.51%	7.28%
D73	Underground Hardrock Mining	0.83%	0.64%	0.52%	0.51%	0.66%	3.91%	4.04%	3.77%	3.54%	5.06%
G11	Post-Secondary Education	0.89%	0.66%	1.16%	0.73%	0.76%	2.48%	2.89%	3.29%	2.73%	3.08%
G12	Elementary & Secondary Education	2.87%	2.49%	2.43%	2.78%	2.79%	6.94%	6.25%	6.17%	7.34%	7.30%
G22	Health Authority, Hospitals, Care Homes	3.50%	3.25%	3.37%	3.49%	4.13%	7.90%	7.48%	7.96%	8.49%	9.47%
G31	Cities, Town, Villages, RMs	3.30%	2.99%	2.82%	3.29%	3.59%	9.30%	8.57%	8.59%	9.39%	9.68%
G51	Government of Saskatchewan & Ministries	1.82%	1.78%	1.97%	2.53%	2.60%	5.00%	4.75%	6.21%	7.12%	7.17%
M31	Manufacturing, Pipeline Operations	0.55%	0.53%	0.49%	0.43%	0.66%	1.82%	2.00%	1.34%	1.76%	2.32%
M33	Refineries and Upgrader	0.72%	0.51%	1.18%	0.76%	0.96%	2.31%	1.99%	3.23%	2.64%	3.94%
M41	Dairy Products, Soft Drinks	2.91%	3.18%	3.24%	5.02%	4.96%	9.97%	11.37%	12.02%	15.22%	16.06%
M42	Bakeries, Food prep & packaging	1.99%	2.28%	1.72%	1.78%	3.07%	6.60%	6.55%	4.66%	5.58%	7.00%
M62	Mills, Semi Medium Manufacturing	3.71%	3.83%	3.58%	4.21%	5.12%	9.84%	10.14%	11.30%	12.65%	14.87%
M72	Processing Meat, Poultry and Fish	5.31%	4.04%	4.25%	5.54%	7.24%	16.22%	14.09%	12.48%	19.90%	25.90%
M81	Metal Foundries & Mills	3.00%	2.16%	2.35%	3.24%	2.79%	9.61%	8.26%	7.10%	12.82%	12.40%
M91	Agricultural Equipment	3.08%	2.53%	2.68%	3.15%	4.81%	10.87%	10.72%	10.15%	12.27%	15.54%
M92	Machine Shops, Manufacturing	2.85%	2.64%	2.36%	3.35%	3.83%	10.31%	9.15%	8.31%	10.94%	11.84%
M94	Iron and Steel Fabrication	3.06%	3.12%	3.05%	2.52%	4.65%	11.53%	11.84%	10.62%	11.48%	14.48%
R11	Road Construction and Earthwork	1.42%	1.62%	1.69%	1.96%	2.34%	5.34%	5.49%	5.91%	7.04%	7.71%
S11	Legal Offices, Financial, Drafting	0.23%	0.34%	0.21%	0.20%	0.29%	0.56%	0.72%	0.68%	0.69%	0.73%
S12	Offices, Professionals	0.48%	0.35%	0.38%	0.45%	0.54%	1.50%	1.32%	1.57%	1.61%	1.77%
S21	Community & Social Services	1.33%	1.04%	1.00%	1.08%	1.07%	3.13%	2.58%	2.58%	2.97%	2.99%
S22	Restaurants, Catering, Dry Cleaning	1.05%	0.97%	1.07%	0.97%	1.08%	2.60%	2.64%	2.98%	3.25%	3.29%
S23	Hotels, Motels, Taxis	1.42%	1.22%	1.31%	1.27%	1.55%	3.28%	2.98%	3.28%	3.33%	3.40%
S32	Personal, Business & Leisure Services	1.88%	1.92%	1.73%	1.77%	2.16%	5.00%	5.20%	5.07%	5.49%	6.54%
S33	Caretaking, Park Authorities	1.94%	1.29%	1.20%	1.48%	1.81%	4.73%	4.06%	4.32%	4.79%	5.82%
S41	Engineering, Testing & Surveying	0.51%	0.53%	0.43%	0.51%	0.68%	1.68%	1.68%	1.69%	1.73%	2.61%
T42	Transportation, Courier, Commercial Bus	4.59%	4.34%	4.14%	4.56%	5.47%	10.31%	9.93%	9.05%	9.72%	11.62%
T51	Operation of Railways	1.92%	1.93%	0.96%	1.49%	2.29%	4.08%	3.74%	2.83%	3.83%	6.05%
T61	Commercial Air Transportation	1.62%	1.76%	1.65%	1.52%	2.77%	4.37%	4.08%	4.14%	6.47%	7.57%
U11	Telecommunications	1.30%	0.91%	1.80%	1.14%	1.88%	3.14%	2.25%	3.49%	3.55%	4.26%
U31	Electric Systems	0.53%	0.42%	0.80%	2.12%	2.54%	3.22%	2.70%	4.37%	4.66%	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				
		2018	2017	2016	2015	2014
All Class*		41.89	40.16	43.07	38.92	37.01
A11	Light Agricultural Operations	51.33	41.34	43.60	43.24	52.19
A21	Farming & Ranching	63.64	61.07	79.28	80.20	70.54
A31	Grain Elevators & Inland Terminals	55.46	39.67	53.65	28.74	31.50
B11	Construction Trades	51.85	48.98	42.76	42.06	39.36
B12	Residential Construction	65.35	69.85	70.04	61.90	50.61
B13	Commercial, Industrial Construction	63.90	66.03	66.93	62.82	53.89
C12	Light Commodity Marketing	26.67	25.75	30.43	30.46	28.68
C32	Grocery, Department Stores, Hardware	32.26	29.23	30.92	33.14	34.88
C33	Wholesale, Chain Stores	32.59	34.77	34.88	28.54	27.31
C41	Co-operative Associations	24.45	32.84	23.17	31.86	27.98
C51	Lumber Yard, Builders Supplies	38.24	29.69	26.47	32.68	28.69
C61	Automotive, Implement Sales & Service	30.92	30.62	33.94	33.07	30.05
C62	Automotive Service Shops, Towing	55.30	51.70	48.94	39.84	46.15
D32	Operation of Oilwells	48.00	48.95	50.90	36.90	53.19
D41	Oilwell Servicing	64.17	72.36	103.48	79.48	77.45
D51	Service Rigs, Water Well Drilling	51.13	64.32	90.63	61.07	42.52
D52	Seismic Drilling	83.27	75.97	56.26	107.28	78.90
D71	Open Pit Mining	29.73	44.75	31.73	71.82	29.00
D72	Underground Softrock Mining	42.28	46.91	57.58	45.82	53.16
D73	Underground Hardrock Mining	60.86	70.67	92.32	76.21	83.74
G11	Post-Secondary Education	18.33	23.44	16.34	24.83	27.66
G12	Elementary & Secondary Education	34.49	30.08	34.13	38.22	32.34
G22	Health Authority, Hospitals, Care Homes	33.48	32.43	34.42	28.44	28.09
G31	Cities, Town, Villages, RMs	30.91	27.02	33.03	29.24	30.97
G51	Government of Saskatchewan & Ministries	54.38	42.37	45.43	42.64	46.62
M31	Manufacturing, Pipeline Operations	35.83	35.48	46.64	38.33	13.36
M33	Refineries and Upgrader	39.65	28.27	31.76	47.04	36.41
M41	Dairy Products, Soft Drinks	24.70	34.32	10.04	24.02	31.69
M42	Bakeries, Food prep & packaging	40.41	30.35	30.59	35.30	28.97
M62	Mills, Semi Medium Manufacturing	39.65	33.75	33.40	30.05	28.33
M72	Processing Meat, Poultry and Fish	42.78	30.16	56.09	22.15	29.20
M81	Metal Foundries & Mills	37.62	51.38	49.95	35.03	23.55
M91	Agricultural Equipment	32.14	43.93	28.41	22.72	21.27
M92	Machine Shops, Manufacturing	46.66	35.44	51.75	37.14	29.26
M94	Iron and Steel Fabrication	46.95	57.29	54.52	63.58	35.05
R11	Road Construction and Earthwork	75.78	68.67	84.71	68.04	63.80
S11	Legal Offices, Financial, Drafting	28.09	17.79	22.52	17.35	40.00
S12	Offices, Professionals	42.34	35.49	32.28	28.88	29.92
S21	Community & Social Services	30.99	25.11	31.22	24.05	26.56
S22	Restaurants, Catering, Dry Cleaning	28.74	33.18	27.03	25.74	25.98
S23	Hotels, Motels, Taxis	33.83	32.19	42.51	38.88	37.88
S32	Personal, Business & Leisure Services	47.80	33.35	43.60	46.81	36.04
S33	Caretaking, Park Authorities	47.86	46.03	53.52	46.60	40.56
S41	Engineering, Testing & Surveying	52.44	34.94	64.07	42.44	50.05
T42	Transportation, Courier, Commercial Bus	64.04	62.93	68.52	55.19	49.79
T51	Operation of Railways	44.57	38.77	58.66	49.09	41.79
T61	Commercial Air Transportation	50.53	28.18	28.27	23.66	25.71
U11	Telecommunications	30.26	21.00	18.97	21.44	21.02
U31	Electric Systems	18.21	20.58	18.29	16.60	13.58

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 2017 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	\$7,481	\$5,657	\$5,791	\$9,578	\$10,322	\$7,844	\$29,719	\$13,927	N/A	\$4,606	\$6,481	N/A
Administration Cost per \$100 Assessable Payroll	\$0.19	\$0.29	\$0.37	\$0.36	\$0.39	\$0.41	\$0.90	\$0.35	N/A	\$0.23	\$0.25	N/A
Average Calendar Days from Injury to First Payment Issued	23.50	28.60	24.40	50.00	32.33	29.00	24.30	N/A	37.00	N/A	36.26	N/A
Average Calendar Days from Registration of Claim to First Payment Issued	20.00	22.00	19.30	39.10	25.95	21.00	19.50	33.03	21.00	N/A	28.02	N/A
Injury Rate per 100 Workers of Assessable Employers ²	1.39	2.18	2.82	1.46	1.54	1.83	2.21	1.09	1.47	1.89	2.00	N/A
Average Composite Duration of Claim (in days)	70.92	74.10	34.26	105.26	129.30	117.33	N/A	N/A	69.80	N/A	53.59	N/A

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.



WCB Staff
Saskatoon Office

Management Discussion & Analysis

The Management Discussion & Analysis (MD&A) is intended to provide an explanation of our financial position and results of operations for the year ended December 31, 2018. The MD&A should be read in conjunction with the audited financial statements and supporting notes, as it complements and supplements these documents.

The Board sets the direction for the WCB. It is the role of the Executive and Management to lead staff to create meaningful value for our customers whom we serve. The primary driver behind all that we do is our vision to *Eliminate Injuries and Restore Abilities*.

As an organization, we have been engaged in a relentless pursuit to improve the WCB customer experience. This transformation involves both a personal and organizational shift to a culture of continuous process improvement (CPI) that focuses on providing an exceptional experience for all our customers.

We have learned that excellence and CPI is not achieved solely by introducing the tools and best practices that have been successful for others. Instead it requires us as leaders, management, and our frontline teams to understand the ‘why’ behind the work that we do on behalf of our customers and to build processes and systems that enable us to achieve the results that are most meaningful to customers.

It is natural for each of us to want to know and understand the underlying purpose or principle that drives our processes and systems. We must ask ourselves what specific result these

processes and systems are intended to achieve. Only then can we adopt the appropriate tools that will enable our people to achieve the results that fulfil our vision and ultimate purpose. As leaders, we are working to learn and articulate these connections so that together with our staff we can develop a culture that drives us toward our vision.

What governs us throughout this process is our values – safety, respect for people, excellence, collaboration, and being customer focused – which are the standards against which our actions and decisions are judged.

Throughout 2018, building and strengthening our culture has been, and will continue to be, our focus in fulfilling our mission to be a customer-centric organization that seeks to add value for our customers through a culture of continuous process improvement. We have been striving to advance our culture through the development of processes and systems that will drive the ideal behaviours that we believe will create our desired culture.

In 2018, we focused on improving our systems:

- We built a **strategy deployment system** to create alignment and constancy of purpose throughout the organization.
- We improved our **safety management system** to demonstrate respect for our people in pursuit of Mission: Zero for the WCB.
- We started to introduce a **daily management system** that enables teams to better manage their work and identify opportunities to improve their processes.

- We crafted a vision for an **organizational development system** that will enable all staff to have an engaging and fulfilling career with the WCB.
- We created a **Voice of the Customer strategy** and recommendations to ensure customer input becomes central to all of our decision making and improvements.
- We identified an **improvement system** as a means to tackle and solve complex and/or cross-functional problems.

Further in the MD&A, we will expand on five key areas where we are focusing and monitoring the degree to which we are improving the customer experience:

Mission: Zero/Safety

Quality

Timeliness

People

Financial



In the months and years ahead, we will continue to focus on the development of our culture. We are dedicated to ensuring that everyone within the WCB continually clarifies and strengthens our connection to the objectives of the WCB. We will ensure that our people are enabled by systems and tools that drive individual and collective excellence. We will continuously strive for improvement. We will reinforce positive behaviours that provide the platform for our culture and celebrate the significant achievements that bring us all closer to our vision and mission.

As we close out the year, we are grateful for the dedication and commitment of our staff and the patience of our customers, the workers and employers of Saskatchewan, as we continue to work toward customer service excellence.

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



2018 Safe Saskatchewan Mission:
Zero Award Winner **Namerind
Housing Corporation**, Regina



Crestline Coach Ltd., Saskatoon,
Health & Safety Leadership
Charter Signatory

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 2018 were:

Continuous Process Improvement Systems	There is a risk that the WCB will not be able to continuously improve service to customers if the organization does not have the necessary systems in place to reinforce a continuous process improvement culture.
Labour Unrest	The WCB's collective agreement has expired. There is a risk to morale, productivity, turnover, and of job action.
Political Influences/Relationships	There is a risk that the WCB will be distracted from its strategic and operational priorities.
Integrated Execution	There is a risk that the WCB will fail to execute integrated, multi-departmental plans.
Claims Management	There is a risk that the claim acceptance, payments, and management process and decisions will not comply with applicable policy, procedure, and service standards.
Cybersecurity	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.
Health and Wellness, Safety and Security	There are risks of health and wellness, safety and/or security issues to employees or visitors of the organization.
Tone at the Top	There is a risk that the WCB will not fulfil its mission and vision if Senior Management and the Board do not exhibit the values and beliefs that support the corporate direction.

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

WCB True North



Our True North statements guide us toward a culture of continuous process improvement and are core to creating a customer-centric organization.

True North	Definition
Customer Experience	Workers and employers deserve excellent service. That is what employers pay for.
Mission: Zero/Safety	Every injury is predictable and preventable. Our customers rely on us to help them eliminate injuries. Our staff deserve to work in a safe and secure environment.
Quality & Timeliness	Customers rely on us to deliver service at the right time, when they need it. We owe our customers defect-free service.
People	Our people expect leadership to provide a healthy and engaging environment. Healthy and engaged staff are better positioned to serve our customers.
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.

Breakthrough Objectives	2018 Annual Objective Measures	Dec 2017 Actual	Dec 2018 Target	Dec 2018 Actual
	Worker satisfaction score	4.08	>= 4.20	4.17
	Employer satisfaction score	4.05	>= 4.20	4.23
By December 31, 2021, there will be a 30% reduction in workplace injuries and fatalities AND zero WCB staff injuries and fatalities.	Priority firms injury rates	5.73%	4.87%	5.70%
	Targeted industry injury rates (health care, municipalities and transportation)	7.8%	7.02%	8.24%
	Hand and back injuries	8,213	7,392	8,493
	Acute/traumatic fatalities	14	13	28
By December 31, 2021, we will be returning 95% of injured workers to function within 6 months as indicated by our 6-month persistency metric.	Time period from notification of injury to identification of the need for additional services	70% within 158 days	70% within 90 days	70% within 139 days
By December 31, 2021, there will be an increase in employee engagement levels to 90%.	Average score for departments (+5% above Q4/17)	Q4,2017	>=5%	+3%*
	Management communication score	62%	72%	69%*
	Accepted staff musculoskeletal injuries	7	<=4	7
	Accepted staff psychological injuries	1	0	0
	Direct claim costs/variable administration costs	4.3	<= 3.9	4.1
	Funded position	117.8%	105% - 120%	115.2%

* Results to Q2 2018

2018 Operational Highlights

In 2018, we revised our reporting structure to highlight five key areas of the customer experience: **Mission: Zero, Quality, Timeliness, People and Financial.** These areas, which we refer to as our True North, provide the framework within which we serve our customers. Our True North derives from our vision, mission, values and principles, and reflects how we will strive to better meet the needs of our customers.

Within these five areas, we will report on worker and employer satisfaction, which represents customers' overall experience with the WCB. We will share the 2018 provincial injury rates, fatalities and severe injuries, as well as Time Loss and No Time Loss claims statistics.

Under Quality & Timeliness, we will outline improvements to the registration and adjudication process, and share updates on claim durations and return to work. We will detail WCB employee engagement and reflect on our own injury rate. We will provide an in-depth review of the WCB's financial results in 2018, such as claim costs, administrative costs and the WCB's funded position.





Customer Experience

Workers and employers deserve excellent service. This is what employers pay for and what workers expect from us. Our corporate beliefs enable a culture of continuous process improvement and are core to creating a customer-centric organization. We want to create an exceptional experience for all customers and challenge ourselves to bring their perspectives to the forefront of our conversations and improvement efforts.

Target:

- By December 31, 2018, the WCB will improve customer satisfaction scores for workers from 4.08 to 4.2 and for employers from 4.05 to 4.2.



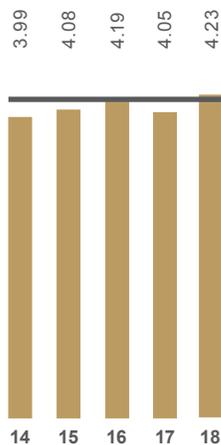


2018 Safe Worker Award Finalist
Ryan Munson, BASF Agricultural
Specialties Ltd., Saskatoon

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 2018, Time Loss employers rated their overall satisfaction with claims services at 4.23 out of 5, up from 4.05 out of 5 in 2017. This exceeds our customer satisfaction goal of 4.20 out of 5.

The increase in employer satisfaction in 2018 was mainly driven by strong improvements in contact services such as quicker phone and voice mail responses and keeping the employer informed on the claim's status. Other contributing factors include better representative training on knowledge of WCB procedures and performing services right the first time. Representatives also improved their familiarity with the employer's business. Satisfaction with resolving problems decreased in 2018, however the number of employers reporting having any problems also declined to 24 per cent.



EMPLOYER SERVICE FEEDBACK

■ Measure — Target 4.20

We have opportunities for improvement in resolving problems, quicker responses to phones, explaining procedures better – especially the steps the WCB will take – and greater familiarity with an employer's business.



WORKER SERVICE FEEDBACK

■ Measure — Target 4.20

Worker satisfaction increased year over year. Workers with Time Loss injuries had an average satisfaction of 4.17 out of 5 at year-end 2018, up from 4.08 out of 5 in 2017. Despite the increase in worker satisfaction, we did not achieve our 2018 customer satisfaction improvement goal of 4.20 out of 5 in overall satisfaction.

Worker satisfaction increased in many areas of service, particularly in the training and preparation of WCB representatives in the claim processes. The WCB's professionalism continues to be a strength in the areas of providing needed services, having clear communication, treating workers fairly and respecting privacy. Skills dealing with unexpected and challenging situations, specifically explaining claim decisions clearly, and resolving problems more quickly, have also shown improvements.

We have opportunities for improvement in consistently and clearly explaining the claim process and

its next steps, in dealing with claim situations outside of the basic process by resolving problems and explaining decisions more clearly, and in ensuring injured workers have greater and quicker access to their representatives.

Employer Services

Several improvements were made in our Employer Services Department in 2018 toward improving the customer experience for Saskatchewan employers. Some of the highlights include:

New Employer Registration Process

One of Employer Services' key initiatives in 2018 involved improving the registration process for new employers. This included a review of the online employer registration process. Several adjustments were made to the process, which ultimately resulted in customers being served more quickly.

- In 2018, the time to complete the documentation step of new employer registrations was reduced by 60 per cent.
- 70 per cent of registrations were established within five days, an increase from 54 per cent in 2017.

Employer Payroll Statement (EPS)

Online EPS submissions continued to increase, with 81 per cent submitted online in 2018 compared to 78 per cent in 2017.

- In 2018, Employer Services updated the online submission process to make it more user friendly and to provide more clarity for customers.

Educating and Supporting Employers

Following a provincial review of taxi cab driver safety, the WCB released an educational campaign to raise awareness on WCB coverage requirements for taxi drivers.

Taxi Drivers

WCB offers coverage that could help support you in case of a work injury.

With WCB coverage, if you are injured at work, you could receive wage loss benefits, rehabilitation support and medical expenses.

Learn more at www.wcbask.com/taxi or by calling the WCB's Employer Services Department at 1.800.667.7590.

wcb | Saskatchewan Workers' Compensation Board

In 2018, the WCB worked to raise awareness among as many taxi drivers in Saskatchewan as possible. The purpose was to inform the drivers why choosing to purchase WCB Optional Personal Coverage (OPC) can help protect them and their families. The promotional materials outlined the benefits of why taxi drivers should pay for WCB coverage.

Once the taxi drivers elect OPC, they are entitled to the same medical and rehabilitation benefits as any other worker under the scope of the Act. Wage loss benefits will be based on the coverage amount requested or the substantiated amount, whichever is lower.

Mission: Zero Highlights

The WCB is relentlessly pursuing Mission: Zero to ensure all workers within our province have the healthy and safe workplace they deserve. Every injury is predictable and preventable. Our customers rely on us to help them eliminate injuries. This is the essence of our vision statement – We eliminate injuries and restore abilities.

Objectives:

- By December 31, 2021 there will be a 30 per cent reduction in workplace injuries and fatalities.
- By December 31, 2018, there will be a 15 per cent reduction of workplace injuries among priority firms.
- By December 31, 2018, there will be a 10 per cent reduction of workplace injuries in specific priority industries (including health care, municipality and transportation).
- By December 31, 2018, there will be a 10 per cent reduction of hand and back injuries.
- By December 31, 2018, there will be a 10 per cent reduction of acute/traumatic fatalities related to motor vehicle crashes (MVCs) and falls.

1.99
Time Loss Injury Rate
Per 100 Workers



48
2018 Fatalities

5.44
Total Injury Rate
Per 100 Workers





2018 Safe Saskatchewan
Mission: Zero Award Winner
STARS Air Ambulance, Regina

Injury Prevention Programs and Services

**Time Loss Injury Rate – 2018: 1.99 per cent
(2017: 1.86 per cent)**

**Total Injury Rate – 2018: 5.44 per cent
(2017: 5.25 per cent)**

Total Claims Reported – 2018: 29,140 (2017: 28,952)

Total Claims Accepted – 2018: 22,371 (2017: 22,247)

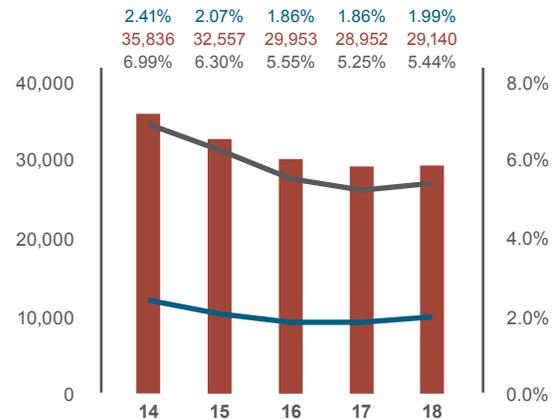
The WCB was founded to assist workers and employers in the case of a workplace injury. Our compensation system protects employers from lawsuits and provides benefits and support to injured workers to help them recover from the devastating impacts of an injury or death. To that end, the WCB invests heavily in injury prevention, working toward our goal of Mission: Zero – zero injuries, zero fatalities and zero suffering.

Thanks to the health and safety prevention efforts from our customers and partners, since 2008, the province of Saskatchewan has achieved significant reductions in the workplace Total injury rate, with a drop of 46.72 per cent from 2008 to 2018. However, after achieving significant gains, workplace Total injury and Time Loss injury rates slightly increased in 2018 compared to 2017.

The WCB covered 12,927 fewer workers in 2018, however the WCB accepted 124 more claims in 2018 at 22,371 claims. Of those, 14,192 were No Time Loss claims and 8,151 were Time Loss claims. The number of claims accepted in 2018 is a 0.56 per cent increase from 2017.

The 2018 Time Loss injury rate was 1.99 per cent, an increase of 6.99 per cent from 2017. In 2018, there were 8,151 Time Loss claims, 263 more than in 2017.

Our WCB vision speaks to eliminating workplace injuries. This is why we also calculate a Total injury rate that includes accepted No Time Loss, as well as Time Loss, claims. At December 31, 2018, the Total injury rate was 5.44 per cent, a 3.62 per cent increase from 2017.



CLAIMS REPORTED AND INJURY RATES

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

Fatalities

The WCB accepted 48 fatalities in 2018 compared to 27 in 2017, an increase of 78 per cent. These fatalities occurred in many different industries in 46 per cent of rate codes.

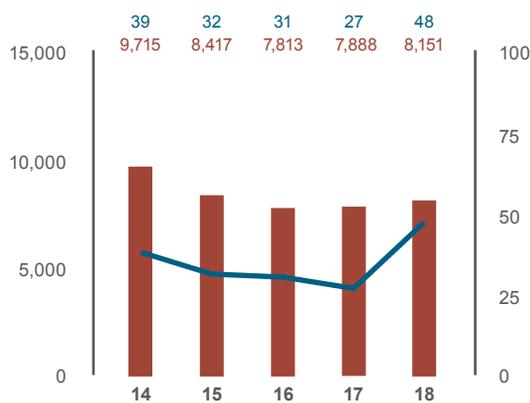
Acute/Traumatic Fatalities Related to MVCs and Falls

Our objective was to have a 10 per cent reduction in acute/traumatic workplace fatalities related to motor vehicle crashes and falls by December 31, 2018. At year-end 2018, 28 fatalities were caused by acute/traumatic events, an increase of 100 per cent compared to 2017.

The number one cause of trauma-related fatalities was motor vehicle-related incidents, which represented 16.67 per cent of all 2018 fatalities. In 2018, there were eight fatalities related to incidents involving motor vehicles, compared to five in 2017.

In 2018, WorkSafe Saskatchewan (WCB and the Occupational Health and Safety (OHS) Division) discovered new opportunities to integrate WCB

motor vehicle crash information with other data sets by signing a data sharing agreement with Saskatchewan Government Insurance (SGI). This agreement will help determine the causes of motor vehicle crashes to reduce those fatalities. We will continue this work in 2019.



TIME LOSS CLAIMS AND FATALITIES

■ Time Loss Claims
— Fatalities

Impairment in the Workplace

Motor vehicle collisions are the second leading cause of workplace fatalities overall in Saskatchewan and impaired driving is a leading cause of motor vehicle incidents and fatalities on roadways throughout the province. With the legalization of marijuana in Canada in 2018, many of our industry partners brought forward concerns about the impacts the legalization of cannabis would have in the workplace.

As part of ongoing efforts to help prepare workers and employers for the legalization of cannabis in Canada, WorkSafe launched a cannabis awareness campaign in 2018. The campaign focused on ensuring employers were aware of how to prepare their workplace for the legalization of cannabis, and ensuring that workers were informed of the legal implications of being impaired at work and behind the wheel.

Falls from Heights

There were three fatalities from falls from heights in 2018, the same number as in 2017. Falls accounted for 6.25 per cent of 2018 fatalities. Falls are the fifth leading cause of workplace fatalities overall in the province.

From 2008 to 2018, 16.2 per cent of all workplace fatalities occurred in the residential construction industry. In 2018, in partnership with the Saskatchewan Construction Safety Association (SCSA), WorkSafe completed a residential construction campaign to generate awareness on residential construction sites and reduce the number of workplace injuries. This campaign focused on rewarding safe behaviours, including fall protection.

Occupational Disease Fatalities

In 2018, 20 fatalities were caused by occupational disease, compared to 13 in 2017. This is an increase of 53.85 per cent from 2017. The number one cause of occupational disease-related fatalities was exposure to asbestos at 13 fatalities in 2018. Over the last 10 years, approximately 25 per cent of all workplace-related deaths were from asbestos exposure. It is expected that occupational disease-related deaths will continue as workers in the province continue to be exposed to asbestos, putting them at risk of disease or death decades into the future.

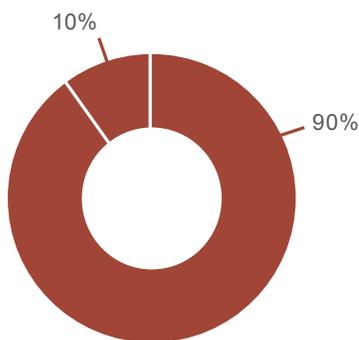
In 2018, WorkSafe launched a year-long asbestos awareness campaign to educate Saskatchewan residents about the harmful and life-threatening effects of exposure to asbestos in residential and commercial properties.

Serious Injury Program

Evidence from the International Social Security Association suggests that focusing on preventing serious injuries and fatalities will help reduce all injuries. This could mean focusing on serious injuries and fatalities could get us closer to Mission: Zero.

As a result, in 2018, the WCB developed a serious injury definition and completed a preliminary analysis. This analysis determined that approximately 10 per cent of all injuries in 2017 met the serious injury definition. These injuries accounted for approximately 75 per cent of compensation days paid in 2017 for all claims registered in 2017. The analysis also revealed that for the 2015-2017 period, approximately 2,400 injuries met the serious injury definition each year.

We will continue to make this a top priority in 2019 as part of our serious injury and fatality initiative.



SERIOUS INJURIES 2017

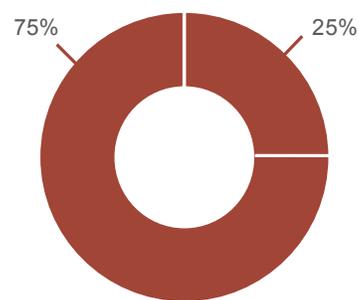
90% Other Injuries
10% Serious Injuries

Priority Firms Injury Rates

WorkSafe Saskatchewan identifies employers based on total injury numbers to determine those who most require the support of the Priority Employers 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, excluding health care firms, is 194. These 194 employers accounted for 4,699 claims in 2018, which is 21 per cent of all claims accepted in 2018. The 2018 priority firm injury rate was 5.70 per cent,

a one per cent reduction from the 2017 priority firm injury rate of 5.75 per cent. Our target was a 15 per cent reduction in the priority firm injury rate. In 2018, 37.6 per cent of employers met that target.



COMPENSATION DAYS 2017

25% Other Injuries
75% Serious Injuries

Targeted Industry Injury Rates (health care, municipalities and transportation)

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 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.

Our targeted industries in 2018 were health care, municipalities and transportation. Our objective was to have a 10 per cent reduction of workplace injuries in those specific priority industries by December 31, 2018. The 2018 targeted industry injury rate was 8.24 per cent, a 5.6 per cent increase from the 2017 targeted industry rate of 7.80 per cent. This was above our injury rate target of 7.02 per cent.

Through collaboration with targeted industries, in 2018, WorkSafe developed two new partnerships to reduce exposure of hazards within municipalities

and transportation. These partnerships were formed as part of the WCB's continuous process improvement work that identified a high number of hand and back injuries in those industries.

Hand and Back Injuries

Between 2013 and 2017, 20.2 per cent of all WCB claims were because of hand injuries in the workplace. In 2017, there were 8,213 hand and back injuries, including self-insured claims.

Our objective was to have a 10 per cent reduction of hand and back injuries as of December 31, 2018. WorkSafe launched a hand injury prevention online campaign in 2018. At year-end 2018, we had 8,493 hand and back injuries, an increase of 3.4 per cent from 2017. This is above our target of 7,392 hand and back injuries in 2018. WorkSafe continued back injury prevention through a focus on safe patient handling in health care.

Psychological Injuries

Over the past five years, the WCB has seen an increase in the number of mental health claims accepted. From 2014 to 2018, the WCB has accepted 719 mental health claims, 174 of which were in 2017 alone. In 2018, the WCB accepted 264 mental health claims.

In response, the WCB signed a partnership agreement with the online University of Fredericton, based in New Brunswick, in 2018. The purpose was to increase access to training and resources for Saskatchewan employers to create psychologically healthy workplaces. This means employers have access to courses and resources to establish systems and programs to protect the psychological health and wellness of employees.

WorkSafe held a new event in 2018 featuring mental health experts from industry and academia to discuss psychological health and safety in the workplace. A total of 325 people attended this event.

Violence Injuries

Workplace injuries caused by violence are increasing in Saskatchewan, from 3.0 per cent of total claims in 2013 to 5.0 per cent of total claims in 2018. There were 1,109 injuries in 2018 from assaults and violent acts. This is a 16.0 per cent increase from 2017, when there were 956 violence injuries amounting to 4.3 per cent of all accepted injuries. The risk of violence is a concern to employers and workers in various industries.

In 2018, WorkSafe developed an anti-violence campaign that will be launched publicly in 2019. Additionally, through a partnership with the Canadian Centre of Occupational Health and Safety (CCOHS), psychological and violence training courses were made available to employers.

Youth Injuries

Each year, approximately 3,500 youth under the age of 25 are injured on the job and an average of three will die from a workplace incident. There were 3,421 youth injuries in 2018. This is a 2.8 per cent decrease from 3,520 youth injuries in 2017. The 2018 youth injuries represent 15.3 per cent of all injuries accepted by the WCB. There were four youth fatalities in 2018, an increase from one in 2017.

WorkSafe reaches youth, their teachers and their employers through face-to-face meetings, presentations, events, the annual Youth Video Contest and training resources. WorkSafe brought in an injured worker and motivational speaker to talk about safety to more than 4,500 high school students in seven different cities around Saskatchewan as part of the Work2Live tour. WorkSafe also invested in providing safety training to youth by supporting the Career Safety Education Program at the Saskatchewan Safety Council and the Ready for Work Program at the Saskatchewan Federation of Labour.

The road towards zero injuries in Saskatchewan

The Mission: Zero symbol has been adopted as the symbol for injury prevention in Saskatchewan. It's a call to action for the people of our province to work together to make this the safest place to live, work and play.



2012: 35,000 pairs of safety glasses are distributed within schools and communities, made possible by a number of community partners.



2012: Magna Electric Corporation is the first partner to place the Mission: Zero logo on all of their company vehicles.



2016: 88% of Saskatchewan employers achieve **Mission: Zero and have no workplace injuries.**



2018: More than 650 Saskatchewan companies to date have signed the Charter.



2008: Saskatchewan has the second worst workplace injury rate in Canada. The workplace Total injury rate is 10.21 per 100 workers.



WorkSafe
SASKATCHEWAN

Work to live.

2008: WorkSafe Saskatchewan launches **Mission: Zero**. It is a call to action and culture change for all of us to achieve zero workplace injuries, zero fatalities, and zero suffering.



2010: WorkSafe Saskatchewan and Safe Saskatchewan launch the Health and Safety Leadership Charter. At the first Charter signing, 127 leaders sign to uphold seven principles of health and safety.



2009: Safe Saskatchewan adopts **Mission: Zero** as the symbol for injury prevention for all walks of life – work, home and play.



2018: The workplace Total injury rate in Saskatchewan has dropped by **almost 50%** since 2008. The workplace Total injury rate is 5.44 per 100 workers.



Achieving Mission: Zero is not from the efforts of one organization; it's the collective efforts of multiple parties working together – from individuals to organizations to leaders. Together, we can achieve zero workplace injuries and fatalities.

Quality & Timeliness Highlights

Customers rely on us to deliver excellent service at the right time, when they need it. We strive for perfection and seek improvement and innovation every day in how we carry out our work in service of our customers. We work to restore abilities to those who have experienced workplace injuries to ensure they maintain their independence, long-term earning capacity and prevent other disruption in their lives. This will minimize suffering and minimize impact of injury on their lives.

Objectives:

- By December 31, 2018, the WCB will decrease the time period from notification of injury to identification of the need for additional services* by 30 per cent.
- By December 31, 2021, we will be returning 95 per cent of injured workers to function within six months as indicated by our six-month persistency metric.

13.28%

Year-End Six-Month
Persistency Metric



70% within

139 days

Time Period from Notification of
Injury to Identification of the Need
for Additional Services*

*Additional Services may include physiotherapy, chiropractic, medical, and vocational support.

41.89 days

Duration of
Time Loss Claims





Roots Kitchen
& Bar, Regina

Compensation Programs and Services

Adjudication Decisions Made Within Targeted Time Frame – 2018: 74 per cent (2017: 68 per cent)

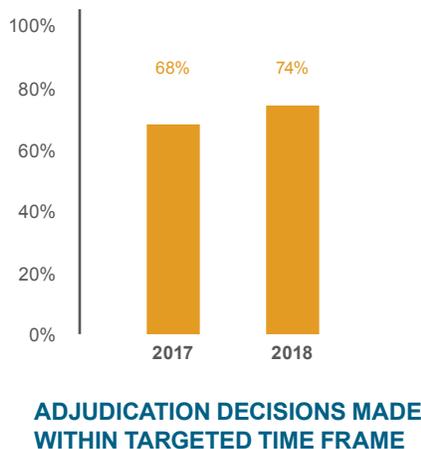
Average Duration – 2018: 41.89 days (2017: 40.16 days)

Time Period from Notification of Injury to Identification of the Need for Additional Services – 2018: 70 per cent within 139 days (2017: 70 per cent within 158 days)

Year-End Six-Month Persistency Metric – 2018: 13.28 per cent (2017: 13.88 per cent)

To support our restore abilities strategy, in 2018 we adjusted our focus to ensure we were applying the appropriate attention to the claims that required it the most. This caused us to focus on a couple of key areas:

- Timeliness of our adjudication decisions
- Timeliness of identifying claims that require additional services



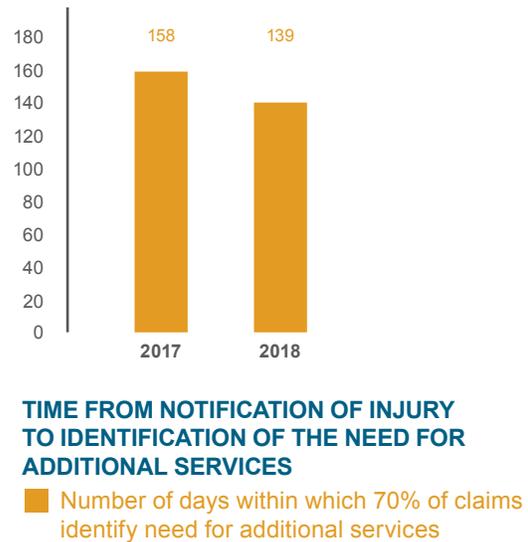
Adjudication

Through the first three quarters of 2018, we improved our timeliness in our adjudication process, as measured by the percentage adjudicated within the target time frame. Seventy-four per cent of adjudication decisions were made within our targeted time frame, compared to 68 per cent in 2017.

However, at year end, we were not meeting our targets and will be working on improving this in 2019.

Identification of Claims Requiring Additional Services

In 2018, we identified 70 per cent of claims that required additional services within 139 days. While this is an improvement from 2017 when we identified 70 per cent of claims that required additional services within 158 days, we did not meet our target of identifying 70 per cent of claims that required additional services within 90 days. We will be working to improve this in 2019.



Claim Durations

Claim durations – the average amount of time missed due to work injury – were level throughout most of the year. The average duration of claims in 2018 was 41.89 days, up slightly from 40.16 days in 2017. As with claims adjudication, our results eroded in the last quarter of 2018, and we will be confirming the causes of this and putting countermeasures in place to improve results in 2019.

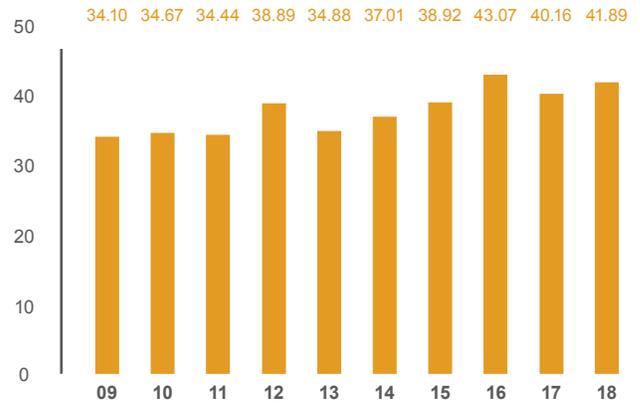
Our 2019 focus will be on restoring injured workers to function more safely and more quickly.

Persistency

Persistency, similar to durations, measures how long workers continue to be reliant on wage loss benefits. It measures the percentage of workers returning to function within a certain period of time. We believe tracking this metric provides us with more insights into which improvements will have the greatest impact on restoring abilities to workers with short-term and long-term, serious injury claims.

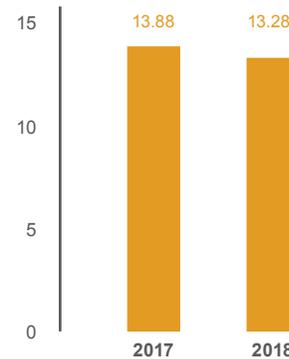
For example, if we had 10 claims in a month that were resolved within a month, but we had one claim that same month that lasted 11 months, that one 11-month claim would drive up the overall duration. Our persistency metric allows us to look at the broader picture as it relates to the majority of claims.

In 2018, we experienced a slight improvement in our six-month persistency metric. Our 2018 year-end six-month persistency metric was 13.28 per cent (down from 13.88 in 2017). This means that 13.28 per cent of Time Loss claims required wage loss benefits for six months or longer after their injury.



AVERAGE CLAIM DURATIONS

■ Duration in Days



PERSISTENCY METRIC

People Highlights

Our people expect leadership to provide a healthy and engaging environment. Healthy and engaged staff are better positioned to serve our customers. We relentlessly pursue Mission: Zero, ensuring all employees have the healthy and safe workplace they deserve. We will develop a culture that engages all staff in solving problems. We know that we will not achieve our vision to eliminate injuries and restore abilities of our customers unless we can create an environment that focuses staff's energy, knowledge and creativity.

Objectives:

- By December 31, 2021, there will be zero WCB staff injuries and fatalities.
- By December 31, 2018, all WCB departments will increase their overall employee engagement score to at least five per cent above their current score at Q4 2017.
- By December 31, 2018, the WCB will improve its management communication rating by 10 per cent above current score at Q4 2017.
- By December 31, 2018, the WCB will reduce musculoskeletal injuries (MSIs) among staff by 30 per cent as compared to our three-year average (2015-2017).
- By December 31, 2018, there will be zero staff psychological health injuries.

40+

Staff who Participated
in Employee Survey Focus Groups



Building the Future
Diversity Initiative

68%

Management Communication
Score from Employee Surveys



100%

Retention Rate
After 1st Year





2016 Safe Saskatchewan
Mission: Zero Award Winner
SARCAN Recycling, Regina

The WCB knows that the work and effort of all employees is critical to the experience of our customers, partners and stakeholders.

Our work in 2018 reflected our desire to have a positive impact on the experience of our people at the WCB and for that to be validated through improvements to the experience of our customers.

Engaged Workforce

In 2018, we undertook a complete overhaul of our system and tools that measure and respond to the engagement levels of our workforce. By the end of 2017, we had noticed a dramatic decrease to the participation levels of our quarterly engagement survey and corresponding decreases to the engagement levels in most areas of the business, as indicated by scores and verbatim comments.

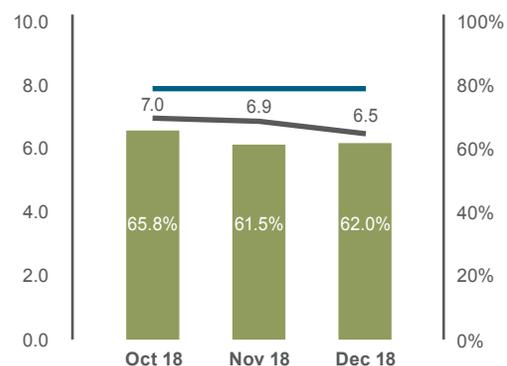
Our intent through this overhaul was to create a system that captured the voice of the employee in a timely way and in a way that provided relevant and usable information to managers and to the organization that could inform how to improve the employee experience at the team and organizational level.

Our approach to this particular challenge was to ensure that our staff were fully involved in solving the problem. To that end, the Human Resources team carried out a series of focus groups with staff and interviews with managers and team leads to explore key issues related to the engagement survey and process. More than 40 staff participated in the focus groups with representation from almost all areas of the business and 33 managers or team leads were interviewed.

The following improvements, which were fully informed and ratified by our staff and managers, to our voice of the employee system occurred in the latter part of 2018:

- A single question “pulse check” survey on a monthly basis (commencing October 2018)
 - “How likely would you be to recommend the WCB to a qualified friend or family member as a great place to work?”
- A larger “action driver” survey on a six-month basis (commencing February 2019)
 - 12-15 questions identified by managers and staff
- Monthly results and themes are now posted on our intranet page
- Team communication and action planning to be supported by HR on a six-month plan-do-study-adjust (PDSA) cycle
- Organizational action planning to be sponsored by the Executive on a six-month PDSA cycle

Since implementation of the single question survey in October, we established a new baseline for measuring engagement into the future.



CORPORATE ENGAGEMENT INDICATOR MONTHLY SINGLE QUESTION

- Response Rate %
- Target
- Average Engagement Score

Communication from Management

A key driver of engagement at the WCB is the extent to which management communicates effectively with staff to share information and updates related to programs, initiatives and progress reports regarding key organizational projects and strategies.

In 2018, we carried out 11 all leaders meetings. We launched these meetings, which brought directors, managers, team leads and others together, to share information, strategy updates, and to learn together. These meetings were also used as part of our strategy deployment system to involve the full leadership team in strategy planning and feedback.

In addition, we also launched a series of all staff sessions to provide updates and information to our staff. At these sessions, which were first held in May with a follow up in November, each Executive member shared our key objectives, reviewed our progress towards key objectives, shared learnings and next steps related to these objectives, and provided updates on specific projects of corporate impact or interest. We also allowed time for questions from the audience.

We hosted a number of hour-long sessions over the course of each day in Regina and in Saskatoon and reached a total of 346 staff in May (72 per cent) and 361 staff in November (74 per cent). Attendance was voluntary and sessions were recorded and posted on our intranet for those who could not attend.

In addition, a concerted effort was made to communicate news and information – including changes to our vision statement and corporate values – more frequently and intentionally through a number of modalities including email, screensavers, posters and video.

Feedback from all of these initiatives has been very positive and further improvements and a more frequent schedule are planned for 2019. Our

corresponding question related to management communication saw a nine per cent improvement from April 2018 to September 2018 (from 59 per cent favourable to 68 per cent).

Voice of the Customer

Specific to our changed vision to “eliminate injuries and restore abilities,” the WCB brought in a keynote speaker to speak to all staff about his journey as someone who had suffered a severe, life altering injury at work. He shared his journey from injury to recovery and the role of WCB staff in helping him through the various steps in his journey back to physical and mental health.

As part of this, in May 2018, the Executive commissioned the development of a “voice of the customer” strategy to ensure that the efforts of the teams and the strategies of the organization are aligned with the issues that are most important to the customer and impactful to their experience with us. This work was led by the Communications Department and informed by all areas of the business in determining how we get better at understanding who our customers are, gathering their feedback and then utilizing that feedback to inform individual coaching, team improvements and/or corporate-wide strategic objectives.

Diversity

In February 2018, the WCB introduced a new initiative – known as “Building the Future” – to improve diversity in our priority diversity populations.

Human Resources worked closely with business areas to identify needs and competencies of potential candidates and reached out to community partners and institutes to source and recruit suitable candidates.

The intent was to build a flexible one-year work program for recent or impending graduates that would

provide valuable work experience to them and also increase our ability to retain these individuals through offers of permanent work and a long-term career with the WCB.

We set two specific targets related to this program: to increase our diversity statistics by one per cent for each year of the program and to have a 75 per cent retention rate, i.e. those hired would accept permanent employment prior to the end of their initial appointment.

While we did not hit a full one per cent in the initial cohort that ran in the second half of the year, we did increase our aboriginal representation by three full-time equivalents in 2018 and we have had a 100 per cent retention rate.

We will be expanding the scope of the program in 2019 and are hoping that this will lead to even greater successes from a recruitment and retention perspective. In addition, we will be looking to build internal mentorship and support systems for all diversity populations, in particular with new recruits.

Employee Safety

Having a safe, healthy and engaged workforce was a key strategic objective for the WCB in 2018 and will remain so into the future.

Building on what we achieved in 2017, we took additional steps in 2018 to address the gaps in our safety system. Initial steps in 2018 included engaging our staff and working with the University of Regina to establish a baseline safety culture score and identify gaps in our approach to safety.

In May, we addressed gaps in our safety governance and introduced a series of policies aimed at establishing guidelines and responsibilities for our occupational health and safety program, specifically inspections, hazard reporting, incident investigations, hazard assessment and control, and orientation and training.

We introduced safety shares as part of our daily huddles in certain areas of the business. We communicated environmental alerts and warnings frequently and more intentionally. We developed materials to clarify what constitutes an incident, threat and hazard to ensure appropriate prioritization and response.

We also partnered with our internal prevention experts to improve the timeliness and effectiveness of our incident and hazard reporting and ensure that our tools worked for us. We worked hand in hand with our managers to make sure that investigations were happening within established time frames and that the investigations identified and effectively addressed root causes.

We will continue to build out the elements of our safety management system in 2019.

Continuous Process Improvement

In 2018, the WCB shifted the focus in how the continuous improvement journey was approached. Following a review of our progress to date, we identified that the process improvements we made had not resulted in a meaningful increase to the value we were providing to our customers, nor had these improvements been sustained. We realized that while we had introduced tools we hoped would achieve results, we had not anchored these tools in systems and had not been purposeful about how we introduced them or how we explained the intent behind them.

With that in mind, we turned our attention to introducing and developing systems that would allow us to:

- Plan and manage our work effectively at the team level;
- Identify small, medium and large problems in our processes; and
- Ensure we take the most appropriate approach to solving those different sizes of problems.

Development of the structure for our daily management system and our improvement approach occurred in the early part of 2018 and in September, we commenced our first installation of these systems in four of our business areas. We will carry this work forward throughout other areas of the business in 2019 and beyond.

We are confident that this adjustment to our approach will, over time, result in meaningful and tangible improvements being made that will benefit our customers.

In the meantime, the following are some examples of the improvements achieved in 2018 that created value for our customers:

1. The payment statements, historically referred to as payment vouchers, were reviewed in depth by several departments, as the entries did not always line up to a balance and were hard for customers to read. These statements are distributed to anyone who receives a payment from the WCB.

This review led to recommended changes to the statements to include more detailed information and to make them simpler and accurate for customers. The statement includes overpayment transactions, payment transactions with any additions and/or deductions, and messages with any pertinent information specifically for our customers.

2. A review of the internet registration process was undertaken, with a target of reducing the time to complete internet registrations. The first area of focus was on the data entry process, and reducing the time to add the employer coverage note to file. Management worked with staff to identify required information and developed a note template. Testing of the template took place in May with full rollout in July.

Following rollout, the template use was observed to assess the impact of the change and ensure the new process was followed. Most recent data indicates a time savings of 60 per cent by using the template. Essentially, this improved the timeliness of the registration process going forward. For example, the timeliness of registrations improved from 54 per cent within five days in 2017 to 70 per cent within five days in 2018.

3. WorkSafe Saskatchewan identifies priority employers who most require the support of the Priority Employers 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.

As part of the Priority Employers Program, employers are encouraged to complete safety management system assessments to determine safety strengths and weaknesses, and inform action plans to help the employers continuously improve safety performance.

In 2018, the WCB Prevention Department further refined its processes to assist priority employers to focus on health and safety efforts. Most of the time, employers' action plans were weak and lacked commitment to target dates and involvement of staff. As a result, actions were not always effective. To improve that, a corrective action plan template was developed to help prioritize risk, encourage Occupational Health Committee and leadership involvement, and clearly outline deliverables, target dates and sustainability. Quality of their actions has improved from an average of 44 per cent to consistently achieving over 80 per cent.

Financial Highlights

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. We measure this value through our direct claim costs and variable administrative costs, as well as through our funded position.

Objectives:

- By December 31, 2018, the WCB will reduce paid claim costs over variable administrative costs ratio to be equal to or less than 3.9.
- By December 31, 2018, the WCB will have a funded position between 105 per cent and 120 per cent.

115.2%

Funded
Percentage



4.1

Direct Claim Costs/
Variable Admin Costs





Parkland Ambulance Care,
Prince Albert, Health & Safety
Leadership Charter Signatory

The paid claim costs over direct administration costs ratio was over the goal of 3.9. The increase in paid claims costs in 2018 was the largest contributing factor to the increase in the ratio. Claims costs paid are discussed in more detail later in the report.

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 2018, our funding percentage was 115.2 per cent, within the targeted range.

Saskatchewan's economy remained stable in 2018, as both oil prices and the Canadian dollar stabilized. Global markets continued to experience volatility during the year, especially in the last quarter of 2018. The WCB recorded an investment loss of \$41.6 million in 2018, compared to investment income of \$175.8 million in 2017.

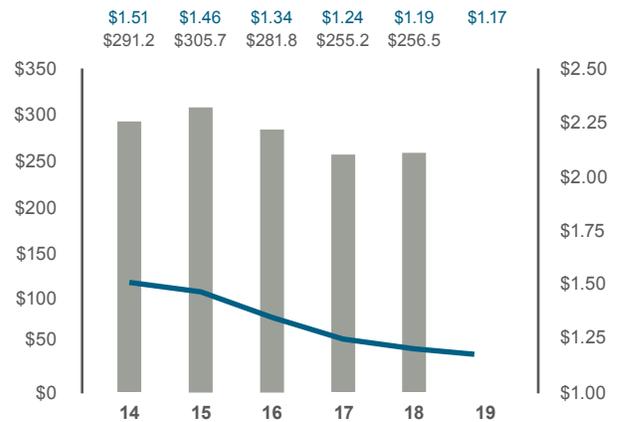
In 2018, the WCB reported an underwriting loss of \$112.0 million. This compares to an underwriting loss in 2017 of \$66.4 million. The underwriting loss, combined with an investment loss of \$41.6 million and Accumulated Other Comprehensive Loss of \$0.6 million, resulted in a Total Comprehensive Loss at the end of the year of \$154.3 million. This Total Comprehensive Loss and a slight increase in reserves results in a funded position of 115.2 per cent. The funded position is discussed in greater detail in a later section.

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 \$21,000 in WCB premiums over a three-year period; and employers in the Standard program pay less than \$21,000.

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 2018, 1,305 employers paid \$23.8 million in surcharges, while 23,039 employers received discounts of \$26.4 million. The number of employers affected by the ERP was similar to 2017 when 1,426 paid surcharges and 23,681 received discounts.

The WCB undertook an independent consultant's review of our rate setting model in 2016 based on the recommendations in a 2015 Asset Liability Study. The Board approved enhancements to the rate setting model in 2017. 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 were fully transitioned to the enhanced model for the 2019 rates.



PREMIUM REVENUE AND AVERAGE PREMIUM RATE

- Premium Revenue (millions)
- Average Premium Rate (per \$100 Insurable Earnings)

Employer assessable payrolls increased 3.7 per cent to a provisional \$22.4 billion in 2018 from an actual \$21.6 billion in 2017. Actual 2018 assessable payroll was less than the 2018 forecasted payroll of \$23.3 billion. Employer assessable payrolls increased approximately 1.7 per cent from economic growth and two per cent as a result of the maximum assessable earnings increasing effective January 1, 2018. Sectors that experienced the largest payroll increase were Refineries and Upgrader, Telecommunications and Farming and Ranching. The sectors with the largest payroll decreases were Residential Construction and Commercial, Industrial Construction. Base premium revenue increased by 0.5 per cent from 2017 to \$256.5 million in 2018, despite the drop in the average premium rate from \$1.24 in 2017 to \$1.19 in 2018, the 11th consecutive decline. The net cost of the ERP, which increased in 2018 to \$2.6 million, decreased premium revenue.

The average premium rate for 2019 dropped 1.7 per cent to \$1.17, down from \$1.19 in 2018, the lowest in over 34 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 \$278.2 million in 2018, a 20.9 per cent increase from 2017. The total claims costs consists of \$225.8 million in cash expenses plus a \$52.5 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 2018, compensation costs paid were \$215.8 million. This is a \$15.0 million increase from 2017 as the maximum wage rate increased effective January 1, 2018. Administration costs for adjudicating and managing claims are also allocated to claims costs, bringing the total 2018 compensation payments to \$225.8 million, a 6.5 per cent or \$13.8 million increase from 2017.

Durations and the number of Time Loss claims (TLCs) are two key drivers of compensation costs. The average duration of TLCs paid increased 4.3 per cent in 2018 to 41.89 days. The number of TLCs increased from 7,888 in 2017 to 8,151 in 2018. The Total injury rate increased to 5.44 per cent in 2018 compared to 5.25 per cent in 2017. Total days paid increased 2.8 per cent from 420,594 to 432,307. Earnings replacement costs, at \$57.6 million in 2018, increased 4.1 per cent from 2017, as there was a slight increase in the number of workers and their dependants receiving benefits, from 4,821 to 4,915.

Health care payments increased 8.4 per cent in 2018, to \$85.5 million. There was an inflationary increase in the costs of health care services in the year and an increase in utilization of tertiary and secondary treatment services. Vocational rehabilitation expense claims remain stable.

Benefits Liabilities

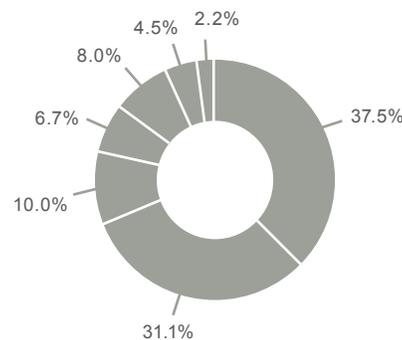
The benefits liabilities increased 4.3 per cent in 2018 to \$1,280.9 million. The benefits liabilities increased by \$52.5 million mainly due to increased expected health care costs from increasing treatment and utilization levels, an increase in mental health claims and the continuing pattern of claims staying in the system longer.

Except for updating the Saskatchewan population mortality tables published by Statistics Canada to reflect the years 2014-2016, the remaining long-term economic and actuarial assumptions used in determining future benefits and administration costs were the same as those used in 2017. 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.

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 \$57.5 million of the \$1,280.9 million total benefits liabilities.



BENEFITS LIABILITIES (thousands of dollars)

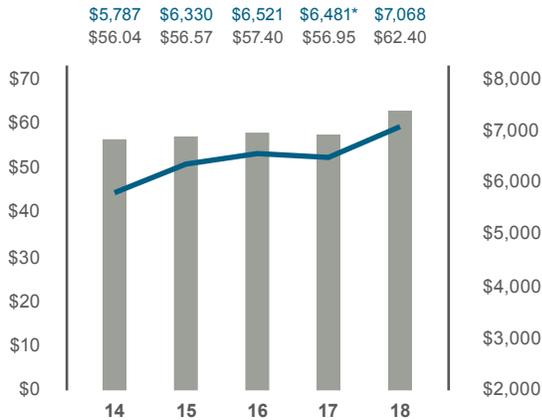
37.5%	Health Care	\$ 479,977
31.1%	Long-Term Disability	\$ 398,020
10.0%	Short-Term Wage Loss	\$ 128,074
8.0%	Latent Occupational Disease	\$ 102,585
6.7%	Survivor Benefits	\$ 86,281
4.5%	Future Benefits Administration	\$ 57,532
2.2%	Vocational Rehabilitation	\$ 28,417
100%	Total	\$ 1,280,886

Administration Expenses

Administration costs, before costs charged to Future Benefits Administration, increased to \$60.0 million in 2018, a 5.3 per cent increase from the 2017 administration expenses of \$57.0 million. There was an increase in salaries, amortization, computer services, consulting and miscellaneous expenses.

An important measure of administrative efficiency is our administration cost per TLC. We calculated this to be \$7,068 in 2018 compared to \$6,856 in 2017. The target for 2018 was \$5,867. The increase reflects the slight increase in the number of TLCs and the increase in administration costs overall. In 2017, 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 2018 ratio was \$0.26, which is equal to our target of \$0.26 per \$100 of assessable payroll. For 2017, the most recent year that data is available from AWCBC, the ratio was \$0.25 per \$100 of assessable payroll, making Saskatchewan the third lowest in Canada.



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

■ Administration Expenses (millions)
 — Administration \$ per Time Loss Claim

* Restated 2017 to reflect AWCBC metric for comparability.

Safety and Prevention Funding

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

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

The Act requires that we fund the OHS Division operations; however the OHS budget is approved

by the Government of Saskatchewan through the provincial budgeting process. In 2018, the OHS funding decreased \$0.1 million to \$11.3 million.

Funding is provided to seven industry safety associations that represent 18 rate codes. Employers in these rate codes are charged a levy on their premiums to cover the cost of this funding. The total funds for the year increased \$0.1 million to \$11.2 million. Total injury rates for industries with safety associations have decreased 22.6 per cent, from 7.17 per cent to 5.55 per cent since 2014. This decrease compares to a 24.6 per cent decrease in those industries without safety associations.

Expenditures on WorkSafe increased \$1 million from 2017 to \$3.0 million in 2018. Through its strategic and operational planning process, WorkSafe continues to focus its resources on areas most in need of improvement. In 2018, there were increased programming costs related to psychological health and safety, moving to online program delivery and programming aimed at youth.



SAFETY AND PREVENTION (MILLIONS)

■ OHS Division
 ■ Safety Associations
 ■ WorkSafe Saskatchewan

Annuity Fund Interest

The Act requires us to compensate injured workers for the loss of retirement income due to a workplace injury. We set aside an additional 10 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 2018, contributions to the fund amounted to \$6.1 million, up from \$6.0 million in 2017.

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 2018, interest allocated totalled \$13.4 million, due to a decrease in the rate of return to 6.0 per cent. This compares to \$19.9 million allocated in 2017 at a rate of return of 9.8 per cent.

At December 31, 2018, the annuity fund payable was \$224.4 million, a 1.3 per cent increase over the balance at December 31, 2017. Total annuity payouts in 2018 were \$16.5 million, up 25.0 per cent from the \$13.2 million paid out in 2017. Total annuity contributions in 2018 were \$19.5 million as compared to \$25.9 million in 2017. There were 5,558 active claims with annuities at the end of 2018 with an average annuity fund of approximately \$40,300 compared to 5,635 at the end of 2017 with an average annuity fund of approximately \$39,300.

Legislated Obligations

Under the Act, we are obliged to fund the operations of the Office of the Worker's Advocate. Funding in 2018 was \$1.3 million, as compared to \$1.2 million in 2017.

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 2018, our investment portfolio had a return of -1.9 per cent at market, compared to a return of 9.8 per cent in 2017. Investment income includes both realized income and unrealized gains or losses on investments during the year and can fluctuate significantly year to year to reflect the change in the market value of investments.

Realized investment income decreased \$14.4 million from \$98.5 million in 2017 to \$84.1 million in 2018. Unrealized gains on investments held at December 31, 2018 were \$171.4 million, as compared to unrealized gains of \$297.1 million at December 31, 2017. This is a decrease in unrealized investment gains of \$125.7 million. This compares to a \$77.3 million increase in unrealized investment gains recognized in 2017.

The \$41.6 million investment loss consists of:

- \$84.1 million of realized investment income made up of:
 - \$60.0 million of income from interest and dividends,
 - \$29.5 million of net gains realized from the sale of equities, bonds and real estate,
 - Less \$5.4 million for investment expenses.

Less:

- A \$125.7 million decrease in unrealized investment gains for the year.

We record our investments at market value. Our Statement of Investment Policies and Goals (SIP&G) allows our investment managers to lend investment securities to third parties for the purposes of generating additional revenue. The investments under this Securities Lending Program are shown separately in the Statement of Financial Position. The combined investments on the Statement of Financial Position are \$1,922.3 million, an \$87.2 million decrease from the 2017 total of \$2,009.5 million and includes accumulated unrealized gains of \$171.4 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.

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.

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, 2018 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 \$12.8 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 \$25.6 million at the end of 2018.



FUNDED POSITION AND RESERVES (MILLIONS)

- Assets
- Liabilities
- Reserves

The balances in the two reserves combined for a total of \$38.4 million at December 31, 2018, compared to a total reserve balance of \$36.9 million at the end of 2017.

The net loss in 2018 of \$153.6 million, less a net \$1.6 million increase to reserves to comply with the Funding Policy, results in a balance of \$399.8 million in the Injury Fund at the end of 2018. However, for Funding Policy purposes, net unrealized gains and losses are excluded from the Injury Fund. Excluding unrealized gains on investments of \$171.4 million decreases the Injury Fund to \$228.4 million at December 31, 2018. 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, 2018 was 115.2 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 \$2.4 million are recorded in AOCI at December

2018 and the actuarial loss for the year of \$0.6 million is recorded in the Statement of Operations in 2018.

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 evaluate 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 2018 did not identify any weaknesses in internal controls over financial reporting that would result in material misstatement of the December 31, 2018 financial statements. The 2018 report by the Chief Executive Officer and the Chief Financial Officer can be found on page 80 of this annual report.

Future Forward – Strategic Guidelines

Our 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, and customer-focused – are the standards by which our actions and decisions are to be considered and judged by others.

It is our corporate beliefs, identified as the WCB's True North, that will enable a culture of continuous process improvement and are core to creating value for our customers.



Customer Experience:

Workers and employers deserve excellent service. That is what employers pay for.

Mission: Zero

Every injury is predictable and preventable. Our customers rely on us to help them eliminate injuries. Our staff deserve to work in a safe and secure environment.

Quality & Timeliness

Customers rely on us to deliver service at the right time, when they need it. We owe our customers defect-free service.

People

Our people expect leadership to provide a healthy and engaging environment. Healthy and engaged staff are better positioned to serve our customers.

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.

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

In 2018, the 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 WCB staff in the coming years:

Mission: Zero – We will prevent injuries, fatalities and suffering in all workplaces.

Restore Abilities – We will restore the abilities of injured workers.

Culture of Continuous Improvement – We will develop a culture that engages all staff in solving problems.

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

The WCB will measure progress toward 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 three years of low resource prices impacting Canadian economies, Saskatchewan experienced moderate growth in 2018, according to the Conference Board of Canada. Economic prospects for Saskatchewan are expected to be modest for 2019.

The finalization of the Canadian-United States-Mexico Agreement (CUSMA) to replace the North American Free Trade Agreement (NAFTA), is helping to reduce uncertainty for Canadian exporters, according to Export Development Canada. This has affected investment intentions and is expected to stimulate delayed investments.

Saskatchewan's economy is expected to grow by 1.6 per cent in 2019, a small decline from the 1.7 per cent growth in 2018. The unemployment rate in Saskatchewan is still high at 6.1 per cent two years after the end of the recession. The Royal Bank of Canada forecasts the Saskatchewan unemployment rate to decrease slightly to 6.0 per cent in 2019. According to the Conference Board of Canada, healthy job creation remains hard to pin down in the province.

Because of the weak oil prices, the Royal Bank of Canada has a more cautious outlook for Saskatchewan's energy sector. While some recovery of oil prices is assumed, the current condition is projected to have a greater negative effect on investment and production than what was previously expected.

The uranium sector is expected to continue to face challenges. The major uranium producer in Saskatchewan indefinitely suspended production at its major facilities. This sector continues to feel the impacts from the Japanese nuclear disaster in 2011 and it fails to benefit from nuclear power low carbon emissions.

However, the economy is anticipated to receive a boost from expanding potash production in the province because of strong potash demand. Potash production increased in 2018, but at a slower rate relative to 2017.

Looking to the 2019 crop year, the assumption is for 'normal' growing conditions to prevail and continued productivity gains in the sector. This is expected to be reflected in agricultural production and farm cash receipts rising modestly, though this assumption is clearly dependent on the weather.

Saskatchewan's population grew slightly from 1,155,034 as of the end of 2017 to 1,165,903 as of Oct. 1, 2018, according to Statistics Canada.

¹ Source: www.newswire.ca/news-releases/cusma-brings-relief-but-trade-worries-persist-edc-survey-703010151.html



2017 Safe Saskatchewan Mission: Zero Award
Winner **Saskatchewan Opportunities
Corporation/Innovation Place, Regina**

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, 2018.

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, 2018 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 as 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 the report on the benefits liabilities. The Auditors' Report outlines the scope of their examination and their opinion.



Peter Federko CPA, CA
Chief Executive Officer



Ann Schultz CPA, CA
Chief Financial Officer

Actuarial Certification

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

We have completed an actuarial valuation as at December 31, 2018 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 \$1,280,886,000 represents the actuarial present value at December 31, 2018 of all payments expected to be made in future years in respect of all claims occurring on or before December 31, 2018. 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



Mark Mervyn

Fellow, Canadian Institute of Actuaries

February 20, 2019

Independent Auditors' Report

To the Members of the Saskatchewan Workers' Compensation Board

We have audited the financial statements of Saskatchewan Workers' Compensation Board (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2018
- the statement of operations and other comprehensive income (loss) for the year then ended
- the statement of changes in funded position for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the Annual Report as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants
Regina, Canada
March 12, 2019

Statement of Financial Position

<i>(Thousands of dollars)</i>	2018	2017
Assets		
Cash	\$ 145	\$ 5,785
Receivables (note 4)	18,595	22,890
Investments under security lending program (note 5)	363,075	115,283
Investments (note 5)	1,559,197	1,894,251
Property and equipment (note 6)	9,400	9,817
Other assets (note 7)	18,994	22,097
	\$ 1,969,406	\$ 2,070,123
Liabilities		
Payables and accrued liabilities (note 8)	\$ 28,260	\$ 30,136
Benefits liabilities (note 9)	1,280,886	1,228,420
Annuity fund payable (note 10)	224,418	221,461
	1,533,564	1,480,017
Funded Position		
Injury Fund	399,782	554,985
Accumulated Other Comprehensive Loss	(2,366)	(1,731)
Reserves (note 11)	38,426	36,852
	435,842	590,106
	\$ 1,969,406	\$ 2,070,123

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

Approved by the Board and signed on their behalf on March 12, 2019.



Gord Dobrowolsky
Chairperson



Larry Flowers
Board Member



Garry Hamblin
Board Member

Statement of Operations and Other Comprehensive Income (Loss)

<i>(Thousands of dollars)</i>	2018	2017
Premiums (note 12)	\$ 256,470	\$ 255,172
Expenses		
Claim costs (note 9)	278,220	230,153
Administration (schedule 1)	49,986	45,800
Safety and prevention (note 13)	25,562	24,491
Annuity fund interest (note 10)	13,375	19,928
Legislated obligations (note 14)	1,330	1,207
	368,473	321,579
Underwriting Loss	(112,003)	(66,407)
Investment income (note 5)	(41,626)	175,778
Net Income (Loss)	(153,629)	109,371
Other Comprehensive Income (Loss)		
Employee benefits		
Net actuarial gains(losses) (note 15)	(635)	888
Total Comprehensive Income (Loss)	\$ (154,264)	\$ 110,259

See accompanying notes to financial statements.

Statement of Changes in Funded Position

<i>(Thousands of dollars)</i>	2018	2017
Injury Fund		
Balance, beginning of year	\$ 554,985	\$ 446,159
Net income (loss)	(153,629)	109,371
Appropriation of funds to reserves (note 11)	(1,574)	(545)
Balance, end of year	399,782	554,985
Accumulated Other Comprehensive Loss		
Balance, beginning of year	(1,731)	(2,619)
Other comprehensive income (loss)	(635)	888
Balance, end of year	(2,366)	(1,731)
Reserves		
Balance, beginning of year	36,852	36,307
Appropriation of funds from injury fund (note 11)	1,574	545
Balance, end of year	38,426	36,852
Funded Position	\$ 435,842	\$ 590,106

See accompanying notes to financial statements.

Statement of Cash Flows

<i>(Thousands of dollars)</i>	2018	2017
OPERATING ACTIVITIES		
Cash received from:		
Premiums	\$ 264,707	\$ 254,951
Cash paid to:		
Claimants, or third parties on their behalf	230,930	214,396
Employees and suppliers, for administrative and other goods and services	58,451	59,559
Safety and prevention programs	25,884	23,437
Ministry of Labour Relations and Workplace Safety	1,206	1,339
	316,471	298,731
Net cash used in operating activities	(51,764)	(43,780)
INVESTING ACTIVITIES		
Cash received from:		
Sale and maturity of investments	760,891	817,212
Dividends	43,528	35,047
Interest	17,062	25,750
	821,481	878,009
Cash paid for:		
Purchase of investments	770,610	869,686
Purchase of property and equipment	1,231	1,424
Purchase of other assets	3,516	2,701
	775,357	873,811
Net cash provided by investing activities	46,124	4,198
Decrease in cash during the year	(5,640)	(39,582)
Cash, beginning of year	5,785	45,367
Cash, end of year	\$ 145	\$ 5,785

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 2018

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, 2018 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 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.

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, 2018 has been determined by estimating future benefits payments in accordance with the WCB's administrative policies and practices in effect at December 31, 2018.

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 15 years.

Annuity Fund Payable

The annuity fund is established pursuant to sections 73 and 81 of the Act. Where compensation is paid for a period exceeding 24 consecutive months, an additional amount equal to 10 per cent 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.

Adoption of New and Amended Accounting Standards

Effective January 1, 2018, the WCB adopted IFRS 15, *Revenue from Contracts with Customers*. The standard replaces IAS 18, Revenue and IAS 11, Construction Contracts. The standard specifies how and when to recognize revenue and additional new disclosure requirements. Revenue arising from insurance contracts and financial instruments are out of the scope of IFRS 15. The adoption of this standard did not have a significant impact on the WCB's financial statements.

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 (However, the IASB has tentatively decided to propose deferring the effective date to January 1, 2022). IFRS 17 will replace IFRS 4, Insurance Contracts.

This standard introduces consistent accounting for all insurance contracts. The standard requires companies to measure insurance contract liabilities as the risk-adjusted present value of the cash flows plus the contractual service margin, which represents the unearned profit the entity will recognize as future service is provided. This is referred to as the general model. Expedients are specified, provided the insurance contracts meet certain conditions. If, at initial recognition or subsequently, the contractual service margin becomes negative, the contract is considered onerous and the excess is recognized immediately in the statement of operations. The standard also includes significant changes to the presentation and disclosure of insurance contracts within entities' financial statements. The WCB is evaluating the impact this standard will have on the financial statements.

IFRS 9, Financial Instruments

IFRS 9 is generally effective for annual periods beginning on or after January 1, 2018. In September 2016, the IASB issued amendments to IFRS 4, which provide optional relief to eligible insurers in respect of IFRS 9. Entities whose predominant activity is issuing insurance contracts within the scope of IFRS 17 are provided a temporary exemption to defer the implementation of IFRS 9. The WCB will be required to adopt IFRS 9 on January 1, 2021, which aligns with the effective date of IFRS 17.

The WCB evaluated its liabilities at December 31, 2015, the prescribed date of assessment under the temporary exemption provisions and concluded that all of the liabilities were predominantly connected with insurance. Additionally, the WCB has not previously applied any version of IFRS 9. Therefore, the WCB is an eligible insurer that qualifies for optional relief from the application of IFRS 9. As at January 1, 2018, the WCB has elected to apply the optional transitional relief under IFRS 4 that permits the deferral of the adoption of IFRS 9 for eligible insurers. The WCB will continue to apply IAS 39 – *Financial instruments: Recognition and measurement* until January 1, 2021.

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. 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:

<i>(Thousands of dollars)</i>	2018	2017
Premiums	\$ 7,494	\$ 12,635
Other	8,031	7,563
Interprovincial claims	3,252	2,701
Accrued interest	2,819	2,620
Subrogation receivable	1,691	1,993
Investment proceeds receivable	-	47
	23,287	27,559
Allowance for doubtful accounts	(4,692)	(4,669)
	\$ 18,595	\$ 22,890

Premiums receivable includes an estimate of \$2,520,000 (2017 - \$5,010,000) for premium revenue to be assessed when employers submit their final insurable earnings information for 2018. 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 \$13,985,000 (2017 - \$18,962,000) were due within one year.

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

<i>(Thousands of dollars)</i>	2018	2017
BALANCE, beginning of year	\$ 4,669	\$ 5,010
Amounts written off	(1,770)	(1,569)
Current provision	1,793	1,228
BALANCE, end of year	\$ 4,692	\$ 4,669

The aging of receivables is as follows:

<i>(Thousands of dollars)</i>	2018	2017
Less than 60 days	\$ 11,377	\$ 12,957
61 to 180 days	1,622	4,331
181 to 365 days	986	1,674
Greater than 1 year	9,302	8,597
	\$ 23,287	\$ 27,559

5. INVESTMENTS AND INVESTMENTS UNDER SECURITY LENDING PROGRAM:

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

<i>(Thousands of dollars)</i>	2018	2017
Investments		
Bonds and debentures	\$ 165,829	\$ 328,019
Pooled bond fund	105,819	106,229
Pooled equity funds	346,512	401,250
Equities	501,799	632,327
Pooled real estate fund	257,157	236,660
Pooled mortgage fund	151,902	144,640
Short-term holdings	30,179	45,126
	1,559,197	1,894,251
Investments under Security Lending Program		
Bonds and debentures	164,567	-
Equities	198,508	115,283
	363,075	115,283
	\$ 1,922,272	\$ 2,009,534

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

(i) Bonds and debentures:

<i>(Thousands of dollars)</i>		2018		2017	
Term to Maturity In Years	Fair Value	Average Effective Yield	Fair Value	Average Effective Yield	
Government of Canada Securities					
1 - 5	\$ 57,885	1.67%	\$ 89,292	1.45%	
6 - 10	51,276	2.16%	35,014	2.55%	
Over 10	14,704	3.48%	13,300	3.97%	
Provincial & Municipal Securities					
1 - 5	18,050	2.85%	23,544	3.73%	
6 - 10	8,373	2.87%	5,832	2.70%	
Over 10	57,396	4.20%	64,392	4.99%	
Corporate Securities					
Less than 1	2,503	1.76%	17,736	2.40%	
1 - 5	72,284	3.15%	26,706	3.24%	
6 - 10	17,880	3.23%	24,510	3.53%	
Over 10	30,045	4.42%	27,693	4.55%	
Total	\$ 330,396		\$ 328,019		

(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 \$609,125,000 (2017 - \$661,418,000).

The WCB has an investment in a pooled equity fund for Europe, Asia and the Far East (EAFE) with a carrying value of \$120,198,000 (2017 - \$142,087,000), an investment in a Canadian Equity Small Cap fund with a carrying value of \$58,926,000 (2017 - \$69,919,000), an investment in a Canadian Low Volatility Equity fund with a carrying value of \$8,175,000 (2017 - \$8,861,000) and an investment in a Global Equity Small Cap fund with a carrying value of \$70,674,000 (2017 - \$81,928,000)

(iv) Pooled real estate fund:

The WCB has an investment in a pooled real estate fund that is invested in Canadian commercial properties.

(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 1.6% to 2.2% (2017 - 1.0% to 1.7%) and average term to maturity of 2.54 months (2017 - 3.32 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, 2018, the WCB had \$363,075,000 (2017 - \$115,283,000) in equities on loan to various counterparties. At December 31, 2018, the total amount of collateral pledged to the WCB amounted to \$381,233,000 (2017 - \$121,050,000).

(b) Investment income

Net investment income was derived from the following sources:

<i>(Thousands of dollars)</i>	2018			2017		
	Realized	Unrealized	Total	Realized	Unrealized	Total
Cash	\$ 574	\$ -	\$ 574	\$ 1,156	\$ -	\$ 1,156
Bonds and debentures	7,189	(2,280)	4,909	9,580	(627)	8,953
Pooled bond fund	54	(464)	(410)	94	3,728	3,822
Pooled equity funds	24,618	(73,671)	(49,053)	28,678	23,906	52,584
Equities	49,819	(70,599)	(20,780)	57,958	27,646	85,604
Pooled real estate fund	-	20,497	20,497	-	22,752	22,752
Pooled mortgage fund	6,475	786	7,261	5,732	(82)	5,650
Short-term holdings	762	-	762	378	-	378
Investment expenses	(5,386)	-	(5,386)	(5,121)	-	(5,121)
	\$ 84,105	\$ (125,731)	\$ (41,626)	\$ 98,455	\$ 77,323	\$ 175,778

(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, 2018

<i>(Thousands of dollars)</i>	Level 1	Level 2	Level 3	Total
Bonds and debentures	\$ -	\$ 330,396	\$ -	\$ 330,396
Pooled bond fund	-	105,819	-	105,819
Pooled equity funds	346,512	-	-	346,512
Equities	700,307	-	-	700,307
Pooled real estate fund	-	-	257,157	257,157
Pooled mortgage fund	-	151,902	-	151,902
Short-term holdings	-	30,179	-	30,179
	\$ 1,046,819	\$ 618,296	\$ 257,157	\$ 1,922,272

Assets at fair value as at December 31, 2017

<i>(Thousands of dollars)</i>	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

During the year, no investments were transferred between levels.

Level 3 Reconciliation

<i>(Thousands of dollars)</i>	2018	2017
	Pooled Real Estate Fund	Pooled Real Estate Fund
Opening Balance	\$ 236,600	\$ 213,908
Acquisitions	-	-
Dispositions	-	-
Realized gain	-	-
Change in Unrealized gain	20,497	22,752
Closing Balance	\$ 257,157	\$ 236,660

(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, 2018:

Change in Equity Benchmarks

<i>(Thousands of dollars)</i>	2018	2017
S&P/TSX Composite Index	\$ 25,971	\$ 28,964
World (ex-Canada) Index	29,483	30,132
S&P 500 Index	12,991	14,278
MSCI EAFE Index	12,690	15,000
S&P/TSX Small Cap Index	3,399	4,033

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 \$24,424,000 at December 31, 2018 (2017 - \$22,880,000), representing 7.4% (2017 - 7.0%) of the \$330,396,000 (2017 - \$328,019,000) fair value of bonds and debentures.

Foreign exchange risk

The WCB has certain investments denominated in foreign currencies. During 2018 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, 2018, the WCB's holdings in foreign equities and pooled equity funds had a fair value of \$609,125,000 (2017 - \$661,418,000) representing 31.7% (2017 - 32.9%) of the fair value of the total investment portfolio. At December 31, 2018, 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 \$24,398,000 (2017 - \$27,814,000).

(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 receivables, short term holdings and bonds and debentures. The maximum credit exposure related to these financial instruments is \$379,330,000 (2017 - \$401,820,000) which is managed through the minimum quality standards for investments set in WCB's SIP&G. The SIP&G allows for a maximum of 15 percent to be invested in BBB rated bonds and the remainder of the bonds must be rated A or higher. For 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:

<i>(Thousands of dollars)</i>	2018		2017	
Credit Rating	Fair Value	Percent of Portfolio	Fair Value	Percent of Portfolio
AAA	\$ 131,710	39.9%	\$ 146,669	44.7%
AA	124,927	37.8%	80,378	24.5%
A	40,081	12.1%	64,228	19.6%
BBB	33,678	10.2%	36,744	11.2%
	\$ 330,396		\$ 328,019	

(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:

<i>(Thousands of dollars)</i>	2018						2017
	Land	Buildings	Leasehold Improvements	Office Furnishings	Computer Equipment	Total	Total
Cost							
BALANCE, beginning of year	\$ 1,375	\$ 14,017	\$ 6,935	\$ 3,612	\$ 2,052	\$ 27,991	\$ 27,402
Additions during the year	-	-	56	28	931	1,015	1,666
Disposals during the year	-	-	(1,391)	(1,425)	(670)	(3,486)	(1,077)
BALANCE, end of year	\$ 1,375	\$ 14,017	\$ 5,600	\$ 2,215	\$ 2,313	\$ 25,520	\$ 27,991
Accumulated Amortization							
BALANCE, beginning of year	\$ -	\$ 8,860	\$ 5,219	\$ 2,743	\$ 1,352	\$ 18,174	\$ 17,845
Amortization for the year	-	351	291	148	642	1,432	1,406
Disposals during the year	-	-	(1,391)	(1,425)	(670)	(3,486)	(1,077)
BALANCE, end of year	\$ -	\$ 9,211	\$ 4,119	\$ 1,466	\$ 1,324	\$ 16,120	\$ 18,174
Net Book Value	\$ 1,375	\$ 4,806	\$ 1,481	\$ 749	\$ 989	\$ 9,400	\$ 9,817

7. OTHER ASSETS:

<i>(Thousands of dollars)</i>	2018	2017
Intangible assets	\$ 13,946	\$ 16,473
Net accrued pension benefit asset (note 15)	991	1,708
Prepaid expenses	4,057	3,916
	\$ 18,994	\$ 22,097

Intangible Assets

Intangible assets are comprised of the following:

<i>(Thousands of dollars)</i>			2018	2017
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
System development				
BALANCE, beginning of year	\$ 67,210	\$ (50,737)	\$ 16,473	\$ 19,221
Additions during the year	3,692	-	3,692	2,732
Amortization for the year	-	(6,219)	(6,219)	(5,480)
Disposals during the year	(3,765)	3,765	-	-
BALANCE, end of year	\$ 67,137	\$ (53,191)	\$ 13,946	\$ 16,473

During the year, \$3,692,000 (2017 - \$2,732,000) of internally generated system development costs were capitalized.

8. PAYABLES AND ACCRUED LIABILITIES:

<i>(Thousands of dollars)</i>	2018	2017
Occupational Health & Safety	\$ 11,291	\$ 11,368
Premium refunds	7,190	8,695
Employee benefits liability	6,363	6,487
Other	2,086	2,379
Worker's Advocate	1,330	1,207
	\$ 28,260	\$ 30,136

At the end of the year, payables and accrued liabilities of \$28,216,000 (2017 - \$29,989,000) 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, 2018 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:

	2018	2017
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)	2018							2017	
	Short-Term Disability	Long-Term Disability	Survivor Benefits	Health Care	Vocational Rehabilitation	Future Benefits Administration	Latent Occupational Disease	Total	Total
Balance, beginning of year	\$122,828	\$401,894	\$82,585	\$447,075	\$27,278	\$55,064	\$91,696	\$1,228,420	\$1,210,212
ADD:									
Claim costs incurred:									
Current year injuries	62,971	21,951	8,825	82,501	3,268	10,479	10,889	200,884	171,665
Prior years' injuries	10,673	20,407	6,196	35,924	2,146	1,990	-	77,336	58,488
	73,644	42,358	15,021	118,425	5,414	12,469	10,889	278,220	230,153
DEDUCT:									
Claim payments made:									
Current year injuries	25,299	487	466	30,098	171	3,535	-	60,056	52,136
Prior years' injuries	43,099	45,745	10,859	55,425	4,104	6,466	-	165,698	159,809
	68,398	46,232	11,325	85,523	4,275	10,001	-	225,754	211,945
BALANCE, end of year	\$128,074	\$398,020	\$86,281	\$479,977	\$28,417	\$57,532	\$102,585	\$1,280,886	\$1,228,420

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)	
2019	\$ 163,462
2020 - 2023	353,373
2024 - 2028	255,068
2029 - 2033	165,095
2034 - 2038	110,767
2039 - 2043	78,966
2044 and beyond	154,155
	<u>\$ 1,280,886</u>

The following is a reconciliation of the benefits liabilities:

<i>(Thousands of dollars)</i>	2018	2017
Balance, beginning of year	\$ 1,228,420	\$ 1,210,212
ADD:		
Provision for current year injuries	189,995	182,371
Provision for prior years' injuries		
Interest allocated	57,963	57,295
Prior years' claim cost experience higher than expected	40,570	9,064
Effect of actual cost of living adjustment higher (lower) than expected	(15,281)	17,189
Impact of change in provision for latent occupational disease	5,846	3,128
Changes in actuarial methods and assumptions	(873)	(38,894)
	278,220	230,153
DEDUCT:		
Benefit payments	215,753	200,794
Claim adjudication expense	10,001	11,151
	225,754	211,945
Balance, end of year	\$ 1,280,886	\$ 1,228,420

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.

<i>(Thousands of dollars)</i>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
End of year	\$280,725	\$266,607	\$254,415	\$247,678	\$228,235	\$197,765	\$191,857	\$200,216	\$178,047	\$191,623
One year later	283,309	258,034	249,689	246,279	217,534	209,343	194,448	200,093	184,697	
Two years later	270,777	249,474	253,291	236,333	217,158	216,464	190,405	204,131		
Three years later	264,936	254,814	253,452	231,540	223,699	218,520	197,565			
Four years later	269,690	250,820	249,694	234,212	225,277	223,989				
Five years later	268,415	244,167	250,007	222,909	223,590					
Six years later	261,239	242,385	249,548	228,982						
Seven years later	261,179	241,787	248,965							
Eight years later	253,879	237,544								
Nine years later	257,079									
Estimate of cumulative claims	257,079	237,544	248,965	228,982	223,590	223,989	197,565	204,131	184,697	191,623
Cumulative payments	(219,001)	(202,155)	(208,231)	(183,590)	(173,319)	(162,500)	(141,643)	(134,101)	(106,169)	(61,686)
Benefits liabilities	\$38,078	\$35,389	\$40,734	\$45,392	\$50,271	\$61,489	\$55,922	\$70,030	\$78,528	\$129,937
Post 2008 benefits liabilities										\$605,770
Pre-2009 benefits liabilities										572,531
Latent occupational disease										102,585
Total benefits liabilities										\$1,280,886

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 \$140,434,000 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 \$130,101,000 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 \$40,603,000.

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 \$9,399,000.

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 \$1,205,000.

Insurance Risk Management

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

10. ANNUITY FUND PAYABLE:

<i>(Thousands of dollars)</i>	2018	2017
BALANCE, beginning of year	\$ 221,461	\$ 208,770
ADD: Contributions		
Principal	6,130	6,012
Interest	13,375	19,928
	19,505	25,940
DEDUCT: Payouts		
Principal	5,713	4,702
Interest	10,835	8,547
	16,548	13,249
BALANCE, end of year	\$ 224,418	\$ 221,461

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, 2018.

(Thousands of dollars)

2019	\$ 20,443
2020 - 2023	64,031
2024 - 2028	73,382
2029 - 2033	31,950
2034 - 2038	18,390
2039 - 2043	9,409
2044 and beyond	6,813
	<u>\$ 224,418</u>

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

11. RESERVES:

(Thousands of dollars)	2018			2017	
	Disaster Reserve	Occupational Disease Reserve	Second Injury & Re-employment	Total	Total
BALANCE, beginning of year	\$ 24,568	\$ -	\$ 12,284	\$ 36,852	\$ 36,307
Appropriation from Injury Fund	1,049	-	525	1,574	545
Appropriation to fund cost relief for employers	13,882	3,749	26,864	44,495	46,637
Allocations for cost relief for employers	(13,882)	(3,749)	(26,864)	(44,495)	(46,637)
BALANCE, end of year	<u>\$ 25,617</u>	<u>\$ -</u>	<u>\$ 12,809</u>	<u>\$ 38,426</u>	<u>\$ 36,852</u>

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

(a) The Disaster Reserve will provide all employers with cost relief in the event of a disaster and will cover potential volatility in rare but very severe disasters as well as less severe disasters that meet the requirements of the Act. In total, the funding policy specifies two per cent of benefits liabilities for this reserve. During the current year, \$1,049,000 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, \$525,000 was transferred from the injury fund to this reserve.

12. PREMIUMS:

<i>(Thousands of dollars)</i>	2018	2017
Premiums	\$ 259,069	\$ 256,132
Experience Rating Program - discounts	(26,375)	(24,897)
Experience Rating Program - surcharges	23,797	23,982
Other premium related income	(21)	(45)
	\$ 256,470	\$ 255,172

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 2018 were \$6,347,000 (2017 - \$5,441,000).

13. SAFETY AND PREVENTION:

<i>(Thousands of dollars)</i>	2018	2017
Occupational Health & Safety	\$ 11,291	\$ 11,368
Safety Associations	11,246	11,133
WorkSafe Saskatchewan	3,025	1,990
	\$ 25,562	\$ 24,491

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 2018, 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 Energy Safety Canada (formerly ENFORM), Saskatchewan Petroleum Industry Safety Association.

14. LEGISLATED OBLIGATIONS:

<i>(Thousands of dollars)</i>	2018	2017
Worker's Advocate	\$ 1,330	\$ 1,207
Committee of Review	-	-
	\$ 1,330	\$ 1,207

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, 2018.

i) Actuarial Assumptions

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

	2018	2017
Discount rate	3.82%	3.34%
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:

	2018	2017
Longevity at age 65 for current pensioners		
Male	22.9	22.8
Female	24.7	24.7

At December 31, 2018 the weighted-average duration of the defined benefit obligation was 11.1 years (2017 - 11.6 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.

<i>(Thousands of dollars)</i>	2018	2017	2018	2017	2018	2017
	Defined Benefit Obligation		Fair Value of Plan Assets		Net Accrued Pension Benefit (Asset) Liability	
Balance at January 1	\$ 38,566	\$ 38,188	\$ (40,274)	\$ (39,059)	\$ (1,708)	\$ (871)
Included in profit or loss						
Current service cost	-	-	-	-	-	-
Interest cost (income)	1,247	1,363	(1,165)	(1,312)	82	51
	1,247	1,363	(1,165)	(1,312)	82	51
Included in OCI						
Remeasurement loss (gain)						
- Actuarial loss (gain) from change in assumptions	(1,066)	1,517	-	-	(1,066)	1,517
- Return on plan assets excluding interest income	-	-	1,701	(2,405)	1,701	(2,405)
	(1,066)	1,517	1,701	(2,405)	635	(888)
Other						
Employer contributions paid	-	-	-	-	-	-
Employee contributions paid	-	-	-	-	-	-
Benefits paid	(2,459)	(2,502)	2,459	2,502	-	-
	(2,459)	(2,502)	2,459	2,502	-	-
Asset ceiling adjustment					-	-
Balance at December 31	\$ 36,288	\$ 38,566	\$ (37,279)	\$ (40,274)	\$ (991)	\$ (1,708)

Employer contributions to the defined benefit plan will be \$nil in 2019.

(iii) Plan Assets

<i>(Thousands of dollars)</i>	2018	2017
Bonds and debentures		
Government of Canada and guarantees	\$ 3,711	\$ 4,570
Provincial and Municipal	2,574	3,172
Corporate bonds	3,706	3,264
	9,991	11,006
Equities	-	5,986
Pooled equity funds	17,951	15,103
Pooled mortgage fund	4,043	3,386
Pooled real estate fund	4,897	4,507
Short-term investments	233	165
	37,115	40,153
Other	164	121
	\$ 37,279	\$ 40,274

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, 2018	Defined Benefit Obligation	
	Percentage Increase	Percentage Decrease
Discount rate (1 percent change)	-10.0%	12.0%

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 \$2,654,000 (2017 - \$2,603,000) 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, 2018, key management personnel is made up of 9 people (2017 - 9 people) and includes the Chairman of the Board, two board members, the Chief Executive Officer, the Chief Financial Officer, and four (2017 - four) members of the senior executive group.

(Thousands of dollars)	2018	2017
Salaries and other short-term benefits	\$ 2,403	\$ 2,307
Post employment benefits	113	137
	\$ 2,516	\$ 2,444

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 3 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 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:

<i>(Thousands of dollars)</i>	2018	2017
Injury Fund	\$ 399,782	\$ 554,985
Unrealized gains on investments	(171,398)	(297,129)
	\$ 228,384	\$ 257,856
Benefits liabilities + annuity fund payable	1,505,304	1,449,881
Injury Fund as a percentage of benefits liabilities + annuity fund payable	15.2%	17.8%
Funding Percentage	115.2%	117.8%

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

Schedule 1 — Administration Expenses

<i>(Thousands of dollars)</i>	2018	2017
Salaries and employee benefits	\$ 42,814	\$ 42,114
Amortization (notes 6 & 7)	7,651	6,886
Computer services	2,369	1,882
Building operations	1,888	1,966
Consulting services	1,503	1,155
Communications and postage	1,467	1,446
Office expenses	1,346	1,383
Office rental	1,014	964
Travel and automobile expenses	690	621
Training and development	600	545
Professional services	463	539
Community relations	245	229
Market research	118	135
Advertising	103	102
Miscellaneous	135	(491)
	62,406	59,476
Less:		
Fees charged to self-insurers	2,419	2,525
	59,987	56,951
Less:		
Administration costs charged to Future Benefits Administration (note 9)	10,001	11,151
	\$ 49,986	\$ 45,800

See accompanying notes to financial statements.



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