2011 WCB Annual Report

2011 WCB ANNUAL REPORT

Workers Compensation Board of Manitoba

Letter to the Minister

The Honourable Jennifer Howard
Minister Responsible for *The Workers Compensation Act*
Room 357, Legislative Building
Winnipeg, Manitoba
R3C OV8

Dear Minister:

We are pleased to present our 2011 Annual Report in accordance with the provisions of *The Workers Compensation Act*. This report covers the 12-month period from January 1, 2011 to December 31, 2011. It includes the statements of accounts required to be kept under the *Act*.

Respectfully submitted,

Michael D. Werier
Chairperson

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To learn about the WCB's future plans, please refer to the *2012-2016 Five Year Plan* at **www.wcb.mb.ca**.

About the WCB

The Workers Compensation Board of Manitoba (WCB) is a mutual workplace injury and disability insurance agency funded by employer premiums. With a mandate to prevent workplace injuries and illnesses, the WCB is committed to building a culture of health and safety throughout Manitoba.

Staff

The WCB workforce is made up of approximately 500 people, all dedicated to providing excellent service to Manitoba workers and employers. The organization's people represent a diverse cross-section of Manitoba's cultural landscape. To help staff develop their skills and abilities, the WCB offers a wide range of professional development opportunities.

Services and Benefits

The WCB is here to help Manitoba workers and employers prevent workplace illnesses and injuries from occurring. To achieve this goal, the organization has partnered with Workplace Safety and Health to strengthen the province's safety culture.

If people are hurt or become ill as a result of their work, the WCB is here to help, offering a wide range of benefits to assist injured workers in returning to health and meaningful work as soon as safely possible. Some of the benefits offered include:

- replacement of lost income
- healthcare treatments and payment of medication costs
- employment retraining
- lump sum payments for permanent impairments
- benefits to partners and children in the event of a workplace fatality.

As part of the WCB's commitment to quality service and fair process, injured workers and employers may also contact the Fair Practices Office. The Fair Practices Office is independent and impartial and will do everything possible to ensure that a fair, courteous and timely process occurs in the resolution of claims. The Fair Practices Office is not a level of appeal. Decisions are made by adjudicators and case managers and can be appealed to the Review Office of the WCB and the independent Appeal Commission.

Vision, Mission and Values

VISION, MISSION AND VALUES

Vision

SAFE Work – A Way of Life

Mission

Working with its partners, the Workers Compensation Board of Manitoba promotes safe and healthy workplaces, promotes recovery and return to work, provides compassionate and supportive compensation services for workers and employers, and ensures responsible financial stewardship.

Values

We are committed to being a safe workplace that:

- operates with fairness, integrity and respect
- provides services that are fast, easy, caring, right and clear
- strives for excellence
- manages our resources efficiently and effectively
- operates in an open and transparent manner
- is accountable to the public and our partners
- develops our staff and provides a supportive, innovative and creative environment
- meets the diverse needs of our clients in a comfortable and welcoming way
- provides a respectful and diverse workplace reflective of Manitoba
- works collaboratively with our partners
- is a valued member of the community.

Message from the Chairperson

The Board of Directors establishes the WCB's strategic direction, approves the policies that guide the organization, and monitors the progress that the organization makes towards reaching its strategic goals. The work of the Board benefits from experienced and diverse representation of the interests of employers, workers and the public interest.

The Board's priorities, namely preventing workplace injuries, maintaining a strong service culture, supporting effective, safe and timely return to meaningful work, and ensuring fiscal responsibility, continue to be reflected in the framework of the WCB's strategic planning and reporting cycles.

The Board was pleased with the significant progress that was made in its priority areas in 2011. Most notably, the Board completed the recruitment of our new President and Chief Executive Officer, Winston Maharaj, whom I would like to welcome to the WCB. I would also like to thank departing President and CEO Doug Sexsmith for his commitment and leadership over the past decade.

As noted throughout this Annual Report, the WCB maintained a stable financial position in 2011 despite a challenging investment climate while continuing to achieve success in its prevention, service and recovery goals.

The Board responded to its stakeholders in a number of important areas. In 2011, the WCB made major progress in preparation to open a new location in Brandon in early 2012. This included selecting an office in downtown Brandon and hiring and training new employees.

Following stakeholder consultation, the WCB also introduced a new policy on Opioid management that provides guidelines regarding narcotic medication for injured workers. The new policy will help support the safe and effective treatment of injured workers in Manitoba.

The Board is committed to strong governance. In 2011, the Board's governance activities included completing a self-assessment of Board member skills and competencies as well as strengthening its Investment and Finance Committee with the addition of a new external member.

I would like to acknowledge and thank our dedicated Board members for their active participation in guiding the organization.

On behalf of my colleagues, I would like to thank all of the staff for their hard work in 2011 in support of the Board's vision of SAFE Work – A Way of Life.

Michael D. Werier
Chairperson

WCB Bids a Fond Farewell to its President and CEO

WCB BIDS A FOND FAREWELL TO ITS PRESIDENT AND CEO

After 10 years as President and CEO of the Workers Compensation Board of Manitoba, Doug Sexsmith retired from the role on January 6, 2012.

The WCB has undergone many changes and improvements during Sexsmith's long and successful tenure.

"One of the initiatives I'm most proud of is the development of our prevention mandate," Sexsmith recalls. "We've been building awareness with our SAFE Work public awareness campaigns and the reward has been a significant drop in injury rates. In fact, the provincial time loss injury rate fell from a high of 5.6 time loss injuries per 100 workers in 2000 to an estimated 3.3 in 2011. This is a drop of 41.1 per cent over the period."

In 2006, the provincial government enacted major legislative changes to *The Workers Compensation Act*.

"Activities to support the implementation of the legislative changes included revising and creating policies, upgrading computer systems, conducting training sessions for staff and creating communication strategies to keep our stakeholders informed. As a result of these changes, we also improved benefits for injured workers and extended our coverage to thousands more workers and employers throughout Manitoba."

Sexsmith and his leadership team put considerable focus on strengthening operations as well.

"The biggest operational change for the WCB during my tenure has been the move to electronic file systems as part of the streamlining of our processes. These changes have been undertaken to make us more productive and to allow us to better serve our customers through key functions such as improved support for return to meaningful work as soon as it is safe to do so and ongoing improvement to our support for employers."

"I'm also extremely proud to say that throughout my years at the WCB, we have emphasized strong fiscal management despite going through some challenging economic times. Our financial position has allowed us to keep our rates among the lowest in the country, while implementing the benefit improvements brought about in the 2006 and subsequent legislative changes."

Is there anything that hasn't changed?

"One thing that has remained consistent throughout my tenure has been our commitment to service excellence. Our staff see top-notch service as their main priority. Additionally, we've expanded our service beyond Winnipeg with a satellite office in Thompson and a regional office opening in Brandon in the New Year."

"In the end, continuing to promote safe and healthy workplaces and providing compassionate and supportive service in the event of workplace injuries have been the highlights of the WCB's achievements over the last 10 years."

"That has been the greatest reward."

Message from the President and CEO

I am pleased to be able to report important progress on the WCB's key priorities in 2011. Our dedicated team of professionals at the WCB has recorded another year of improvement in services to workers and employers. Their success ranges from the implementation of a new Opioids policy that will support safe and effective treatment of injured workers to important advancements in electronic services for employers.

Preventing workplace injuries and illnesses is one of the most important ways that the WCB improves the lives of Manitoba workers, their families and employers. The WCB's vision, SAFE Work – A Way of Life, reflects the importance of prevention and guides the work done to make workplaces safer and healthier. In 2011, the time loss injury rate stayed stable at an estimated 3.3 time loss injuries per 100 full time workers - maintaining the all time low for Manitoba. This success results from ongoing prevention efforts by the WCB, its partners, and the workers and employers of Manitoba.

The duration of time loss claims continued to decrease in 2011 as a result of focused efforts to help workers return to health and meaningful work as soon as they can safely do so. Effective return to work programs minimize the impact of an injury, promote recovery and manage associated costs while benefiting both workers and employers.

The success of our prevention and return to health and work efforts enabled the WCB to keep the average assessment rate stable at $1.50 per $100 of payroll despite a challenging investment climate.

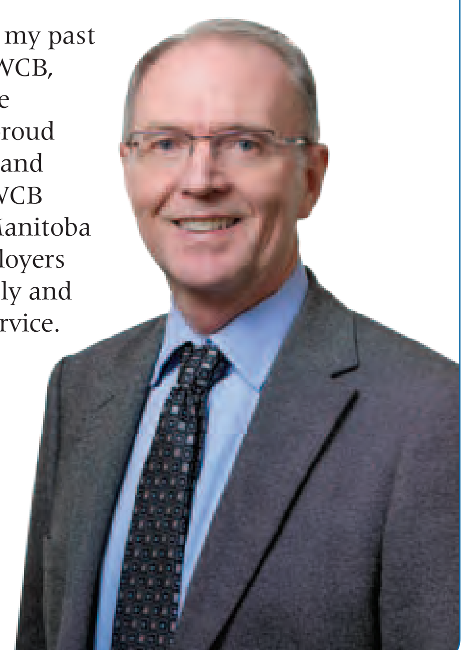
In 2002, Manitoba became the first Canadian jurisdiction to introduce a statutory firefighter presumption, meaning that certain heart injuries or cancers are presumed to be caused by firefighting, unless the contrary is proven. Since then, a number of presumptive cancers have been added. In 2011, the list of presumptive cancers was extended to include primary site prostate cancer, skin cancer, breast cancer and multiple myeloma. Our Occupational Disease Unit is working diligently to implement the new provisions.

We also made significant progress in the development of the new WCB location in Brandon, which will open in 2012. The new office, located in downtown Brandon, will serve workers and employers in Brandon and surrounding areas. It will offer a range of services including initial adjudication of new claims, case management of ongoing claims, healthcare examinations, vocational rehabilitation and SAFE Work Services.

In 2011, the WCB continued to modernize its service offerings through technology and process improvements. We launched a redesigned website with improved functionality and introduced an online Employer Registration Request system for new employers and online SAFE Work Reports for registered employers. These new offerings complement our existing online services such as Incident Reporting, Claims Online and Clearances.

The WCB is proud to have been recently named one of Manitoba's Top 25 Employers. Our management and union have worked together for many years to build a workplace that benefits both our workers and our stakeholders. We continue to support initiatives that re-affirm our commitment to making an ongoing, positive contribution to the province.

As I look back on my past decade with the WCB, I have enjoyed the journey and am proud of the dedication and commitment of WCB staff to provide Manitoba workers and employers with quality, timely and compassionate service.



Doug Sexsmith
President and CEO

Board of Directors and Board Committees

By statute, the Board of Directors consists of 10 members appointed by the Government of Manitoba after consultation with employers, labour and the public. The tripartite representation includes a neutral Board Chairperson, three representatives of workers, three representatives of employers, and three representatives of the public interest. The Chief Executive Officer is a non-voting member of the Board of Directors.

As stewards of the compensation system, the Board of Directors plans for its future. The Board sets the WCB's strategic direction, makes policies about compensation, rehabilitation, assessment and investment of the funds within the investment portfolio, and monitors progress in these areas.

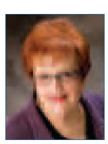
Board of Directors

Michael Werier	Chairperson
Robert Dewar	Worker Representative
Rob Labossiere	Worker Representative
Wendy Sol	Worker Representative
Paul Challoner	Employer Representative
Ron Hambley	Employer Representative
Jane MacKay	Employer Representative
Colleen Seymour	Public Interest Representative *(from August 2011)*
Ken Sutherland	Public Interest Representative
Ilana Warner	Public Interest Representative
Doug Sexsmith	Chief Executive Officer *(non-voting member)*

Policy, Planning, Governance and Service Committee

The Policy, Planning, Governance and Service Committee reviews and recommends changes to existing policy, initiates new policy through consultation with stakeholders, oversees strategic planning and governance, monitors service improvements and human resource activities, reviews injury prevention initiatives, and recommends approval of funding under the WCB's Research and Workplace Innovation Program.

Robert Dewar	Committee Chairperson and Worker Representative
Jane MacKay	Employer Representative
Ilana Warner	Public Interest Representative
Michael Werier	Chairperson
Doug Sexsmith	Chief Executive Officer *(non-voting member)*



Colleen Seymour

Board of Directors

Standing (left to right): Jane MacKay, Ilana Warner, Paul Challoner, Robert Dewar, Rob Labossiere, Wendy Sol, Ken Sutherland, Ron Hambley,
Sitting (left to right): Michael Werier, Doug Sexsmith

Investment and Finance Committee

The Investment and Finance Committee develops policies for the prudent investment of the WCB's investment portfolio, regularly reviews and advises the Board of Directors about the status of the WCB's investments and makes recommendations to the Board of Directors about the engagement of appropriate investment managers. The Committee is responsible for overseeing the WCB's financial position, including the annual budget, assessment rates, financial projections, and related accounting and financial policies. As well, the Committee monitors the performance of the WCB's employee pension plan and reviews and approves contracts of significant value.

Rob Labossiere	Committee Chairperson and Worker Representative
Paul Challoner	Employer Representative
Ken Sutherland	Public Interest Representative
Bob Darling	External Investment Member
Lisa Macdonald	External Investment Member *(from September 2011)*
Michael Werier	Chairperson
Doug Sexsmith	Chief Executive Officer *(non-voting member)*

Audit Committee

The Audit Committee assists the Board in fulfilling its oversight responsibilities and reviews and advises the Board of Directors about the annual report and audited financial statements. The Committee also reviews risk management systems, meets with external and internal auditors, approves internal audit activities and makes recommendations to the Board about the WCB's internal control procedures, standards of conduct, and conflict of interest guidelines.

Ron Hambley	Committee Chairperson and Employer Representative
Wendy Sol	Worker Representative
Donald Sobkow	External Audit Member
Ken Sutherland	Public Interest Representative
Ilana Warner	Public Interest Representative
Michael Werier	Chairperson
Doug Sexsmith	Chief Executive Officer *(non-voting member)*

Executive Team

(left to right): **Lorena Trann**, Chief Financial Officer; **Lori Ferguson Sain**, General Counsel and Corporate Secretary; **David Scott**, Vice President, Rehabilitation and Compensation Services; **Stu Charles**, Chief Information Officer; **Doug Sexsmith**, President and Chief Executive Officer; **Darren Oryniak**, Acting Vice President, Human Resources, Information Technology and Administrative Services; **Warren Preece**, Director, Communications; **Alice Sayant**, Vice President, Prevention, Assessments and Customer Service


SAFE WORK
TALES FROM THE CREEP
MUST BE FRY DAY
SAFE WORK
CHECK OUT SAFEMANITOBA.COM FOR ALL THE DETAILS... AND THE FRIGHT OF YOUR LIFE!!!

WCB Themes

There are four themes that provide a framework for how the WCB conducts business and organizes activities to meet the needs of stakeholders:

Prevention

Preventing Injuries and Illnesses through Promotion, Protection and Education

Recovery

Returning Workers to Health and Work

Service

Continuously Improving Services to Workers and Employers

Stewardship

Effectively Managing Human, Technological and Financial Resources

Prevention

Preventing workplace injuries and illnesses is one of the most important activities the WCB engages in to improve the lives of Manitoba workers, their families and employers. The WCB's vision, SAFE Work – A Way of Life, reflects the importance of prevention and guides the work done to make workplaces safer and healthier.

SAFE Work – A Way of Life

The WCB, in partnership with Workplace Safety and Health, promotes a culture of SAFE Work in Manitoba through an ongoing public awareness program. 2011 began with the completion of "The SAFE Work Debate", which put the question "are all workplace injuries preventable?" at the forefront. Many Manitobans joined the debate by visiting the safemanitoba.com website and casting a vote.

The "Tie One On" campaign promoted the prevention of falls from height by depicting roofers at work. The campaign encouraged Manitobans to call Workplace Safety and Health if they observed unsafe roofing work in progress. The successful campaign led to a significant increase in reports of unsafe roofing activity.

The "Tales From The Creep" campaign used social media to remind young workers of the risk of workplace injuries such as hand burns and eye injuries and the dangers of working alone. Using Facebook ads and radio advertising, young people were directed to the safemanitoba.com website to answer SAFE Work questions. The campaign generated many website visits with the average visitor spending more than 10 minutes on the site.

The "SAFE Work Needs Your Voice" campaign was a call to action for Manitobans to break through barriers to actively participate in building their workplace safety culture. The campaign promoted awareness of SAFE Work to the general public and encouraged workers to use their voices to protect themselves and their co-workers from workplace injuries.

Building a Culture of Safety and Health

The WCB and its partners are continuing to lead workplace safety and health innovation through the safemanitoba.com website, a popular online safety resource. In 2011, the WCB developed a number of new website features, including hazard alerts, a new publications bank, a mobile version of the site, a leadership page with an injury cost calculator and a new tab for workplace safety and health committees that offers downloadable resources and training links.

The WCB's partnerships continued to flourish in 2011, including SAFE Roads, the SAFE on Site internship program and a new SAFE Momentum campaign with the United Firefighters of Winnipeg. The WCB also supported Junior Achievement by sponsoring an award for students to incorporate workplace safety into their business plans. In addition, the WCB hosted the North American Occupational Safety and Health awards celebrating workplaces' commitment to prevention. In 2011, the WCB published a Report to the Community informing Manitobans about the progress and results of these and other key initiatives.

SAFE Work Services

The WCB's *Partners in Prevention* program has been providing consulting services to workplaces since 2009. The program has supported 50 Manitoba companies in their efforts to improve their safety and health and return to work programs with the goal of reducing the number and impact of workplace injuries. Most of the workplaces that have participated in the program have reduced their injuries and the associated human and financial impact.

SAFE Work Services made its *Injury Prevention Basics* workshop - which educates employers on basic injury prevention - a permanent offering in 2011. The team also offered *WCB Basics* and *Return to Work Basics* workshops across Manitoba from Winkler to Churchill.

Also in 2011, WCB introduced online SAFE Work reports for registered employers. Available 24 hours a day, seven days a week, SAFE Work reports provide employers with updated information about their injury prevention and return to work measures. Several hundred Manitoba workplaces are now accessing the reports.

Promoting SAFE Work in Manitoba Workplaces

In 2011, after a comprehensive evaluation, the WCB made the Construction Health and Safety Incentive Program permanent and enhanced it by increasing the first year discount to 10 per cent. The program offers a reduction in WCB assessment rates for construction firms that earn COR (Certificate of Recognition) certification and meet certain other criteria. COR certification is provided by the Manitoba Heavy Construction Association WORKSAFELY Program and the Construction Safety Association of Manitoba. The incentive is entirely self-funded by employers in the construction sector.

Also in 2011, the WCB began an important project to design the future state of injury prevention in Manitoba. The project will engage stakeholders from all sectors to produce a design and implementation plan for the future state of industry-focused illness and injury prevention in Manitoba workplaces.

Research and Workplace Innovation Program

The Research and Workplace Innovation Program (RWIP) provides an avenue for the WCB to undertake research and safety programs on injury prevention, safety in the workplace, treatment of workplace injuries, and scientific, medical or other issues relating to workers compensation. The RWIP provides up to $1 million annually, supporting research and workplace innovation activities that help keep Manitobans safe at work, or recover and return to meaningful work as soon as it is safe to do so if they are injured on the job.

Recovery

When a worker suffers a workplace injury or illness, the WCB is here to help. Effective return to work helps make recovery faster and more complete, which is why the WCB is committed to helping injured workers get back to health and meaningful work as soon as safely possible.

Return to Health and Work

One of the WCB's key priorities is actively assisting workers to return to health and meaningful work as soon as safely possible. Each year, the organization's dedicated staff supports thousands of workers through their recovery periods, helping them to return to meaningful work and become productive members of their workplace following workplace injuries and illnesses. In 2011, the WCB's recovery strategy continued to focus on ensuring the organization is doing everything in its power to support workers and employers in an effective and safe return to meaningful work.

The WCB continues to promote activity as a vital component of a better recovery. As part of its approach to early intervention, the organization solidified and expanded the back care program for injured workers in selected industry sectors. The program features a self-administered questionnaire and a back care booklet that emphasizes the importance of staying active to achieve a quicker recovery. In 2011, the WCB expanded the program to other industry sectors and will continue to gradually expand it in the future.

Also in 2011, the WCB completed and implemented a new Case Management Statistical Framework, a tool to more effectively monitor claims. In addition, Case Planning activities were further strengthened in 2011 through training and quality assurance.

Healthcare Delivery

In order to broaden its healthcare options, the WCB continues to seek out alternative methods of delivering healthcare services in a timely manner. In 2011, the WCB continued to explore opportunities to expand on internal healthcare service options for injured workers. This included reviewing surgical outcomes to gain a better understanding of the role surgery plays in rehabilitating workers with injuries to their knees, backs or shoulders.

In 2011, the WCB introduced a new policy on Opioid management that provides guidelines regarding the authorization and payment of narcotic medication for injured workers and procedures on how to assist injured workers who are dealing with addiction issues as a result of their prescription medication. During the year, staff were trained on the policy and it was communicated to stakeholders. The new policy will help support the safe and effective treatment of injured workers in Manitoba.

Outreach Activities

Outreach plays a key role in educating stakeholders about recovery issues. In 2011, WCB Case Managers continued to work with workers and employers to promote return to work on a daily basis and SAFE Work Services helped many workplaces to improve their return to work programs.

The WCB is also committed to educating the medical community about the role of the WCB. In 2011, the WCB continued to pursue a vigourous agenda related to outreach and made presentations to stakeholders on a regular basis. WCB healthcare consultants delivered presentations to share their expertise with the healthcare community and to educate those entering the field of medicine and physiotherapy. Outreach to the healthcare community included presentations to the University of Manitoba Schools of Medicine and Rehabilitation, the 2011 Scientific Assembly and the MSK Fellowship Program, meetings with the College of Physicians and Surgeons and Doctors Manitoba, and sponsorship of continuing education for healthcare professionals.

Focus on Quality

2011 saw a focus on the process for soliciting internal medical opinions. Additional training was provided to staff and quality assurance processes were put in place to ensure that high quality medical opinions were being solicited by staff and provided by healthcare consultants.

Service

Providing superior service, both internally and externally, is at the root of all that the WCB does. Whether it's assisting workers or employers, the WCB is committed to living its value of providing service that is fast, easy, caring, right and clear.

New Brandon Location

The WCB currently has two offices, a head office in Winnipeg and a small satellite office in Thompson that provides initial adjudication of claims and case management services. In 2011, the WCB made major progress in preparing to open a new location in Brandon in early 2012. This included selecting an office in downtown Brandon and hiring new employees, many of whom are Brandon residents. This office will initially serve workers and employers located in Brandon and surrounding areas.

The Brandon office will provide initial adjudication of new claims, case management of ongoing claims, healthcare examinations, vocational rehabilitation, and SAFE Work services. The opening of the Brandon office will minimize the need for customers to travel to Winnipeg or WCB staff to travel to Brandon.

Improving Service to Injured Workers

In 2011, the WCB continued to improve on its commitment to provide benefits to injured workers as quickly and accurately as possible.

As required by legislation, the WCB worked with an external auditor to complete an audit of Short Term Claims, which is the area that generally manages claims of eight weeks or less duration. The audit focused on the adequacy of processes to receive, register and adjudicate claims. The auditors concluded that the area is well-managed and controlled and operating with due regard for cost, efficiency and effectiveness. The audit report made a number of recommendations which the WCB has accepted and is in the process of implementing.

The WCB is continuing to take steps to remain up to date in the emerging area of occupational disease. Training on psychological conditions was delivered. Also in 2011, new cancers were added under the presumptive firefighters legislation, and as a result the Occupational Disease Unit focused on adjudicating claims related to those cancers.

Improving Service to Employers

In 2011, the WCB continued to modernize its service which resulted in improvements in service delivery for employers. The WCB website was redesigned to improve service and enhance its capability as an online resource. Along with the sleek new design, the new site features a more robust search engine, interactive slideshows highlighting new initiatives at the WCB and enhanced multimedia capabilities.

The WCB launched an online Employer Registration Request system that allows new employers to begin the process of registering for the WCB online from anywhere. The application is available 24 hours a day, seven days a week and employers need only provide information one time. This new application, together with online SAFE Work Reports which were also launched in 2011, complements existing online services for employers such as Incident Reporting, Claims Online, and Clearances.

The past year also saw the launch of *WCB Insider*, a quarterly newsletter that provides more streamlined news updates and information for the particular needs of small employers.

In 2011, the WCB reviewed and made enhancements to its Personal Coverage product, which provides optional coverage for business owners and independent contractors. The resulting changes effectively streamlined the process to obtain and renew Personal Coverage and simplified benefit calculations in the event of a claim.

Addressing Language, Culture and Literacy

To enhance accessibility and service to all customers, the WCB continues to work on addressing the language, culture and literacy needs of its clients. In 2011 this included building relationships with a number of organizations to enhance communication with the immigrant community in an effort to bridge cultural gaps and ensure that new Canadians understand their rights and responsibilities regarding reporting workplace injuries. In support of this initiative, material was produced in more than a dozen languages.

The WCB also strengthened its language services in other areas, as SAFE Work Services conducted assessments and interviews in multiple languages, fact sheets were made available in English, French and Tagalog, and the WCB expanded its use of Language Line Services, which provides phone interpretation assistance in 174 languages. In the past year, Language Line assisted WCB staff more than 800 times in 28 different languages to support injured workers.

Service Quality

In 2011, the WCB embarked on a quality initiative to create a cohesive framework for coordinating quality control and quality assurance activities. The framework will encompass services to workers and employers as well as supporting activities. To guide the initiative, the WCB established a cross-functional steering committee to develop the framework and draft a quality policy that will formalize the WCB's commitment to quality.

The WCB held its annual Service Excellence Day to celebrate service accomplishments and to acknowledge the work of all staff in providing customer service. More than 1,200 service tickets were handed out to acknowledge employees who provided great service.

Stewardship

The WCB provides prudent stewardship of its finances, technology, policies and people. As well, the organization is aware of its obligation to the larger Manitoba community, partnering every year with a variety of organizations on safety and health initiatives to make a positive contribution to the province.

Building Financial Strength

A continued commitment to the WCB's prevention and recovery goals provided important benefits to workers, employers and the WCB during 2011. The WCB achieved an operating surplus of $20 million in spite of weak financial markets. As a result of its strong financial position, the WCB was able to maintain the average assessment rate at $1.50 for 2012, the second lowest rate among Canadian WCBs.

Despite the operating surplus, the funded position for the WCB was unchanged at 121 per cent, an outcome of recording a loss on the WCB pension plan.

The WCB adopted International Financial Reporting Standards on January 1, 2011 as required by The Canadian Accounting Standards Board.

Manitoba's Top 25 Employers

In 2011, the WCB was honoured to be named as one of Manitoba's Top 25 Employers. This special designation recognizes the Manitoba employers that lead their industries in offering exceptional places to work. A blue-ribbon panel, comprised of HR academics from across Canada, judged each entry on the workplace programs and initiatives outlined in their submission. The benefits of working at the WCB are reflected in the organization's low voluntary turnover rate of 1.4 per cent.

Strength Through People

In 2011, the WCB further enhanced and developed our promotional campaign, *WCB Does*, for the purposes of recruitment and retention. *WCB Does* is a positive and affirmative statement about the WCB's value proposition to prospective and existing employees. *WCB Does* has become fully integrated with the organization in that the WCB places a high value on satisfying work experiences for its staff, based on the four pillars of the *WCB Does* campaign: security, wellness, engagement and growth.

In order to enhance and increase staff engagement, the WCB introduced a new survey to assess levels of employee engagement and help develop a plan to further develop this area at the WCB.

Community Leadership

The WCB is committed to being a valued member of the community by partnering with and supporting organizations and initiatives such as the Information and Communication Technologies Association of Manitoba, the Canadian Museum for Human Rights, the SAFE Roads partnership and the United Way of Winnipeg. In 2011, the WCB's employee United Way campaign was a huge success, generating a 39 per cent increase in donor participation.

The WCB is a proud sponsor of the Manitoba Aboriginal Youth Achievement Awards, in addition to being a long term supporter of the Aboriginal Business Education Program at the University of Manitoba. As well, the WCB has a partnership agreement with Connect Employment Services, an organization that provides job opportunities for persons with intellectual disabilities. The WCB continued to build its diverse workforce by providing internship and work experience opportunities and hiring candidates throughout the organization in full-time and summer positions.

Achieving Operational Excellence

The WCB uses technology and business process renewal to implement service improvements and enhance communications. In 2011 these included online registration for employers, a new website and corporate intranet, and improvements to the healthcare process in claims management. All major WCB projects utilize project management and business process renewal methodologies to ensure smooth and timely implementation and assist in achieving improved performance outcomes on key corporate performance measures.

In 2011 the WCB continued to make progress towards completing repair of its office building exterior at 333 Broadway. The project includes removing the existing granite stones, performing asbestos abatement, installing a new building envelope, and reaffixing the granite stones.

Whistleblower Legislation

In compliance with *The Public Interest Disclosure (Whistleblower Protection) Act*, the WCB has whistleblower disclosure procedures in place. There were no disclosures reported in 2011.


WCB does.
Welcome to WCB Does

Financial Report

FINANCIAL REPORT

Management's Responsibility for Financial Information

The consolidated financial statements of the WCB were prepared by management, which is responsible for the integrity and fairness of the data presented, including significant accounting judgments and estimates. This responsibility includes selecting appropriate accounting principles consistent with international financial reporting standards. Financial information contained elsewhere in this annual report conforms to these financial statements.

Management believes the system of internal controls, review procedures and established policies provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded. Management also believes that the WCB's operations are conducted in conformity with the law and with a high standard of business conduct. The internal auditor performs periodic audits designed to test the adequacy and consistency of the WCB's internal controls.

The Board of Directors is responsible for overseeing management in the performance of its financial reporting responsibilities and approved the financial statements and other financial information included in this annual report on March 16, 2012.

The Audit Committee assists the Board of Directors in its responsibilities. This Committee reviews and recommends approval of the consolidated financial statements and annual report. Internal and external auditors and actuaries have unlimited access to the Audit Committee. The Committee reviews the financial statements and the other contents of the annual report with management and the external auditors, and reports to the Board of Directors prior to their approval for publication.

The Chief Actuary of the WCB completed an actuarial valuation of the benefit liabilities included in the financial statements of the WCB and reported thereon in accordance with accepted actuarial practices. The firm of Eckler Ltd. has been appointed as a peer reviewer to the WCB. The Chief Actuary's opinion on the valuation of the benefit liabilities is provided on page 31. Eckler Ltd.'s actuarial review is provided on page 32.

Grant Thornton LLP, independent auditors appointed as a sub-agent to the Provincial Auditor General, has performed an independent audit of the consolidated financial statements of the WCB in accordance with Canadian generally accepted auditing standards. Their Auditors' Report, on page 33, outlines the scope of this independent audit and includes their opinion expressed on the 2011 consolidated financial statements.

Winston Maharaj
President and CEO

Lorena B. Trann, CMA, FCMA
Chief Financial Officer

March 16, 2012

2011 Management Discussion and Analysis

As an integral part of the annual report, the management discussion and analysis provides further insights into the operations and financial position of the WCB and should be read in conjunction with the consolidated financial statements and supporting notes.

International Financial Reporting Standards

As a publicly accountable enterprise, the WCB adopted International Financial Reporting Standards (IFRS) for the 2011 fiscal year. This conversion required the restatement of the 2010 published financial statements from Generally Accepted Accounting Principles to IFRS resulting in a $23 million reduction to reserves to recognize cumulative actuarial losses on the WCB pension plan and to convert the accounting for investment income. Full disclosure of the impact of the change is provided in the notes to the financial statements.

2011 Results

In 2011, the WCB maintained its financial position. Reductions in the cost of claims offset weak investment returns and losses on the WCB pension plan, resulting in total comprehensive income of $5 million ($8 million under budget).

Investment returns were 1.8 per cent, resulting in $15 million of income ($49 million under budget). Premium revenues of $267 million were $19 million over budget.

The 2011 cost of claims of $195 million was $37 million under budget. A reduction in the cost and duration of claims was experienced in 2011. These results were influenced by successful prevention efforts and a continued focus by the WCB, employers and workers to help ensure injured workers return to health and meaningful work as soon as they can safely do so.

Other comprehensive loss of $15 million was experienced, an outcome of recording a loss on the WCB pension plan.

The WCB's accident fund reserve increased from $227 million to $247 million, allowing the WCB to make progress toward the goal of building the accident fund reserve to the target level (calculated at $314 million for 2011). The WCB is fully funded with a funding ratio of 121.3 per cent.

Revenue

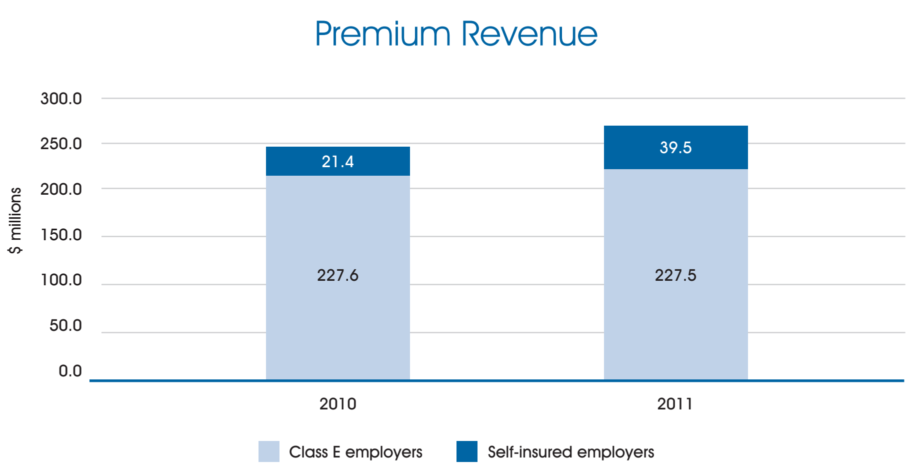
The WCB's revenue is derived from two sources: premium revenue and investment income.

Premium Revenue

Premium revenue is the largest revenue stream for the WCB. Premium revenue was $267 million in 2011 ($249 million in 2010), versus the budget of $248 million. The final average assessment rate per $100 of assessable payroll was $1.51, which is $0.01 over the budgeted average assessment rate of $1.50. Premiums are derived from Class E and self-insured employers:

- 2011 Class E employers' premiums were $228 million, unchanged from 2010 as revenue from increased assessable payrolls offset a six per cent reduction in the average assessment rate.
- 2010 self-insured employers' premiums, which are calculated based on claim costs incurred, were $39 million ($21 million in 2010), an 86 per cent increase due to changes in the actuarial model for healthcare, combined with unfavourable claims experience in 2011.

The chart below shows the components of the 2011 premium revenue:



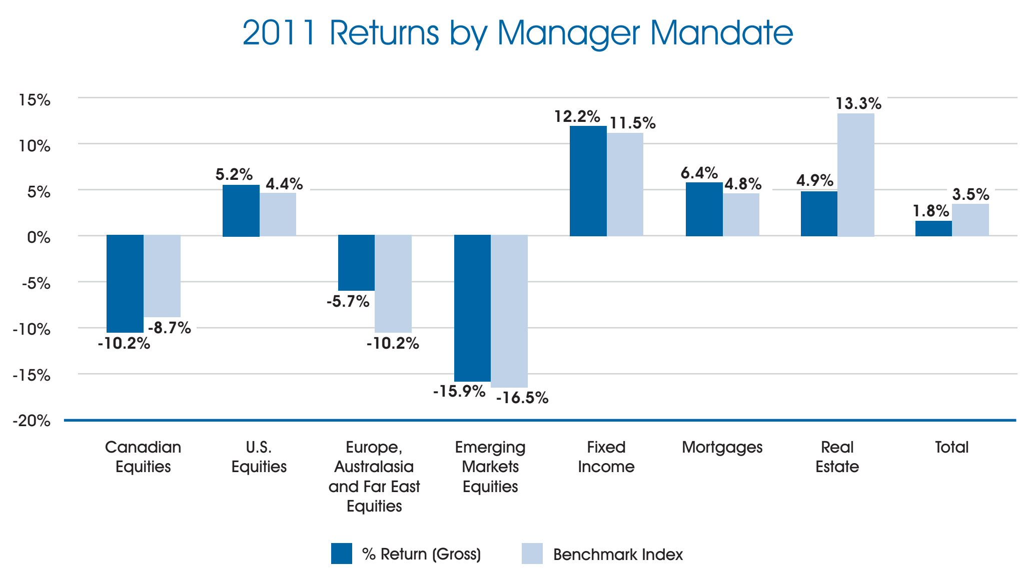
Investment Income

In 2011, the WCB experienced investment income of $15 million from its investment portfolio ($84 million in 2010). Investment income was budgeted at $64 million for 2011. The income/loss for the two years can be segmented as follows:

- interest and dividend income of $33 million in 2011 ($29 million in 2010)
- investment losses and real estate fair value changes totalling $18 million of losses in 2011 ($55 million of realized gains and real estate fair value increases in 2010).

The investment portfolio is comprised of a variety of asset classes as set by policy. At December 31, 2011, the portfolio had a market value of $1.1 billion ($1.1 billion at the end of 2010) and an asset mix of 53 per cent equities and 47 per cent fixed income (57 per cent equities and 43 per cent fixed income in 2010).

The WCB has engaged a number of professional investment managers. Each of these managers has a mandate as well as a benchmark rate of return to achieve. The gross returns before expenses by manager mandate and a comparison of this result to the benchmark returns are displayed in the following chart:



The investment portfolio's gross rate of return was 1.8 per cent in 2011 (benchmark 3.5 per cent) and 9.1 per cent in 2010 (benchmark 9.0 per cent).

Claim Costs Incurred

Claim costs incurred are an estimate of the full costs for compensable injuries that occurred in 2011, together with adjustments to prior years' estimates. The estimates take into account claims that are in pay, reported but as yet unpaid claims, and unreported claims.

Claim costs incurred increased $13 million (seven per cent) to $195 million in 2011 with short term disability costs returning to levels more consistent with prior years, survivor benefits impacted by a gain on the bi-annual indexing of these benefits and increased healthcare benefits due to adjusting the actuarial model in recognition of past years actuarial losses.

Claims cost incurred analysis:

	Short Term Disability	Long Term Disability	Survivor Benefits	Healthcare Benefits	Rehabilitation Services	Total
(in millions of dollars)						
2011	$ 59.9	$ 49.1	$ 0.3	$ 84.2	$ 1.7	$ 195.2
2010	38.3	52.5	16.6	75.3	(0.6)	182.1
Increase (decrease)	$ 21.6	$ (3.4)	$ (16.3)	$ 8.9	$ 2.3	$ 13.1

Benefit Liabilities

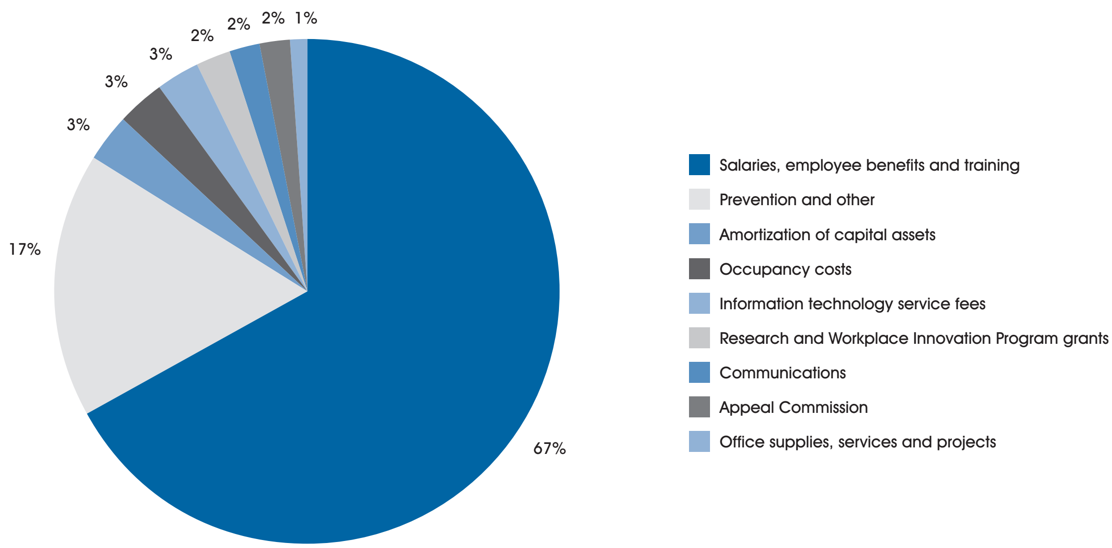
The benefit liabilities increased $21 million (two per cent) in 2011 with survivor benefits decreasing $14 million due to a gain on the bi-annual indexing of these benefits and healthcare benefits increasing $34 million due to adjusting the actuarial model in recognition of past years actuarial losses.

	Short Term Disability	Long Term Disability	Survivor Benefits	Healthcare Benefits	Rehabilitation Services	Total
(in millions of dollars)						
2011	$ 126.1	$ 386.1	$ 139.1	$ 256.0	$ 22.9	$ 930.2
2010	123.7	387.9	153.0	221.6	23.3	909.5
Increase (decrease)	$ 2.4	$ (1.8)	$ (13.9)	$ 34.4	$ (0.4)	$ 20.7

Operating Expenses

Operating expenses in 2011 were on budget at $66 million. Operating expenses increased $4 million from 2010 largely due to employee salary costs and benefits.

Components of 2011 Operating Expenses



Operating Income

The operating income of $20 million increased the accident fund reserve to $247 million.

Other Comprehensive Loss and Total Comprehensive Income

The other comprehensive loss for 2011, which is the loss on the WCB pension plan based on the actuarial valuation for accounting purposes, was $15 million. The 2011 loss increased accumulated other comprehensive loss to $34 million as at December 31, 2011 ($19 million in 2010).

The total comprehensive income for the year was $5 million, versus the budget of $13 million.

Balance Sheet

The 2011 funding ratio (ratio of total assets to total liabilities) was 121.3 per cent (121.5 per cent in 2010). This ratio is one measure of the financial strength of the WCB, as any amount over 100 per cent indicates the WCB is fully funded.

The accident fund reserve was $247 million ($227 million in 2010), which was below the target balance of $314 million set by the WCB's Funding Policy. The *2012-2016 Five Year Plan* financials forecast reserve growth that will enable the WCB to reach the target balance.

Actuarial Opinion

with respect to Future Benefit Liabilities of the Workers Compensation Board of Manitoba
based on an actuarial valuation as at December 31, 2011

I have completed an actuarial valuation as at December 31, 2011, of the benefit liabilities for insured and self-insured employers under *The Workers Compensation Act* of Manitoba as amended to the valuation date. The purpose of this valuation was to estimate the liabilities of the WCB with respect to injuries that occurred on or before the valuation date for inclusion in the 2011 financial statements.

My estimate of the liabilities as at December 31, 2011, is $930.2 million. This includes provisions for claims arising from specific long latent occupational diseases.

I reviewed the data and have performed tests to confirm their reasonableness and consistency with that used in the prior valuation.

The assumptions used are consistent with those of the prior valuation. The discount rates used are 6.0 per cent for non-indexed benefits, 3.0 per cent for inflation linked benefits, and 2.0 per cent for wage linked benefits and are unchanged from the previous valuation. The discount rate for healthcare benefits is unchanged at -0.5 per cent. The mortality assumption for disability and survivor benefits and life insurance benefits is the Manitoba Life Table 2000-02 which is the same as was used in the prior valuation.

The assumptions and methods used in the valuation, as described in my report, are based on the current practices and administrative procedures of the WCB and on historical claims experience.

In my opinion, the data on which the valuation is based are sufficient and reliable for the purpose of the valuation.

In my opinion, the assumptions are appropriate for the purpose of the valuation.

In my opinion, the methods employed in the valuation are appropriate for the purpose of the valuation.

In my opinion, the amount of the benefit liabilities makes appropriate provision for all personal injury compensation obligations and the financial statements fairly present the results of the valuation.

This report has been prepared, and my opinions given, in accordance with accepted actuarial practice in Canada.

Respectfully submitted,

Michael Williams, F.S.A., F.C.I.A.
Chief Actuary, WCB

February 29, 2012

Actuarial Review

with respect to the Valuation of the Future Benefit Liabilities of the Workers Compensation Board of Manitoba
as at December 31, 2011

I have reviewed the actuarial valuation as at December 31, 2011, of the benefit liabilities for insured and self-insured employers under *The Workers Compensation Act* of Manitoba as amended to the valuation date. The valuation was performed by the Chief Actuary of the Workers Compensation Board of Manitoba. The purpose of the valuation was to estimate the liabilities of the WCB with respect to injuries that occurred on or before the valuation date for inclusion in the 2011 financial statements.

I have performed such tests of the data used, the assumptions made and the calculation models underlying the valuation as I considered necessary.

The valuation determined benefit liabilities as at December 31, 2011, to be $930.2 million. This includes provisions for claims arising from specific long latent occupational diseases and for the future cost of administering claims. In my opinion, this amount constitutes an appropriate provision for benefit liabilities as at December 31, 2011.

My review has been conducted, and my opinion given, in accordance with accepted actuarial practice in Canada.

Respectfully submitted,
Eckler Ltd.

A. Douglas Poapst, F.S.A., F.C.I.A.

February 29, 2012

Eckler
CONSULTANTS + ACTUARIES

Independent Auditors' Report

To the Workers Compensation Board of Manitoba

We have audited the accompanying consolidated financial statements of the Workers Compensation Board of Manitoba, which comprise the consolidated statements of financial position as at December 31, 2011, December 31, 2010, and January 1, 2010, and the consolidated statements of operations and comprehensive income, consolidated statements of changes in funded position and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Workers Compensation Board of Manitoba as at December 31, 2011, December 31, 2010, and January 1, 2010, and its financial performance and its cash flows for the years ended December 31, 2011, and December 31, 2010 in accordance with International Financial Reporting Standards.

Grant Thornton LLP

Grant Thornton LLP
Chartered Accountants
Winnipeg, Manitoba

March 16, 2012

Grant Thornton

Consolidated Statement of Financial Position

(in thousands of dollars)

	Note	December 31, 2011	December 31, 2010	January 1, 2010
Assets				
Cash	3	$ 11,937	$ 8,491	$ 401
Receivables and other	4	33,508	34,460	32,689
Investment portfolio	5	1,074,151	1,055,412	972,601
Deferred assessments	7	73,756	60,988	66,648
Property, plant and equipment	8	16,732	11,665	11,563
Intangible assets	9	3,680	4,269	4,185
		$ 1,213,764	$ 1,175,285	$ 1,088,087
Liabilities and funded position				
Payables and accruals	10	$ 10,643	$ 15,159	$ 15,331
Workers' retirement annuity fund	11	18,367	17,346	15,168
Employee benefits	12	41,027	25,061	15,527
Benefit liabilities	13	930,182	909,531	913,006
Total liabilities		1,000,219	967,097	959,032
Accident fund reserve		247,004	226,727	138,575
Accumulated other comprehensive loss		(33,459)	(18,539)	(9,520)
Funded position		213,545	208,188	129,055
		$ 1,213,764	$ 1,175,285	$ 1,088,087

Authorized for issue on March 16, 2012 on behalf of the Board of Directors,

Michael D. Werier
Chairperson, Board of Directors

Wendy Sol
Audit Committee of the Board of Directors

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Operations and Comprehensive Income

Year Ended December 31
(in thousands of dollars)

	Note	2011	2010
Revenue			
Premium revenue	15	$ 267,043	$ 249,032
Investment income	5	14,518	83,833
Total revenue		281,561	332,865
Expenses			
Claim costs incurred	13	195,235	182,135
Operating expenses	16	66,049	62,578
Total expenses		261,284	244,713
Operating surplus		20,277	88,152
Other comprehensive loss			
Defined benefit plan remeasurements	12	(14,920)	(9,019)
Total comprehensive income		$ 5,357	$ 79,133

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Funded Position

Year Ended December 31
(in thousands of dollars)

	Note	2011	2010
Funded position			
Accident fund reserve			
Balance at beginning of year (as restated)		$ 226,727	$ 138,575
Operating surplus		20,277	88,152
		247,004	226,727
Accumulated other comprehensive loss			
Balance at beginning of year (as restated)		$ (18,539)	$ (9,520)
Other comprehensive loss		(14,920)	(9,019)
		(33,459)	(18,539)
Funded position, end of year		$ 213,545	$ 208,188

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

Year Ended December 31
(in thousands of dollars)

	Note	2011	2010
Operating cash flows			
Premiums from employers		$ 255,227	$ 253,045
Investment income		33,542	33,847
Claim payments	13	(174,584)	(185,610)
Purchases of goods and services		(70,787)	(62,414)
Net operating cash flows		43,398	38,868
Investing cash flows			
Purchases of investments, net of sales	5	(33,187)	(28,496)
Asset acquisitions, net of disposals		(6,765)	(2,282)
Net investing cash flows		(39,952)	(30,778)
Net increase in cash		3,446	8,090
Cash at beginning of year		8,491	401
Cash at end of year		$ 11,937	$ 8,491

The accompanying notes are an integral part of the consolidated financial statements.

Notes to Consolidated Financial Statements

Year Ended December 31, 2011
($ amounts in thousands of dollars unless otherwise noted)

1. NATURE OF OPERATIONS

Reporting Entity

The WCB is a statutory corporation created by the Manitoba Legislature. The WCB is a government agency of the Province of Manitoba that operates at arm's-length from government.

The Workers Compensation Board of Manitoba (the WCB) was created in 1917 under the authority of *The Workers Compensation Act* (the *Act*) of Manitoba. In accordance with the provisions of the *Act*, the WCB is responsible for:

- prevention of workplace injuries and occupational diseases in conjunction with the Manitoba Government's Workplace Safety and Health Division
- administering payments to injured workers and suppliers of services to injured workers
- levying and collecting premiums from established classes of employers in amounts sufficient to cover the current and future costs of existing claims
- investing funds set aside for the future costs of claims as well as surplus funds.

An independent Workers Compensation Appeal Commission operates under the *Act* to make final rulings on any appeals pertaining to the WCB's assessment or benefits decisions.

The WCB's vision is *SAFE Work – A Way of Life*. The organization's mission is to promote safe and healthy workplaces, promote recovery and return to work, provide compassionate and supportive compensation services for workers and employers, and ensure responsible financial stewardship. The WCB compensates for lost wages, provides support and arranges for rehabilitative help, and has a responsibility to injured workers, their families and their employers to help injured workers return to health and meaningful work in a timely and safe manner.

The WCB has its corporate head office in Winnipeg, Manitoba.

Funding Policy

The workers compensation system is funded through premiums collected from employers. The WCB does not receive government funding or assistance. Available funds are invested and are used to protect the WCB and its ratepayers from general business risks and catastrophic events in areas such as investment returns or extraordinary claim costs. To that end, an accident fund reserve attributable to Class E employers exists.

The target balance for the accident fund reserve is based on a formula modified from the Minimum Contributing Capital and Surplus Requirements rules set out by the Office of the Superintendent of Financial Institutions, Canada. The calculation moves in tandem with changes in the size of the WCB's assets and liabilities, thereby calculating a reserve target that reduces risk to the organization. The target balance also includes a provision for the potential of new occupational diseases in the future. The target balance for the reserves was $314.0 million at the end of 2011 ($305.6 million in 2010).

The WCB's Funding Policy is intended to ensure that fiduciary responsibilities are carried out in accordance with the *Act* and that annual influences do not unduly distort the funding process. The WCB is committed to operating on a fully funded basis to a level funding standard. Full funding requires that current employers pay for the current and future cost of existing compensable injuries and their administration, rather than future generations of employers paying for those injuries. Under level funding, the cost of claims with lengthy latency periods is funded in a level manner over the workers' periods of exposure to the elements that led to the injuries or diseases.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The consolidated financial statements of the WCB are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) in effect as at December 31, 2011, which have been adopted by the Accounting Standards Board of Canada (AcSB) as Canadian generally accepted accounting principles for public interest entities. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied, except where departure from IFRS is explicitly permitted under the transitional provisions for the first time application of IFRS.

Basis of Measurement

The consolidated financial statements of the WCB have been prepared on a historic cost basis except for investment properties and those financial assets and financial liabilities that have been measured at fair value. The WCB's functional currency is the Canadian dollar, which is the currency of the primary economic environment in which the WCB operates, which is also the presentation currency of the consolidated financial statements. All financial information presented in Canadian dollars has been rounded to the nearest thousand, unless otherwise stated.

Basis of Consolidation

These consolidated financial statements include the accounts of the WCB and its wholly owned real estate investment subsidiary. Intercompany balances and transactions are eliminated on consolidation.

Use of Estimates and Measurement Uncertainty

These financial statements have been prepared in accordance with IFRS, which requires the WCB to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting periods. As a result, some of the reported amounts are subject to measurement uncertainty. Measurement uncertainty exists when there is a variance between the recognized amount and another reasonable amount. Assumptions and estimates are reviewed on an ongoing basis, and any related revisions are recorded in the period in which they are adjusted. Consequently, actual results could differ from these estimates by significant amounts.

Changes in Accounting Policies

First Time Adoption of International Financial Reporting Standards

These consolidated financial statements of the WCB have been prepared for the first time in accordance with IFRS for the year ended December 31, 2011. The comparative consolidated financial statements for the year ended December 31, 2010 have been restated on an IFRS basis. The date of transition to IFRS was January 1, 2010.

IFRS 1 *First Time Adoption of IFRS* requires retrospective application of IFRS in preparing the entity's opening statement of financial position however first time adopters are allowed certain optional exemptions from the general application principle. WCB has applied the following elections:

- Fair value as deemed cost - The WCB has elected to measure land at fair value and use that fair value as deemed cost at the date of transition to IFRS. An independent appraisal was used to determine the fair value.
- Investment properties - The WCB owns real estate properties through its wholly owned real estate investment subsidiary. These real estate properties have been designated as investment properties in accordance with IAS 40 *Investment Properties*. These properties were measured at fair value at the date of transition to IFRS. The WCB has elected to use the fair value model of IAS 40 to account for these investment properties on a go forward basis. There is no impact on the financial statements as these properties were measured at fair value under GAAP.
- Insurance contracts - The WCB has elected to disclose only five years of claims experience data in its claims development tables as permitted in the first financial year in which it adopts IFRS 4 *Insurance Contracts*. These disclosures will be extended for each additional year in each succeeding year until the 10-year information requirement has been satisfied.
- Estimates - At the date of transition, estimates under IFRS are consistent with estimates previously made under GAAP.

Full details of the transition to IFRS follow in Note 21.

IFRS 9 Financial Instruments
In November 2009, the International Accounting Standards Board (IASB) issued Phase 1 of a three-part redrafting of IAS 39 *Financial Instruments: Recognition and Measurement.* IFRS 9 *Financial Instruments (Phase 1)* improves comparability and makes financial statements easier to understand by using a single approach to determine whether a financial asset is measured at amortized cost or fair value through profit or loss (FVTPL). The approach is based on how an entity manages its financial instruments (the business model test) and the contractual cash flow characteristics of the financial assets. The WCB has concluded that investment portfolio assets do not meet the business model test, and has classified portfolio investments as FVTPL under IFRS 9.

IFRS 9 is effective for fiscal years beginning on or after January 1, 2015 with early adoption permitted for 2009 through 2014. The WCB has elected to early adopt IFRS 9 *(Phase 1)* concurrent with the transition to IFRS effective January 1, 2010. This early adoption will result in the immediate recognition of fair value changes in income (deferred recognition through other comprehensive income is not permitted). There is no impact on the consolidated statement of financial position however the impact on the statement of operations and comprehensive income is significant. Details of the impact are included in Note 21.

IAS 19 Employee Benefits
In June 2011, the International Accounting Standards Board (IASB) issued an amendment to IAS 19 *Employee Benefits*. IAS19 is effective for fiscal years beginning on or after January 1, 2013 with early adoption permitted for 2009 through 2012. The WCB has elected to early adopt IAS 19 concurrent with the transition to IFRS effective January 1, 2010. This early adoption will result in the full recognition of the components of defined benefit plan expense in the operating surplus or other comprehensive income as required by the standard. Deferred recognition of actuarial gains and loss through use of the corridor approach is not permitted. Details of the impact are included in Note 21.

Future Accounting and Reporting Changes

The IASB is working towards continual improvement through the development of new accounting standards and the annual improvements process. The IASB will issue a number of exposure drafts of new or revised standards over the next several years. The WCB monitors the IASB work plans and publications to address any developments that may impact the organization.

The WCB is anticipating the release of several key exposure drafts from the IASB, including Phase 2 of IFRS 4 *Insurance Contracts* and IAS 17 *Leases*. At this time, the impact of these exposure drafts is not determinable.

Certain other new standards and interpretations have been issued but are not expected to have a material impact on the WCB's financial statements.

Specific Accounting Policies

Cash

Cash includes cash on hand and balances with banks, net of any outstanding cheques. Cash and short term investments held by investment managers and custodians for investment purposes are included in the investment portfolio.

Receivables and other

Receivables are mainly assessed premiums due from employers, recorded at the estimated premium payable net of a provision for doubtful accounts. Sundry receivables consist of claim related overpayments, payroll related items and prepaid maintenance contracts.

Investment portfolio

The investment portfolio is managed according to the objectives and policies established by the Statement of Investment Policies and Objectives. The statement acknowledges that there is no single asset class that directly matches the obligations and objectives of the WCB, and that a portfolio diversified across a number of distinct asset classes represents the optimal means of meeting the WCB's investment objectives. The investment portfolio is comprised of:

- Portfolio investments consisting of financial assets accounted for in accordance with IFRS 9 *Financial Instruments*, and
- Investment properties consisting of real estate assets accounted for in accordance with IAS 40 *Investment Properties*.

Portfolio Investments

Classification

The WCB's investments have been designated at fair value through profit or loss (FVTPL). As such, all investments are reported at fair value. Income from interest and dividends is recognized in the period earned, and changes in fair value are presented in the period in which they arise.

Recognition and measurement

Investments are stated at fair value, which is the market value.

Publicly traded investments are stated at year end market prices as listed on the appropriate stock exchange, or as provided by the custodian from independent sources.

Pooled fund investments are valued at the most recent unit values supplied by the pooled fund administrator at year end.

Investments denominated in foreign currencies are translated into Canadian dollars at the exchange rates in effect at the statement of financial position date. Foreign currency exchange gains and losses are recorded in the period in which they arise.

Investment properties

The WCB owns real estate investment properties through its wholly owned real estate investment subsidiary. These properties are held to earn rentals or for capital appreciation or both, and are intended to be long term assets. The WCB views the investment properties as an integral component of the diversified investment portfolio with the same value and purpose as all other investment holdings.

The fair value of real estate investments is determined annually by management based on a combination of the most recent independent appraisals of the rental properties and market data available at year end, net of any liabilities against the properties. A gain or loss arising from a change in the fair value of investment property is recognized in profit or loss for the period in which it arises. Income received from property managers as an income distribution is recorded as investment income, as it is presumed to be the residual of rental income net of operating expenses. It is recorded in the period received, or accrued in the period in which it is expected to be received.

Deferred assessments

Deferred assessments represent the WCB's estimate of the present value of premiums which will be received in the future from self-insured employers to fund the future costs of existing claims that have arisen from their employees. As such, the fair value for deferred assessments is not readily determinable. The deferred assessments may be secured by irrevocable letters of credit or other suitable forms of guarantee.

Property, plant and equipment

Property, plant and equipment are valued at cost, less accumulated amortization and any accumulated impairment loss. Amortization is calculated on a straight line basis over the estimated useful life of the asset, as follows:

Building	40 years
Land	not amortized
Building renovations and leasehold improvements	2 to 10 years
Computer equipment	3 to 5 years
Furniture, fixtures and equipment	5 years

An item of property, plant and equipment is derecognized upon disposal or when no further economic benefits are expected from its use. Any gain or loss arising on derecognition is included in operating expenses.

The carrying amounts of the WCB's non-financial assets are reviewed at each reporting date to ensure that assets are not carried in excess of the recoverable amount.

Intangible assets

Acquired intangible assets, primarily computer software, are valued at cost less accumulated amortization. Amortization is calculated on a straight-line basis over the estimated useful life, and included in operating expenses.

Internally generated intangible assets, primarily software and systems development, including professional fees incurred to implement these assets, are valued at cost and amortized over their useful lives. Amortization is calculated on a straight-line basis over the estimated useful life, as follows:

Computer Software	3 years
Internally Generated Systems Development	10 years

The carrying amounts of the WCB's non-financial assets are reviewed at each reporting date to ensure that assets are not carried in excess of the recoverable amount.

Payables and accrued liabilities

Payables and accrued liabilities are obligations to pay for goods and services acquired in the normal course of operations. The WCB records a liability and an expense for goods upon receipt or transfer of control, and for services when they are performed. Other payables include various payroll related liabilities and deposits from self insured employers. The timing and amount of payables and accrued liabilities are readily determinable. These amounts are normally settled before the end of the next reporting period.

Workers' retirement annuity fund

In accordance with Section 42(2) of *The Workers Compensation Act*, where wage loss benefits are paid to a worker after a qualifying period, the WCB is required to invest on a worker's behalf an amount equal to a percentage between five per cent and seven per cent, to provide an annuity for the worker at retirement. In addition, the worker may contribute an amount of not more than the amount contributed by the WCB. This annuity fund is part of the WCB investment portfolio and is intended to establish or replace lost pension entitlement resulting from a work-related injury or illness.

Employee Benefits

The WCB has several employee benefit plans:

Short-term benefits

Short-term employee benefits are measured on an undiscounted basis and are expensed when the services are rendered. These benefits include wages, salary, vacation entitlements and group health plans.

Other benefit plans

The WCB sick leave plan is a multifaceted benefit plan. Sick leave credits are earned and payable in the form of sick leave in the current year. Unused sick leave credits are accumulated and carried forward to future periods, and are available to be taken as sick leave when the current year entitlement is exhausted. For employees that meet established criteria upon termination or retirement, the sick leave plan represents a post employment benefit plan that provides for payment of sick leave credits. For accounting purposes, it is treated as a defined benefit plan and the liability is valued on the basis of discount rates and other estimates that are consistent with the estimates used for defined benefit obligations. For this unfunded plan, where the WCB funds the obligation directly from its own resources, employee contributions are not required.

Pensions

The pension plan, comprised of the WCB Retirement Plan and the Supplementary Employee Retirement Plan, is funded by employee and employer contributions. The WCB Retirement Plan is a defined benefit pension plan that provides indexed pensions (two-thirds of the Consumer Price Index for Canada) based on years of service and the best five consecutive years average earnings in the last 12 years of employment. The Supplementary Employee Retirement Plan provides that the employees of the WCB whose pension benefits exceed the maximum pension benefit permitted under the federal *Income Tax Act* will receive pension benefits based on their total pensionable earnings.

The WCB measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at December 31 of each year, using actuarial assumptions that are unbiased and mutually compatible. The assumptions represent management's best estimates of the variables that will determine the ultimate cost of post-employment benefits. Actuarial assumptions are comprised of demographic assumptions on matters such as mortality and employee turnover, and financial assumptions on matters such as salary and benefit levels, interest rates and return on investments. Given the long term nature of the plan and the use of these assumptions, the resulting estimates are subject to significant uncertainty.

The Projected Unit Credit Method is used to calculate the defined benefit obligations and current service costs. This method reflects service rendered by employees to the date of valuation and incorporates actuarial assumptions regarding discount rates used to determine the present value of benefits, projected rates of salary growth and long-term expected rate of return on plan assets.

Discount rates are based on the market yields of high-quality corporate bonds.

In accordance with IAS 19, the net interest approach is used to disaggregate the costs of the pension plan. The change in the net defined benefit liability is disaggregated into the following components:

- Service cost, or the additional liability that arises from employees providing service during the period.
- Net interest or the interest expense on the net defined benefit liability calculated using the discount rate.
- Remeasurements, which are other changes in the value of the defined benefit obligation such as changes in estimates and other changes in the value of plan assets.

Service cost and net interest are recognized in operating surplus whereas remeasurements are recognized in other comprehensive income.

When past service costs arise they are recognized immediately.

Benefit Liabilities

Under the provisions of the *Act*, the WCB has a legislated obligation to accept insurance risk from employers in exchange for premiums paid for WCB coverage.

The WCB's Chief Actuary prepares a valuation of the benefit liabilities of the WCB at each year end. This valuation is conducted in accordance with accepted actuarial practice in Canada, and is subject to peer review by the WCB's consulting external actuary. The benefit liabilities represent the actuarial present value of all future benefit payments expected to be made for claims or injuries which occurred in the current fiscal year or in any prior year. The benefit liabilities include provision for all benefits provided by current legislation, policies and/or administrative practices in respect of existing claims, plus provisions for the future expenses of administering the existing claims. Differences arising from actual claims experience and assumptions used for the previous valuation, as well as the impacts of changes in legislation, policy, administrative practice or actuarial methods and assumptions, are recognized in the period that they occur.

The benefit liabilities also include an estimated liability for certain long latent occupational diseases. Due to the nature of the estimated liability for long latent occupational diseases and the extent of related historical claims information available, this liability is more uncertain by its nature than other benefit liabilities. As information is accumulated and analyzed, adjustments may be necessary to improve precision.

Fair Value of Other Financial Assets and Liabilities

Other financial assets and liabilities consist of cash, accounts receivable and accounts payable. The carrying value of these items approximates their fair value, consistent with the short term nature of these items.

Accumulated Other Comprehensive Income

Accumulated other comprehensive income (AOCI) is a subsection of the funded position. It is comprised of cumulative remeasurements arising from changes in the value of defined benefit obligations that in accordance with IFRS are recognized in other comprehensive income but excluded from the operating surplus.

Premium Revenue

The operations of the WCB are categorized, in accordance with the *Act*, into Class E (general employers pool) and several classes of self-insured employers.

General Employers Pool

Employers registered within Class E are subject to collective liability and premium revenue is estimated by applying applicable industry assessment rates to the employers' reported assessable payrolls for the current year. Any difference between the estimated premium revenue and the actual premium revenue is credited or charged to income in the year the determination is made.

Premium revenue is fully earned and recognized over the period that coverage is provided. Premium revenue reported in the period is recorded net of uncollectable account write-offs, interest and penalties on overdue amounts and adjustments of premiums for prior periods.

Self-Insured Employers

Self-insured employers – principally government bodies and railways and their subsidiaries – are subject to individual responsibility for costs attributable to claims arising from their employees, as well as administration expenses incurred on behalf of self-insured employers. As such, premium revenue from self-insured employers is recognized as these costs are incurred. Current costs are collected as billed while future costs are recorded as a deferred receivable.

The Government of Canada and its agencies are self-insured based on the *Government Employees Compensations Act*. Under this Act, the administration of this program is delegated to the WCB which acts as agent of the Government of Canada for the payment of compensation to federal employees in this province.

Foreign Currency Translation

Transactions in foreign currency are converted to Canadian dollars at the exchange rate in effect at the time of the transaction. Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates in effect at the balance sheet date.

3. CASH AND LINES OF CREDIT

Cash reported in the consolidated statement of financial position is comprised of:

	2011	2010
Cash in transit and in banks	$ 15,442	$ 12,249
Cheques issued and outstanding	(3,505)	(3,758)
	$ 11,937	$ 8,491

In addition, the WCB has established an operating line of credit with its principal banker in the amount of $3.0 million. Advances on the line of credit bear interest at the bank's prime interest rate. The WCB has also established a revolving credit facility with the Province of Manitoba in the amount of $40.0 million. Advances on the revolving credit facility bear interest at the Province's preferred lending rate. Both credit facilities are unsecured.

Borrowings during the year were comprised of:

	2011	2010
Operating line of credit	$ -	$ 10,788
Revolving credit facility	292	20,000
Repayments during the year	(292)	(30,788)
Owing as at December 31	$ 0	$ 0

The maximum outstanding at any time during the year was $0.3 million ($8.8 million in 2010).

4. RECEIVABLES AND OTHER

Receivables and other reported in the consolidated statement of financial position is comprised of:

	2011	2010
Premiums – Class E employers	$ 29,644	$ 29,627
Provision for doubtful accounts	(1,141)	(768)
	28,503	28,859
Current assessments – Self-insured employers	3,231	3,699
Sundry	1,774	1,902
	$ 33,508	$ 34,460

5. INVESTMENT PORTFOLIO

The investment portfolio reported in the comprehensive statement of financial position is comprised of:

	2011	2010
Portfolio investments	$ 992,009	$ 976,599
Investment properties	82,142	78,813
	$ 1,074,151	$ 1,055,412

Fair Value of the Investment Portfolio

	2011	2010
Equities		
Canadian	$ 153,028	$ 170,437
Private placements	10,522	23,456
U.S.	159,472	149,704
Europe, Australasia & Far East	77,222	81,851
Emerging markets	26,805	31,870
	427,049	457,318
Real estate (see table below)		
Portfolio investments	57,282	65,722
Investment properties	82,142	78,813
	139,424	144,535
Cash and short term investments	32,829	27,326
Fixed income	474,849	426,233
Total	$ 1,074,151	$ 1,055,412

Real Estate Portfolio

The real estate portfolio can be further broken down as follows:

	2011	2010
Rental properties and other net assets	$ 176,297	$ 176,382
Mortgages payable on investment properties	(36,873)	(31,847)
Real estate investments	$ 139,424	$ 144,535

The following table represents key facts related to mortgages payable on rental properties:

Interest rates	From 3.5% to 5.71%
Interest terms	Variable and fixed
Maturity dates	From 2013 to 2033

For 2012, scheduled principal and interest payments on these mortgages total $3.1 million. The scheduled amounts of principal repayments in each of the next five years are as follows:

2012	2013	2014	2015	2016	Thereafter	Total
$1,277	$3,108	$16,158	$4,869	$477	$10,984	$36,873

Investment Income

Investment income was derived from the following sources:

	2011	2010
Canadian equities	$ 3,844	$ 4,593
Foreign equities	5,327	5,539
Cash and short term investments	240	204
Fixed income	21,764	16,960
Real estate (see table below)	6,227	16,890
Market gains (losses):		
Realized	12,431	18,020
Unrealized	(30,739)	25,975
Investment Income	19,094	88,181
Less:		
Loan interest expense	-	6
Management expenses	4,576	4,342
Portfolio expenses	4,576	4,348
Net investment income	$ 14,518	$ 83,833

Real Estate Income

The real estate income can be further broken down as follows:

	2011	2010
Rental income, net of expenses	$ 6,052	$ 6,452
Appraisal gains	175	8,038
Realized gains from property sales	-	2,400
	$ 6,227	$ 16,890

Purchases of Investments, Net of Sales

Purchases of investments, net of sales can be further broken down as follows:

	2011	2010
Purchases of investments	$ 717,645	$ 1,373,022
Proceeds on disposal of investments	(684,458)	(1,344,526)
Net purchases of investments	$ 33,187	$ 28,496

Purchases and sales activities occur primarily within the fixed income portfolio and short term investments.

Fair Value of Investments

For financial instruments measured at fair value in the statement of operations and accident fund reserve, disclosure on the fair value hierarchy is required.

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted prices quoted in active markets for identical assets

Level 2 – Inputs other than quoted prices that are observable for the asset either directly or indirectly

Level 3 – Inputs that are not based on observable market data.

The following table illustrates the classification of the WCB's financial assets within the fair value hierarchy as at December 31:

2011

	Level 1	Level 2	Level 3	Total
Equities				
Canadian	$ 153,028	$ -	$ -	$ 153,028
Private placements	620	-	9,902	10,522
U.S.	159,472	-	-	159,472
Europe, Australasia & Far East	77,222	-	-	77,222
Emerging markets	26,805	-	-	26,805
	417,147	-	9,902	427,049
Cash and short term investments	32,829	-	-	32,829
Fixed income	368,198	106,651	-	474,849
Real estate	-	139,424	-	139,424
	$ 818,174	$ 246,075	$ 9,902	$ 1,074,151

2010

	Level 1	Level 2	Level 3	Total
Equities				
Canadian	$ 170,437	$ -	$ -	$ 170,437
Private placements	-	-	23,456	23,456
U.S.	149,704	-	-	149,704
Europe, Australasia & Far East	81,851	-	-	81,851
Emerging markets	31,870	-	-	31,870
	433,862	-	23,456	457,318
Cash and short term investments	27,326	-	-	27,326
Fixed income	321,663	104,570	-	426,233
Real estate	-	144,535	-	144,535
	$ 782,851	$ 249,105	$ 23,456	$ 1,055,412

The following table reconciles the changes in the WCB's level three fair value measurements to December 31:

	2011	2010
Balance at January 1	$ 23,456	$ 28,107
Market gains (losses):		
Realized	(64)	679
Unrealized	(11,898)	(2,415)
Purchases	215	48
Sales	(1,807)	(2,963)
Transfers in (out)	-	-
Balance at December 31	$ 9,902	$ 23,456

Commitments

The WCB has contractual agreements to contribute further funding to a maximum of $4.3 million ($1.8 million in 2010) to specific investment projects to be financed from the existing portfolio or from available cash.

6. INVESTMENT RISK MANAGEMENT

In accordance with the Statement of Investment Policy and Objectives, the investment objective of the WCB is to generate a consistent, positive, real rate of return on invested assets. Recognizing the need to achieve a balance between risk and return, investment risk is managed through a portfolio that is diversified across a number of distinct asset classes, as well as geographic region and investment style.

The following sections describe the nature and extent of financial risk exposure and the related risk mitigation strategies.

Market Risk

The WCB invests in publicly and privately traded equities and fixed income instruments available on domestic and foreign exchanges. As these securities are affected by market changes and fluctuations, the WCB is exposed to market risk as a result of price changes due to economic fluctuations in capital markets.

The following table presents the effect of a material change in the key risk variable – the sector benchmark – for each of the equity mandates in the WCB investment portfolio:

	2011		2010	
	5 year annualized		5 year annualized	
Equities	+/- 1 standard deviation	+/- 2 standard deviation	+/- 1 standard deviation	+/- 2 standard deviation
% change in benchmark	19.8%	39.6%	19.3%	38.6%
Canadian	$30.3 million	$60.6 million	$33.6 million	$67.2 million
% change in benchmark	11.9%	23.8%	12.4%	24.8%
U.S.	$19.0 million	$38.0 million	$20.1 million	$40.2 million
% change in benchmark	16.2%	32.4%	17.6%	35.2%
Europe, Australasia and Far East	$12.5 million	$25.0 million	$14.4 million	$28.8 million
% change in benchmark	21.4%	42.8%	22.9%	45.8%
Emerging markets	$5.7 million	$11.5 million	$7.3 million	$14.6 million

Credit Risk Management

Credit exposure on fixed income securities arises from the possibility that the issuer of an instrument fails to meet its obligation to make interest payments and repay principal. To mitigate the risk of credit default, the minimum quality standard for individual bonds and debentures at time of purchase is BBB, as rated by an established bond rating service. To further mitigate this risk, bonds with a BBB rating are limited to a maximum of 15 per cent of the bond portfolio. The balance of the portfolio should be invested in bonds with a minimum rating of A or higher.

Of the fixed income assets in the investment portfolio, 90 per cent (93 per cent in 2010) have at least an A credit rating. The WCB does not anticipate that any borrowers will fail to meet their obligations.

Securities Lending

The WCB may lend, for fee income, any of its securities to third parties, provided the loans are secured by cash or readily marketable securities having a market value of at least 105 per cent of the market amount of the asset borrowed. As at December 31, 2011, these loans amounted to $96.0 million ($91.8 million in 2010).

Foreign Exchange Risk Management

The WCB has certain investments denominated in foreign currencies, which exposes the WCB to foreign currency risk. During 2011, the WCB did not undertake hedging strategies for the currency risk of foreign investments. While currency fluctuations influenced short term returns, these fluctuations are not expected to affect the long term position of the investment portfolio.

WCB has exposure to the U.S. dollar, with USD-denominated holdings of $274.3 million CAD ($275.6 million CAD in 2010) or 25.5 per cent of the portfolio (26.1 per cent in 2010).

The table below presents the effects of a material change in the Canadian/U.S. dollar exchange rates:

	CAD/USD	
	2011	2010
10% appreciation in the Canadian dollar	$(24.9 million)	$(25.1 million)

Interest Rate Risk Management

The WCB is exposed to interest rate risk to the extent that the fair value or future cash flows of a financial instrument fluctuate due to changes in market interest rates. These fluctuations are managed by actively controlling the duration of the fixed income portfolio. As at December 31, 2011, the duration of the WCB's bond portfolio was 8.2 years (7.8 years in 2010).

The following table shows the effects of a negative 50 and 100 basis point (where one basis point equals 1/100 of one per cent and 50 basis points equals 0.5 per cent) change in interest rates on the bond portfolio:

	2011		2010	
+/- basis point change	50 basis points	100 basis points	50 basis points	100 basis points
Bonds	$15.3 million	$30.6 million	$12.7 million	$25.4 million

Liquidity Risk Management

Liquidity risk is the risk that the WCB will be unable to meet its financial obligations. To manage this risk, and avoid liquidation of portfolio assets under unfavourable conditions, the WCB maintains two credit facilities as discussed in note 3.

7. DEFERRED ASSESSMENTS

The changes in deferred assessments were as follows:

	2011	2010
Balance at beginning of year	$ 60,988	$ 66,648
Increase (decrease) in future cost liability	13,603	(2,987)
Decrease in pension related transactions	(564)	(1,336)
Interest allocation	(271)	(1,337)
Net change in deferred assessments	12,768	(5,660)
Balance at end of year	$ 73,756	$ 60,988

8. PROPERTY, PLANT AND EQUIPMENT

The changes in property, plant and equipment were as follows:

	Building and land	Building renovations and leaseholds	Computer Equipment	Furniture, fixtures and equipment	Total
Cost					
As at December 31, 2010	$ 9,739	$ 4,658	$ 6,937	$ 2,347	$ 23,681
Additions	5,323	31	605	83	6,042
Disposals	-	-	(2,411)	-	(2,411)
As at December 31, 2011	15,062	4,689	5,131	2,430	27,312
Amortization					
As at December 31, 2010	(699)	(3,305)	(5,871)	(2,141)	(12,016)
Amortization charge	(72)	(190)	(622)	(91)	(975)
Disposals	-	-	2,411	-	2,411
As at December 31, 2011	(771)	(3,495)	(4,082)	(2,232)	(10,580)
Net carrying value, As at December 31, 2011	$ 14,291	$ 1,194	$ 1,049	$ 198	$ 16,732

	Building and land	Building renovations and leaseholds	Computer Equipment	Furniture, fixtures and equipment	Total
Cost					
As at December 31, 2009	$ 9,392	$ 4,479	$ 6,397	$ 2,317	$ 22,585
Additions	347	179	540	30	1,096
Disposals	-	-	-	-	-
As at December 31, 2010	9,739	4,658	6,937	2,347	23,681
Amortization					
As at December 31, 2009	(628)	(3,124)	(5,213)	(2,057)	(11,022)
Amortization charge	(71)	(181)	(658)	(84)	(994)
Disposals	-	-	-	-	-
As at December 31, 2010	(699)	(3,305)	(5,871)	(2,141)	(12,016)
Net carrying value, As at December 31, 2010	$ 9,040	$ 1,353	$ 1,066	$ 206	$ 11,665

9. INTANGIBLE ASSETS

The changes in intangible assets were as follows:

	Computer Software		Internally developed systems and software		Total	
Cost						
As at December 31, 2010	$	3,765	$	13,162	$	16,927
Additions		98		624		722
Disposals		(449)		(247)		(696)
As at December 31, 2011		3,414		13,539		16,953
Amortization						
As at December 31, 2010		(3,375)		(9,283)		(12,658)
Amortization charge		(275)		(1,036)		(1,311)
Disposals		449		247		696
As at December 31, 2011		(3,201)		(10,072)		(13,273)
Net carrying value, As at December 31, 2011	$	213	$	3,467	$	3,680

	Computer Software		Internally developed systems and software		Total	
Cost						
As at December 31, 2009	$	3,664	$	12,076	$	15,740
Additions		101		1,086		1,187
Disposals		-		-		-
As at December 31, 2010		3,765		13,162		16,927
Amortization						
As at December 31, 2009		(3,048)		(8,507)		(11,555)
Amortization charge		(327)		(776)		(1,103)
Disposals		-		-		-
As at December 31, 2010		(3,375)		(9,283)		(12,658)
Net carrying value, As at December 31, 2010	$	390	$	3,879	$	4,269

10. PAYABLES AND ACCRUALS

Payables and accruals are comprised of:

	2011	2010
Accounts payable and accrued liabilities	$ 2,376	$ 6,775
Research and Workplace Innovation Program	2,463	1,757
Deposits from self-insured employers	4,834	5,759
Other payables	970	868
	$ 10,643	$ 15,159

11. WORKERS' RETIREMENT ANNUITY FUND

The changes in the workers retirement annuity fund were as follows:

	2011	2010
Balance, as at January 1	$ 17,346	$ 15,168
Investment income	241	1,309
WCB contributions	1,549	1,435
Workers' contributions	405	384
Benefits paid	(1,174)	(950)
Balance, as at December 31	$ 18,367	$ 17,346

12. EMPLOYEE BENEFITS

Components of the employee benefits liability are:

	2011	2010
Employee pension plan	$ 30,672	$ 15,628
Sick leave plan	6,735	6,089
Employee vacation entitlements	3,414	3,074
Other	206	270
As at December 31	$ 41,027	$ 25,061

The WCB measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at December 31 of each year. The most recent actuarial valuation of the Retirement Plan for funding purposes, which was filed with the pension regulators, was as at December 31, 2010. This funding valuation showed a funding deficit of $6.7 million, which the WCB is funding over fifteen years in accordance with pension regulations. The solvency deficit as at December 31, 2010 was $12.8 million. The WCB is not required to fund this deficiency as the WCB is exempt from the solvency and transfer deficiency provisions of the *Pension Benefits Act*.

Total cash payments for employee future benefits for 2011, consisting of cash contributed by the WCB to the funded pension plan and cash payments directly to beneficiaries for unfunded plans, were $4.0 million ($3.2 million in 2010). Based on historical experience and expected salary expense, the WCB expects to fund $4.2 million in 2012.

The key actuarial assumptions used to value the employee benefit liabilities for accounting purposes are as follows:

	Pension Plan		Sick Leave Plan	
	2011	**2010**	**2011**	**2010**
Discount rate	5.25%	5.75%	5.25%	5.75%
Rate of compensation increase	3.75%	3.75%	3.75%	3.75%

The rates shown in the 2011 column were effective as of December 31, 2011. The rates were applied in determining the benefit plan balances at December 31, 2011. The rates shown in the 2010 column were effective at December 31, 2010 and were applied in determining the 2011 benefit plan expense.

The actuarial present value of the defined benefit obligation is sensitive to changes in actuarial assumptions, the most significant assumption being the discount rate. The following table illustrates the sensitivity of the defined benefit obligations to a one per cent change in the discount rate:

	2011		**2010**	
	+ 1.0%	-1.0%	+1.0%	-1.0%
Pension plan	($24,534)	$24,534	($16,872)	$16,872
Sick leave plan	($590)	$699	($566)	$658

The WCB's defined benefit plan expenses are as follows:

	Pension Plan		Sick Leave Plan	
	2011	2010	2011	2010
Current service cost	$ 3,486	$ 2,882	$ 306	$ 286
Net interest expense	726	255	342	358
Remeasurements	14,606	8,928	314	92
Total benefit plan expenses	$ 18,818	$ 12,065	$ 962	$ 736

As at December 31, the funding status of the defined benefit plans is as follows:

	Pension Plan		Sick Leave Plan	
	2011	2010	2011	2010
Fair value of plan assets	$ 108,200	$ 102,461	$ -	$ -
Defined benefit obligation	(138,872)	(118,089)	(6,735)	(6,089)
Net defined benefit liability	$ (30,672)	$ (15,628)	$ (6,735)	$ (6,089)

Details of the WCB's net defined benefit liability are as follows:

	Pension Plan		Sick Leave Plan	
	2011	2010	2011	2010
As at January 1	$ (15,628)	$ (6,456)	$ (6,089)	$ (5,666)
Benefit cost recognized in income	(4,212)	(3,137)	(648)	(644)
Remeasurements recognized in other comprehensive income	(14,606)	(8,928)	(314)	(91)
Employer contributions	3,774	2,893	316	312
Net change in net defined benefit liability	(15,044)	(9,172)	(646)	(423)
Net defined benefit liability, as at December 31	$ (30,672)	$ (15,628)	$ (6,735)	$ (6,089)

Details of the WCB's defined benefit obligations are as follows:

	Pension Plan		Sick Leave Plan	
	2011	2010	2011	2010
As at January 1	$ (118,089)	$ (96,794)	$ (6,089)	$ (5,666)
Current service cost	(5,705)	(5,084)	(306)	(286)
Interest expense	(6,705)	(6,206)	(342)	(358)
Transfers to the plan	(88)	(172)	-	-
Remeasurements consisting of:				
Actuarial losses	(11,340)	(12,653)	(314)	(91)
Benefits paid	3,055	2,820	316	312
Net change in defined benefit obligation	(20,783)	(21,295)	(646)	(423)
Defined benefit obligation, as at December 31	$ (138,872)	$ (118,089)	$ (6,735)	$ (6,089)

Details of the WCB's defined benefit plan assets are as follows:

	Pension Plan	
	2011	2010
As at January 1	$ 102,461	$ 90,338
Interest income	5,979	5,951
Employer contributions	3,774	2,893
Employee contributions	2,219	2,202
Transfers to the plan	88	172
Remeasurements consisting of:		
Actuarial (losses) gains	(3,266)	3,725
Benefits paid	(3,055)	(2,820)
Net change in plan assets	5,739	12,123
Plan assets, as at December 31	$ 108,200	$ 102,461

The fair value of the pension plan assets as at December 31 is:

		2011		2010
Equity				
Canadian	$	31,270	$	37,296
Foreign (including U.S.)		27,375		30,841
		58,645		68,137
Fixed income		42,414		33,402
Cash and short term		7,141		922
	$	108,200	$	102,461

Related Party Transactions - Pension Plan

By definition, the WCB pension plan is a related party to the WCB. Transactions between the related parties are detailed below:

		2011		2010
Transactions:				
Contributions from employees	$	2,219	$	2,202
Contributions from employer		3,774		2,893

There were no amounts outstanding as at December 31, 2011 or December 31, 2010.

13. BENEFIT LIABILITIES

Benefit liabilities are determined in accordance with standards established by the Canadian Institute of Actuaries. The actuarial present value of future benefit payments reflects management's long term estimates of economic and actuarial assumptions and methods, which are based upon past experience and modified for current trends. As these assumptions may change over time to reflect underlying conditions, it is possible that such changes could cause a material change in the actuarial present value of the future payments. The fair value for benefit liabilities is not readily determinable.

The key actuarial assumptions used to value the benefit liabilities as at December 31 are as follows:

	2011	2010
Discount rate for non-indexed benefits	6.0%	6.0%
Discount rate for CPI-indexed benefits	3.0%	3.0%
Discount rate for wage-indexed benefits	2.0%	2.0%
Discount rate for healthcare benefits	(0.5%)	(0.5%)

An analysis of the components of and changes in benefit liabilities is as follows:

	2011						2010
	Short Term Disability	Long Term Disability	Survivor Benefits	Healthcare Benefits	Rehabilitation Services	Total	Total
Balance at beginning of year	$ 123,735	$ 387,873	$ 152,966	$ 221,629	$ 23,328	$ 909,531	$ 913,006
Add: Claim costs incurred							
Current year	92,091	17,066	3,131	50,003	5,353	167,644	167,291
Prior years	(32,194)	32,091	(2,844)	34,209	(3,671)	27,591	14,844
	59,897	49,157	287	84,212	1,682	195,235	182,135
Less: Claim payments made							
Current year	27,814	547	587	15,508	47	44,503	48,015
Prior years	29,758	50,407	13,560	34,293	2,063	130,081	137,595
	57,572	50,954	14,147	49,801	2,110	174,584	185,610
Balance at end of year	$ 126,060	$ 386,076	$ 139,106	$ 256,040	$ 22,900	$ 930,182	$ 909,531

The liability for short term disability claims is an estimate of future wage loss payments for claims that have yet to medically plateau or stabilize. The long term disability liability includes estimated future wage loss payments for those claims that have medically plateaued and stabilized, estimated future pension payments, and estimated future cost of claims relating to certain long latent occupational diseases. The liability for survivor benefits is composed of estimated future pension payments and other services provided to survivors of those who have lost their lives as a result of workplace injuries or illnesses. Healthcare liabilities are the estimated future medical costs for existing claims. The liability for rehabilitation services is composed of the estimated cost of future rehabilitation services which are externally supplied to the WCB.

Included in the benefit liabilities balance is $44.4 million ($41.5 million in 2010) for the estimated long latent occupational disease liability. *The Workers Compensation Act* of Manitoba lists specific illnesses and injuries presumed to be caused by firefighting, unless the contrary is proven. In 2011, the *Act* was amended to add four cancers to the list and to extend the presumptions to certain personnel of the fire commissioner's office. Consistent with actuarial standards, a liability has not been recorded with respect to the new cancers, except in the case of claims that were submitted to the WCB during 2011. In 2014, actuarial standards will require that this liability be recorded. Based on research information, this liability could be as high as $10 million. While long latent liabilities are in general difficult to estimate, at this point, the WCB does not have sufficient experience to reliably estimate the liability for these additional cancers.

Also included in the benefit liability is $71.3 million ($63.6 million in 2010) for the future cost of administering existing claims.

Sensitivity of Actuarial Assumptions

The most significant assumption in the determination of the benefit liabilities is the discount rate.

The following table shows the sensitivity of the benefit liabilities to an immediate one per cent increase or decrease in the key assumptions used to determine the liabilities:

Change in liability in millions

	2011		2010	
+/- % change on assumed rates	**+ 1%**	**-1%**	**+1%**	**-1%**
Discount rate	($61)	$72	($55)	$64
Wage inflation rate	21	(18)	17	(16)
General inflation rate	16	(14)	18	(15)
Healthcare inflation rate	29	(24)	21	(18)

An increase in the discount rate results in a decrease to the benefit liabilities and vice versa.

An increase to any of the inflation rates results in an increase to the benefit liabilities. Each inflation rate affects only those benefits that are directly impacted by that type of inflation. For example, healthcare inflation only affects healthcare liabilities.

Liability Adequacy Test

IFRS 4 *Insurance Contracts* requires an insurer to apply a liability adequacy test that meets specified minimum requirements, as follows:

a. the test considers current estimates of all contractual cash flows, and of related cash flows such as claims handling costs, as well as cash flows resulting from embedded options and guarantees; and
b. if the test shows that the liability is inadequate, the entire deficiency is recognised in profit or loss.

If these minimum requirements are met, there are no further requirements.

The current claim benefit liability valuation meets the liability adequacy testing requirements of IFRS 4. Accordingly, a separate annual liability adequacy test is not required.

Claims Development

The table below compares actual claim liabilities to previous estimates back to the earliest period for which there is material uncertainty about the estimate and timing of claim payments.

	Injury Year					
Estimate of ultimate claims	**2006 & prior**	**2007**	**2008**	**2009**	**2010**	**2011**
End of injury year	$ 1,458,654	$ 182,168	$ 203,916	$ 184,494	$ 181,728	$ 196,690
1 year later	1,516,628	191,645	187,514	165,260	171,672	-
2 years later	1,531,656	189,544	175,901	172,820	-	-
3 years later	1,540,794	187,199	185,187	-	-	-
4 years later	1,591,397	190,159	-	-	-	-
5 years later	1,672,185	-	-	-	-	-

	Injury Year					
Cumulative claims paid	**2006 & prior**	**2007**	**2008**	**2009**	**2010**	**2011**
End of injury year	$ 158,624	$ 46,859	$ 50,599	$ 48,096	$ 46,249	$ 47,401
1 year later	285,510	82,221	84,294	77,860	74,123	-
2 years later	383,157	96,974	96,378	87,285	-	-
3 years later	467,653	106,870	104,554	-	-	-
4 years later	547,097	113,748	-	-	-	-
5 years later	620,003	-	-	-	-	-

	Injury Year						
	2006 & prior	**2007**	**2008**	**2009**	**2010**	**2011**	**Total**
Cumulative estimate of ultimate claims	$ 1,672,185	$ 190,159	$ 185,187	$ 172,820	$ 171,672	$ 196,690	$ 2,588,713
Less: Cumulative claims paid	620,003	113,748	104,554	87,285	74,123	47,401	1,047,114
Current year unpaid and unreported claims	1,052,182	76,411	80,633	85,535	97,549	149,289	1,541,599
Effect of discounting							(714,989)
Administration cost within benefit liability							71,310
Future dated long latency liability							32,262
Benefit liabilities							$930,182

14. BENEFIT LIABILITIES FOR SELF-INSURED EMPLOYERS

Note 13 contains a complete description of the components of the benefit liabilities for all employers. An analysis of the portion relating to self-insured employers is as follows:

	2011						2010
	Short Term Disability	Long Term Disability	Survivor Benefits	Healthcare Benefits	Rehabilitation Services	Total	Total
Balance at beginning of year	$ 14,587	$ 44,188	$ 26,598	$ 30,875	$ 1,998	$ 118,246	$ 122,345
Add: Claim costs incurred							
Current year	9,459	4,009	816	7,007	508	21,799	18,752
Prior years	(1,159)	1,623	821	12,110	(368)	13,027	2,118
	8,300	5,632	1,637	19,117	140	34,826	20,870
Less: Claim payments made							
Current year	4,137	109	187	2,001	6	6,440	5,907
Prior years	4,238	4,368	3,158	6,083	188	18,035	19,062
	8,375	4,477	3,345	8,084	194	24,475	24,969
Balance at end of year	$ 14,512	$ 45,343	$ 24,890	$ 41,908	$ 1,944	$ 128,597	$ 118,246

Included in premiums and claim costs for self-insured employers are payments in the amount of $4.0 million ($3.6 million in 2010) made by self-insured employers directly to injured workers on the WCB's behalf. These amounts are reported to the WCB for inclusion in these financial statements.

Included in the benefit liabilities balance is $14.2 million ($12.1 million in 2010) for self-insured employers' share of the long latent occupational disease liability and $9.3 million ($8.1 million in 2010) for the future cost of administering existing claims.

15. PREMIUM REVENUE

	2011	2010
Premiums – Class E employers	$ 227,494	$ 227,592
Assessments – Self-insured employers	26,781	27,100
Increase (decrease) in deferred assessments (Note 7)	12,768	(5,660)
Total premium revenue	$ 267,043	$ 249,032

16. OPERATING EXPENSES

	2011	2010
Salaries, employee benefits and training	$ 44,347	$ 41,655
Information technology service fees	1,630	1,631
Occupancy costs	2,093	1,915
Office supplies, services and projects	934	889
Communications	1,250	1,091
Professional fees	1,161	1,161
Donations	98	82
Amortization of capital assets	2,287	2,096
	53,800	50,520
Appeal Commission	1,222	1,181
Research and Workplace Innovation Program grants	1,279	948
Recoveries from the Government of Canada	(1,319)	(1,003)
Prevention and other (Note 17)	11,067	10,932
Total operating expenses	$ 66,049	$ 62,578

Of the total operating expenses, $5.5 million ($4.8 million in 2010) was allocated to self-insured employers based on the current year's transaction volumes.

The WCB administers the *Government Employees Compensation Act* program for the Government of Canada. The operation of this program is reflected only to the extent of the recoveries of operating expenses.

17. RELATED PARTY TRANSACTIONS

The WCB is a statutory corporation created by the Manitoba Legislature. The WCB is a government agency of the Province of Manitoba that operates at arm's-length from government. As an agency of the Province of Manitoba, the WCB applies the exemption for government-related entities in *IAS 24 Related Party Disclosures*.

Pursuant to *The Workplace Safety and Health Act* of Manitoba, the Province may pay the expenses incurred in the administration of that Act out of the consolidated fund and may, subsequently, recover such portion as it may determine from the WCB under *The Workers Compensation Act* of Manitoba. For 2011, the amount charged to operations under this provision was $8.7 million ($8.7 million in 2010).

Also, under Section 84.(1) of *The Workers Compensation Act* of Manitoba, the Province may pay the costs incurred in respect of worker advisors and may recover them from the WCB. For 2011, the amount charged to operations under this provision was $0.7 million ($0.7 million in 2010).

In addition to the legislated obligations referred to above, included in these financial statements are amounts resulting from routine operating transactions conducted at prevailing market prices with various provincial government controlled ministries, agencies and Crown corporations with which the WCB may be considered related. This includes the provision of assistance, in the form of medical opinions and appeal services, for the Province of Manitoba relating to criminal injury claims. The provincial government is also a self-insured employer under *The Workers Compensation Act* of Manitoba. Account balances resulting from these transactions are included in these financial statements and are settled on normal trade terms.

Included in the WCB's investment portfolio as at December 31, 2011 are guaranteed debentures issued by the Province of Manitoba in the amount of $1.1 million ($0.9 million in 2010).

Other Related Party Disclosures

In addition to the related government entities above, the key management personnel of the WCB (comprised of the WCB executive personnel and the Board of Directors) are deemed related parties. By definition, close family members of the key management personnel are also related parties of the WCB. Any transactions or business relationships are incidental, and carried out at normal trade terms.

The WCB has a pension plan for the benefit of WCB employees, which is a related party by definition of IAS 24 *Related Party Disclosure*. Detailed information on transactions with the pension plan can be found in Note 12.

Key Management Compensation

The following table shows total compensation for the executive personnel of the WCB:

	2011	2010
Short-term employee benefits	$ 1,277	$ 1,104
Post-employment benefits	194	155
	$ 1,471	$ 1,259

Short-term employee benefits include salary, vacation, car allowances, group health and dental benefits, group life insurance, and the employer's share of contributions to the Canada Pension Plan and employment insurance.

The following table shows the total compensation for the Board of Directors of the WCB:

	2011	2010
Fees	$ 113	$ 126
Benefits	1	2
	$ 114	$ 128

The Board of Directors is comprised of 10 members appointed by the Government of Manitoba. Members' remuneration is set out in Order in Council passed by Lieutenant Governor in Council.

18. COMMITMENTS

The WCB has signed operating leases for office premises and office equipment expiring at various times until December 31, 2021. The minimum lease obligations over the next five years are:

2012	2013	2014	2015	2016	Thereafter	Total
$873	$691	$424	$314	$66	$354	$2,722

The WCB began a capital project to repair the exterior cladding on its office building located at 333 Broadway in 2010. The project is scheduled to be completed in early 2013. The estimated cost of the project is $14.8 million, with $5.7 million of capital cost incurred as at December 31, 2011.

19. CONTINGENCIES

The WCB is party to various claims and lawsuits related to the normal course of business that are currently being contested. In the opinion of management, the outcome of such claims and lawsuits are not determinable. However, based on the total amount of all such actions, WCB has concluded that their outcomes, either individually or in aggregate, will not have a material effect on the results of operations or financial position.

20. AUDITOR INDEPENDENCE

Grant Thornton LLP did not provide non-audit services to the WCB in 2011 or 2010.

21. TRANSITION TO IFRS

As stated in Note 2, these consolidated financial statements are the first annual consolidated financial statements prepared in accordance IFRS.

The accounting policies in Note 2 have been applied in preparing the consolidated financial statements for the year ended December 31, 2011, the comparative information for the year ended December 31, 2010 and the opening statement of financial position as at January 1, 2010, the date of transition to IFRS.

The WCB has applied IFRS 1 *First-time Adoption of International Financial Reporting Standards* in preparing these first consolidated financial statements. The effects of how the transition from GAAP to IFRS has affected the WCB's financial position, financial performance and cash flows are presented in the tables in this section. Further explanation is provided in the notes that accompany the tables.

Reconciliation of Financial Position

The financial position at the date of transition to IFRS can be reconciled to amounts previously reported under Canadian GAAP as follows:

		As at January 1, 2010		
	Note	GAAP	Effect of transition to IFRS	IFRS
Assets				
Cash		$ 401	$ -	$ 401
Receivables and other	b	36,292	(3,603)	32,689
Investment portfolio		972,601	-	972,601
Deferred assessments	a	68,813	(2,165)	66,648
Property, plant and equipment	c	8,347	3,216	11,563
Intangible assets		4,185	-	4,185
		$ 1,090,639	$ (2,552)	$ 1,088,087
Liabilities and funded position				
Payables and accruals	a	$ 15,076	$ 255	$ 15,331
Workers' retirement annuity fund	a	14,579	589	15,168
Employee benefits	b	6,763	8,764	15,527
Benefit liabilities		913,006	-	913,006
Total liabilities		949,424	9,608	959,032
Accident fund reserve		101,919	36,656	138,575
Accumulated other comprehensive income		39,296	(48,816)	(9,520)
Funded position		141,215	(12,160)	129,055
		$ 1,090,639	$ (2,552)	$ 1,088,087

The financial position at December 31, 2010 can be reconciled to amounts previously reported under Canadian GAAP as follows:

		As at December 31, 2010		
	Note	GAAP	Effect of transition to IFRS	IFRS
Assets				
Cash		$ 8,491	$ -	$ 8,491
Receivables and other	b	37,886	(3,426)	34,460
Investment portfolio		1,055,412	-	1,055,412
Deferred assessments	a,d	64,528	(3,540)	60,988
Property, plant and equipment	c	8,449	3,216	11,665
Intangible assets		4,269	-	4,269
		$ 1,179,035	$ (3,750)	$ 1,175,285
Liabilities and funded position				
Payables and accrued liabilities	a,d	$ 14,810	$ 349	$ 15,159
Workers' retirement annuity fund	e	16,340	1,006	17,346
Employee benefits	b	7,100	17,961	25,061
Benefit liabilities		909,531	-	909,531
Total liabilities		947,781	19,316	967,097
Accident fund reserve		165,983	60,744	226,727
Accumulated other comprehensive income		65,271	(83,810)	(18,539)
Funded position		231,254	(23,066)	208,188
		$ 1,179,035	$ (3,750)	$ 1,175,285

In addition, the total effect on the accident fund reserve is further reconciled as follows:

	Note	January 1, 2010	December 31, 2010
Accident fund reserve under GAAP		$ 101,919	$ 165,983
Fair value as deemed cost (land)	c	3,216	3,216
Employee benefit plans	b	(2,873)	(2,927)
Investments at fair value through profit and loss	a,d	39,296	65,271
Allocation to other classes and funds	a,d	(2,983)	(4,816)
Effect of transition to IFRS		36,656	60,744
Accident fund reserve under IFRS		$ 138,575	$ 226,727

The total effect on accumulated other comprehensive income is further reconciled as follows:

	Note	January 1, 2010	December 31, 2010
AOCI under GAAP		$ 39,296	$ 65,271
Employee benefit plans	b,f	(9,520)	(18,539)
Investments at fair value through profit and loss	a,d	(39,296)	(65,271)
Effect of transition to IFRS		$ (48,816)	$ (83,810)
AOCI under IFRS		$ (9,520)	$ (18,539)

Reconciliation of Consolidated Statement of Operations and Comprehensive Income

The consolidated statement of operations and comprehensive income for the year ended December 31, 2010 can be reconciled to amounts previously reported under Canadian GAAP as follows:

		Year Ended December 31, 2010		
	Note	GAAP	Effect of transition to IFRS	IFRS
Revenue				
Premium revenue	d	$ 250,356	$ (1,324)	$ 249,032
Investment income	d	57,858	25,975	83,833
Total revenue		308,214	24,651	332,865
Expenses				
Claim costs incurred	d	181,624	511	182,135
Operating expenses	e	62,526	52	62,578
Total expenses		244,150	563	244,713
Operating surplus		64,064	24,088	88,152
Other comprehensive income				
Unrealized gains on available-for-sale financial assets	d	43,995	(43,995)	-
Reclassification of realized gains to operating surplus	d	(18,020)	18,020	-
Defined benefit plan remeasurements	f	-	(9,019)	(9,019)
Other comprehensive income		25,975	(34,994)	(9,019)
Total comprehensive income		$ 90,039	$ (10,906)	$ 79,133

Reconciliation of Cash Flows

There were no material adjustments to the consolidated statement of cash flows as a result of the conversion to IFRS.

Presentation Differences

Some assets and liabilities have been reclassified into another line item under IFRS at the date of transition. Employee vacation entitlements of $3.6 million have been reclassified from payables and accruals and included in employee benefits.

The workers' retirement annuity fund of $14.6 million has been reclassified and presented separately from payables and accruals. The sick leave plan liability of $3.4 million has been reclassified from payables and accruals and included in employee benefits.

Notes to the Reconciliations

a. Accumulated other comprehensive income

Under Canadian GAAP, the entire balance of accumulated other comprehensive income (AOCI) as at January 1, 2010 consisted of the cumulative unrealized gains on available-for-sale portfolio investments of $39.3 million. Upon adoption of IFRS, the portfolio investments have been reclassified as FVTPL and the opening balance of AOCI has been reclassified to the accident fund reserve. WCB policy is to allocate investment income to the self insured employers and other funds. Accordingly, the reclassification of AOCI is further allocated from the accident fund reserve to other accounts. The final impact is as follows:

Receivables and other (increase)	$ 59
Deferred assessments (decrease)	(2,165)
Accounts payable (increase)	(255)
Workers' retirement annuity fund (increase)	(589)
Accident fund reserve (increase)	(36,346)
AOCI (decrease)	39,296

Upon adoption of IFRS, $9.5 million of unrecorded net actuarial losses on the employee benefit plans have been recorded directly to AOCI. This is discussed in note b.

b. Employee benefit liabilities

At the date of transition to IFRS, the WCB elected to early adopt amended IAS 19 *Employee Benefits*.

Under Canadian GAAP, the corridor approach was used to record actuarial gains and losses on defined benefit plans. Under the corridor approach, cumulative net actuarial gains and losses that exceeded 10 per cent of plan assets or liabilities would be amortized over the expected average remaining service life of active employees. As a result of this practice, $9.5 million of net actuarial gains and losses were not recorded in the consolidated statement of financial position. Upon transition, these are recorded directly to AOCI.

An additional employee benefits liability of $1.3 million has been recorded as a result of the requirement to recognize the cumulative actuarial losses of the sick leave plan directly to AOCI. An additional $1.0 million related to previously unrecorded past service costs has been recorded directly to the accident fund reserve.

Employee pension plan cumulative net actuarial losses of $8.2 million have been recorded directly to AOCI and $1.9 million of past service costs have been recorded directly to the accident fund reserve. As a result the pension benefit asset of $3.6 million (included in receivables and other) is eliminated, and the employee benefits liability is increased by $6.5 million.

c. Property, plant and equipment

Land was measured at cost under previous GAAP. At the date of transition to IFRS, the WCB elected to measure land at fair value as deemed cost. The independently appraised fair value of land at the date of transition to IFRS was $6.5 million, an adjustment to carrying value of $3.2 million. This was recorded directly to the accident fund reserve.

d. Investment income

Under Canadian GAAP, net unrealized gains on available-for-sale financial assets were recorded in other comprehensive income (OCI). Under IFRS, investments are designated at FVTPL and all investment income is recorded in the operating surplus. As a result, OCI of $26.0 million, the net unrealized gains on available-for-sale financial assets that occurred during 2010, has been reclassified to investment income. WCB policy is to allocate investment income to the self insured employers and other funds. Accordingly, the reclassification of OCI is further allocated to other accounts. The impact on the December 31, 2010 Consolidated Statement of Operations and Comprehensive Income is as follows:

Investment income (increase)	$ 25,975
Premium revenue (decrease)	(1,324)
Claim costs incurred (increase)	511
Unrealized gains on available for sale financial assets (decrease)	(43,995)
Reclassification of realized gains to the Consolidated Statement of Operations and Comprehensive Income (increase)	18,020
Other comprehensive income (decrease)	(25,975)

The impact on the December 31, 2010 Statement of Financial Position is as follows:

Deferred assessments (decrease)	$ (1,375)
Payables and accruals (increase)	(94)
Workers retirement annuity fund (increase)	(417)
Accident fund reserve (increase)	(24,140)
Accumulated other comprehensive income Income (decrease)	25,975

e. Operating expenses

Operating expenses have increased $54 thousand, a result of slight differences in the calculation of current service cost of employee benefit plans.

f. Defined benefit plan remeasurements

In accordance with IAS 19 *Employee Benefits* and as described in note b, defined benefit plan remeasurements of $9.0 million have been recorded in OCI for the year ended December 31, 2010.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Statistics and Measures

STATISTICS AND MEASURES

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In addition to the statistical information provided in this annual report, a *Manitoba Workplace Injury and Illness Statistics Report* is published annually. This document is a joint publication of the WCB and the Manitoba Government's Workplace Safety and Health Division. To obtain a copy of the report, please call (204) 954-4760, toll-free 1-800-362-3340 or visit www.wcb.mb.ca.

Introduction

The WCB is committed to organizational goals built upon four themes: Prevention, Recovery, Service and Stewardship. Measures have been developed to gauge progress towards these goals.

These statistics and measures enable the WCB to analyze and report on its current performance and measure progress from previous years.

Prevention

Five Year Targets:

Reduce the time loss injury rate to 3.0 per 100 full time workers, in addition to reducing the number of serious injuries and traumatic fatalities.

Increase the number of Manitobans who reject the belief that workplace injuries are inevitable to 70 per cent.

Injury Rate Trends, Accepted Claims and Fatalities

The WCB is committed to increasing prevention awareness and reducing the time loss injury rate in Manitoba. The 2011 injury rate remained steady at 3.3 (estimated). The injury rate has been declining over the past several years through the efforts of the WCB and its partners in prevention.

In addition to monitoring the time loss injury rate, the WCB also measures workplace safety attitudes in the province. Surveys indicate that 34 per cent (34 per cent in 2010) of Manitobans reject the belief that workplace injuries are inevitable. The WCB continues to look at opportunities to ensure Manitobans have safe and healthy workplaces.

	2007	2008	2009	2010	2011
Injury Rate					
Time loss injury rate	4.2	4.0	3.5	3.3	3.3*
Claims					
Time loss injury claims	17,265	17,109	15,508	15,039	15,144
No time loss injury claims	17,987	17,799	16,222	15,932	16,563
Total injury claims	35,252	34,908	31,730	30,971	31,707
Fatalities					
Fatalities	27	24	28	16	22

*The 2011 time loss injury rate is an estimate and will be confirmed in mid-2012.

Recovery

Five Year Targets:

Achieve an average of 8 out of 10 on injured worker satisfaction with return to work support.

Achieve an average claim duration of 37 days.

Return to Work

In 2011, the WCB continued the focus on return to work by implementing a variety of initiatives to ensure the WCB is doing all it can to support workers' timely and safe return to health and meaningful work. The latest survey results indicate the WCB scored 7.3 out of 10 (7.0 out of 10 in 2010) when workers were asked how well the WCB supported them in their return to work and that 85 per cent (84 per cent in 2010) of workers returned to work after sustaining a time loss injury. The organization provides many tools to assist employers, injured workers, healthcare practitioners and WCB staff with disability management.

Duration of Claims

Duration of claims measures the number of days that injured workers receive wage loss replacement. Many factors affect the duration of claims, including demographics and type of injury. Today's typical injured worker is older and about 59 per cent of all time loss injuries are musculoskeletal injuries. Duration decreased to 34.8 days in 2011, well below the target of 37 days. The WCB has established a new target of 34 days in the next five years.

The organization continuously makes improvements to case management processes and the case management model, helping to enable injured workers to effectively return to health and meaningful work as soon as safely possible.

Average Days Paid for All Wage Loss Claims	2007	2008	2009	2010	2011
Claims from All Years	38.6	42.0	41.0	37.4	34.8

Service

Five Year Targets:

Achieve at least 80 per cent on the WCB service culture index.

Pay at least 70 per cent of injured workers within 14 days of injury.

Achieve at least 8 out of 10 in injured worker satisfaction.

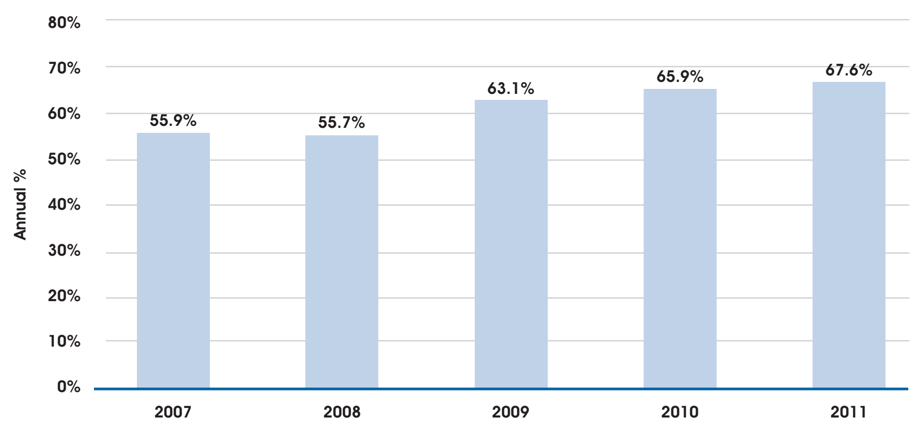
Achieve at least 8 out of 10 in employer satisfaction.

Achieve at least 95 per cent in quality of claim management.

Timely Payments to Injured Workers

The WCB is very close to reaching its goal of paying 70 per cent of injured workers within 14 days of injury.

Percentage of Claims Paid Within 14 Days of Injury Date

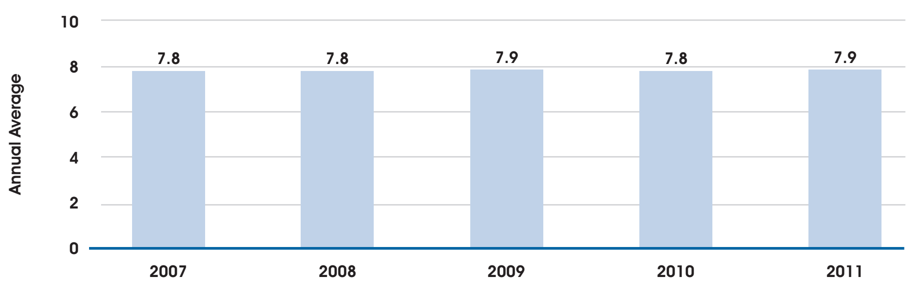


Customer Service Measures

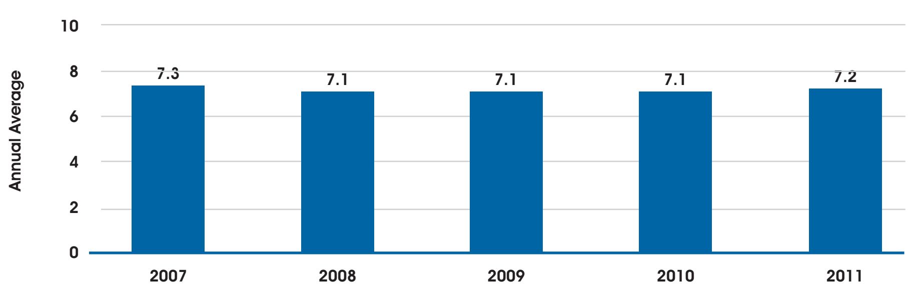
The WCB believes in providing service that is **fast**, **easy**, **caring**, **right** and **clear** and is proud of its strong service culture. The organization scored 71 per cent (73 per cent in 2009) on the WCB service culture index. The service culture index is based on employee perceptions of the importance of customer service, as measured in the WCB employee opinion survey. To obtain a more accurate measure of employee opinions, the survey was modified in 2011, limiting comparability with the previous survey.

The organization strives to meet the evolving needs of all customers with a goal of achieving an 8 out of 10 rating. Results of the worker and employer customer satisfaction surveys are shown in the following charts.

Injured Worker Satisfaction



Employer Satisfaction

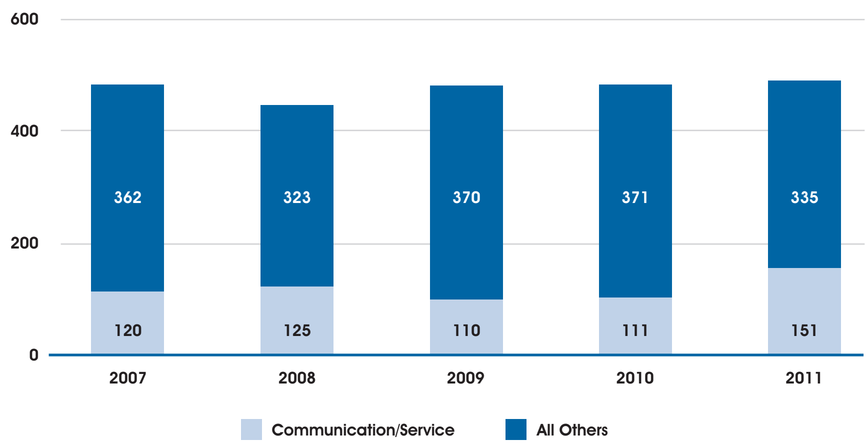


Quality Claim Management

The WCB aims to adjudicate claims accurately, fairly and transparently. In 2011, the organization met quality expectations on 87 per cent of claims (80 per cent in 2010).

The WCB also looks to referral activity from the Fair Practices Office and the Review Office to monitor progress. The organization is steadily improving claim management. The Fair Practices Office referrals have totaled fewer than 500 for the past five years. Review Office referrals dropped to about 1,300 from roughly 1,500 in 2010. The percentage of adjudicative decisions confirmed by the Review Office was 68 per cent (69 per cent in 2010).

Fair Practices Issues Raised



Stewardship

Five Year Targets:

Build reserves toward the funding policy target level.

Achieve an average of 80 per cent on WCB employee engagement measures.

Increase the number of Manitobans who believe the WCB makes a positive contribution to the province to 70 per cent.

Results in the key target areas are as follows:

- The WCB's accident fund reserve balance as at December 31, 2011 was $247 million (December 31, 2010, $227 million) versus the funding policy target level of $314 million (December 31, 2010, $306 million).
- A score of 68 per cent (75 per cent in 2009) was obtained on the employee engagement index in 2011. To obtain a more accurate measure of employee opinions, the survey was modified in 2011, limiting comparability with the previous survey.
- 69 per cent (69 per cent in 2010) of Manitobans surveyed said they believe the WCB is making a positive contribution to the province.

The WCB is committed to managing its resources in a responsible manner, ensuring an affordable and financially strong compensation system is maintained for Manitoba workers and employers. Financial indicators provided in this report to illustrate resource management are as follows:

- employer assessments and average assessment rate
- investment results
- administration cost per time loss claim
- funding ratio.

Employer Assessments and Average Assessment Rate

Maintaining a competitive average assessment rate (per $100 of payroll) is paramount when it comes to the WCB's fiduciary management. In 2011, Manitoba's average assessment rate continued to be one of the lowest when compared to other Canadian jurisdictions.

In keeping with the WCB's prevention and disability management mandates, employers' assessment rates reflect their claims experience record. Employers experiencing higher claim costs pay higher rates.

	2007	2008	2009	2010	2011
1. Assessments*					
Assessable payrolls ($ millions)	11,290	12,483	13,394	13,946	14,726
Assessment revenue ($ millions)	194	203	217	228	228
2. Employers					
Number of registered employers at December 31	26,730	28,479	29,970	30,762	31,532
New registrants in-year	2,949	3,813	3,747	3,158	3,122
3. Rates (per $100 of Payroll)					
Average - actual	$1.71	$1.62	$1.59	$1.61	$1.51
Lowest	$0.15	$0.14	$0.14	$0.14	$0.14
Highest	$42.27	$30.27	$35.57	$32.94	$26.98

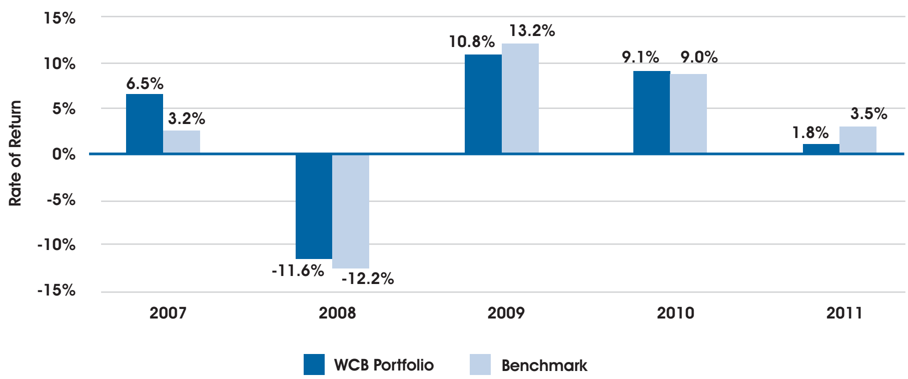
*Assessment revenue is a subset of premium revenue from Class E employers.
(see Note 14 in the Notes to Consolidated Financial Statements section)

Investment Results

Investment revenue is a significant revenue stream for the WCB. The investment portfolio is carefully managed by adhering to the WCB's Statement of Investment Policies and Objectives and by monitoring portfolio performance against appropriate benchmarks.

The following chart shows the gross investment rate of return and the benchmark rate of return. The gross return in 2011 of 1.8 per cent was less than the benchmark rate. The WCB achieved actual returns that were better than benchmark in three of the past five years.

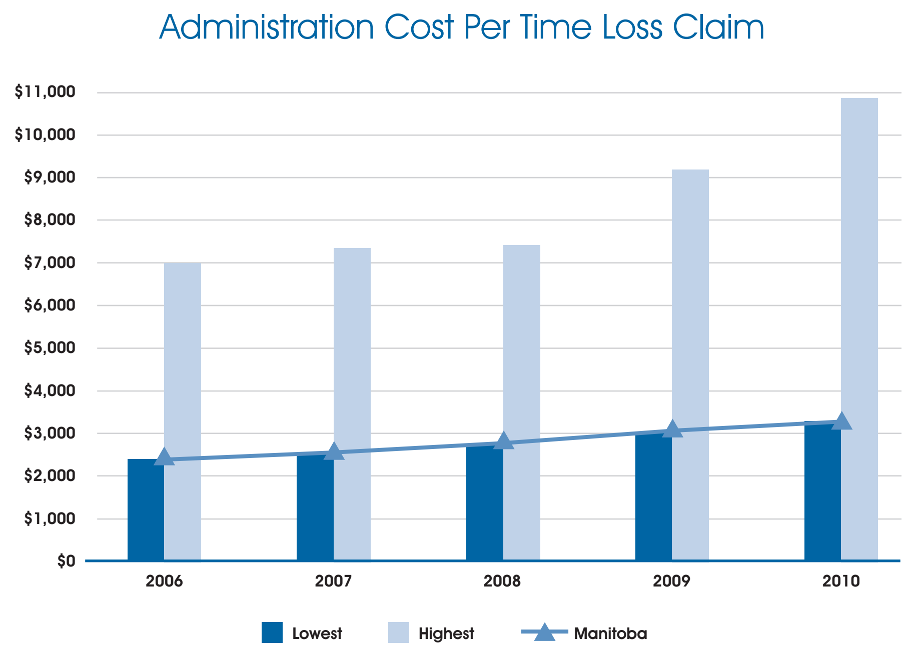
Investment Rate of Return, Gross



Administration Cost Per Time Loss Claim

The WCB's goal is to provide excellent customer service and quality compensation services in an efficient manner. One of the ways to measure this goal is the administration cost per time loss claim. Administration costs are a subset of operating expenses and are grouped consistently by all WCBs across Canada.

Manitoba has had one of the lowest administration cost per time loss claim across Canada for the five years shown below and expects to maintain this status for 2011 (data for 2011 is not available until mid-2012).

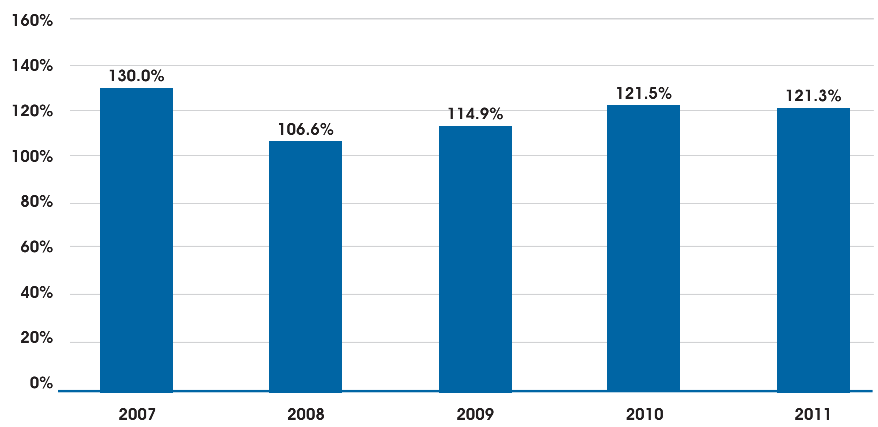


Reserves and Funding

The WCB's accident fund reserve protects the organization and its ratepayers from general business risks and catastrophic events affecting investment returns, premium revenue or injury claim costs. The reserve target assists the WCB in making future financial decisions as the financial impacts to ratepayers are balanced against the risk of the reserve not meeting the target value. Funding formulas provide the WCB with the optimum target balance for the accident fund reserve.

A measure of the financial strength of the WCB is the funding ratio (ratio of total assets to total liabilities). Any amount above 100 per cent indicates that the WCB is fully funded with a positive balance in its reserves. Values below 100 per cent signal that the WCB is in an unfunded position. Manitoba has been in a fully funded position since 1996, with a 2011 funding ratio of 121.3 per cent.

Funding Ratio



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SAFE WORK

SPOT THE HAZARD
ASSESS THE RISK
FIND A SAFER WAY
EVERYDAY

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