

ANNUAL REPORT



2014



LETTER TO THE MINISTER

The Honourable Erna Braun
Minister Responsible for *The Workers Compensation Act*
Room 358, Legislative Building
Winnipeg, Manitoba
R3C 0V8

Dear Minister:

We are pleased to present our 2014 Annual Report in accordance with the provisions of *The Workers Compensation Act*. This report covers the 12-month period from January 1 to December 31, 2014. 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 2015-2019 Five Year Plan at www.wcb.mb.ca.



ABOUT THE WCB

DAYS
LOST TO
WORKPLACE
INJURY OR
ILLNESS

1.80

per full time worker

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 and its nearly 550 staff are committed to building a culture of health and safety throughout Manitoba.

Services and Benefits

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.

AVERAGE ASSESSMENT RATE

per \$100 of Assessable Payroll

2014 = \$1.50

2013 = \$1.50

2012 = \$1.51

2011 = \$1.51

2010 = \$1.61

As part of the WCB's commitment to quality service and fair process, injured workers, their dependants and employers may contact the Fair Practices Advocate (FPA), an independent office that works to ensure fair practices at the WCB. Further information is available at www.fairpracticesofficemb.ca.



OUR VISION

A trusted partner, insuring today and building a safer tomorrow.

OUR MISSION

We are here to insure and support safe and healthy work and workplaces.

We put workers and employers at the centre of all we do.

We provide them with valued services for injury prevention, compensation and return to health and work while maintaining system integrity.

OUR STRATEGIC PRIORITIES

Our People - Engaging our employees to harness their commitment and passion. Developing our capabilities and our capacity to excel.

Our Customers - Understanding the diverse needs and expectations of workers and employers. Providing proactive and relevant services.

Our Partners - Collaborating with our partners to deliver superior services and build a safer Manitoba.

Our System - Protecting the integrity of the compensation system. Honouring our governing principles and delivering on our mandate.

OUR VALUES

Integrity • Compassion • Innovation • Accountability • Collaboration



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 the experience and diverse representation of employers, workers and the public interest.

In 2014, the Board of Directors conducted extensive work on a number of governance issues. Early in the year, we approved the official separation of the Investment and Finance Committee to create an Investment Committee and a Finance Committee to enable more focused oversight of these important WCB activities.

In response to the provincial government's new legislation (*The Workers Compensation Amendment Act*), we established a Prevention Committee to assist the Board of Directors in fulfilling its oversight responsibilities for the prevention of workplace injuries and illnesses through SAFE Work Manitoba. In addition to current members of the Board of Directors, we welcomed government appointees to this committee in order to strengthen its expertise in the field of workplace safety and health.

The Board's commitment to strong governance continues to benefit from the perspective that new members bring and, in 2014, Ron Stecy joined the Board as a new Worker Representative.

The Board of Directors also approved a number of policy revisions, some of which included: updating the Funding Policy with a new funding target; modernizing the Permanent Impairment Rating Schedule; updating the Rate Setting and Cost Relief policies; and aligning the Program Abuse policy with the new legislation.

The Board also continues to review and monitor the WCB's progress on implementing the recommendations of 2013's *Fair Compensation*

Review. Many of these recommendations are closely tied to the WCB's new compliance framework. The Board received regular updates on the status of the Compliance Services department and reviewed key communication material that will clarify stakeholders' rights and responsibilities within the compensation system.

In addition, the Board monitored the comprehensive review of the assessment rate model and reviewed the findings and recommendations of the stakeholder consultation phase. By year end, the Board had begun to consider key design features that will respond to stakeholder concerns and align the WCB's rate-setting system with the vision articulated in *Manitoba's Five-Year Plan for Workplace Injury and Illness Prevention*.

The Board also oversaw a strategic planning exercise for WCB investments including the development of an investment road map.

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 also extend my thanks to all of the staff for their hard work in 2014 in support of the Board's vision of being a trusted partner, insuring today and building a safer tomorrow.



Michael D. Werier
Chairperson



MESSAGE FROM THE PRESIDENT AND CEO

Over the past several years, the WCB has undergone significant change and growth, starting with the development of a new Strategic Plan in 2013 and the planning of several multi-year initiatives, which are core to the foundation of the compensation system and the WCB mandate.

The evolution of the WCB system to one that further ensures integrity, accountability and sustainability for the future is only possible because of the strong foundation which exists today. Thanks to many years of prudent management, strong governance and a focus on prevention, the WCB remains financially sound and strong as we enter 2015. It is

from this position of strength that we announced a significant reduction in the average assessment rate at the same time as we embark on a period of strategic change to benefit Manitoba workers and employers.

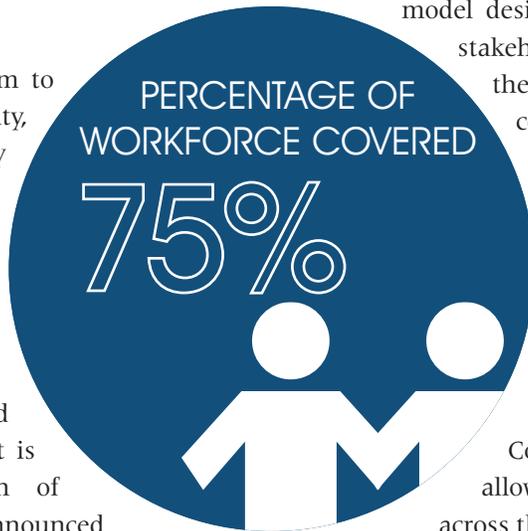
The WCB's current growth is focused on ensuring that the integrity of the workers compensation system continues. To begin, 2014 saw a great deal of work on our assessment rate model, which has been in place

with minimal changes since 2001. Building on 2013's external reviews, we consulted with stakeholders to assess the pros and cons of the current model. Based on the findings and recommendations of the consultation phase, work has begun on key rate model design features that will respond to stakeholder concerns and better reflect the benefits of safe workplaces and comprehensive return to work programs.

In 2014, the development of a new compliance framework was an important accomplishment in support of system integrity. The creation of the framework and the formation of a new Compliance Services department allowed us to harness talent from across the organization with a mandate to educate stakeholders about their responsibilities, assist them to comply and, where required, take the necessary steps to ensure the *Act* is being followed.

Our newly created Business Intelligence unit is supporting our compliance efforts. Data analytics have been instrumental in identifying potential cases of non-compliance which are being fully investigated by the WCB.

In our quest to ensure customers are at the centre of all we do, we began work on a customer journey mapping exercise to better understand how injured workers view their interactions with us. Following an injured worker's claim from start to finish, and



examining the various touch points along the way, allows us to help our staff to put themselves in an injured worker's shoes. This exercise is providing us with new tools and insights to give our very best, each and every time we deal with our customers.

Putting the customer at the centre also means that we are moving ahead on reinvigorating our return to work model by developing and documenting best practices and educating and encouraging employers, healthcare providers and injured workers on the benefits of returning to health and meaningful work.

In 2014, the WCB also took on the challenge of creating SAFE Work Manitoba and began implementing *Manitoba's Five-Year Plan for Workplace Injury and Illness Prevention*. From hiring a Chief Operating Officer and assembling a team of safety and health professionals, to delivering on a number of action items, this has been a year of significant prevention activity at the WCB.

I am excited about all of these accomplishments and am grateful for the dedication and commitment of WCB staff as they take on these challenges with passion and enthusiasm. At first glance, all of these initiatives may seem separate, however they are designed to be aligned and integrated with each other to create a fundamental shift in Manitoba's workers compensation system.

I and the rest of the team at the WCB are fortunate to have this unique window to build and promote safer workplaces and more effective return to work programs while ensuring workers and employers

have the coverage and benefits they are entitled to. By focusing on effective outcomes, injured workers, employers and stakeholders will all benefit. Safer workplaces and stronger return to work programs for all mean less time lost to workplace injuries and illnesses, less disruption to injured workers and their families and reduced costs to the provincial economy.

These changes all work together in leading and building a stronger workers compensation system for the future.



Winston Maharaj
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 President and CEO is a non-voting member of the Board.

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



Board of Directors

(left to right): Colleen Seymour, Public Interest Representative; Wendy Sol, Worker Representative; Ken Sutherland, Public Interest Representative; Rob Labossiere, Worker Representative; Ron Stecy, Worker Representative (from August 2014); Michael D. Werier, Chairperson; Winston Maharaj, President and CEO; Robert Plohman, Public Interest Representative; Jane MacKay, Employer Representative; Ron Hambley, Employer Representative; Paul Challoner, Employer Representative.

(not pictured): Robert Dewar, Worker Representative (to March 2014)

Policy, Planning, Governance and Service Committee

The 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 and recommends approval of funding under the Research and Workplace Innovation Program.

Jane MacKay Committee Chairperson, Rob Labossiere (to September 2014), Ron Stecy (from September 2014), Colleen Seymour, Michael D. Werier, Winston Maharaj (non-voting member)

The Investment and Finance Committee was officially split effective February 1, 2014, to create a stand alone Investment Committee and a stand alone Finance Committee.



Investment Committee

The Committee develops policies for the prudent investment of the investment portfolio, regularly reviews and advises the Board about the status of the investments and makes recommendations to the Board about the engagement of appropriate investment managers. In conjunction with the Finance Committee, the Committee monitors the performance of the employee pension plan.

Paul Challoner Committee Chairperson, Robert Dewar (to March 2014), Rob Labossiere (from September 2014), Robert Plohman, Bob Darling External Investment Member, Brad Peacock External Investment Member, Cathy Rolland External Investment Member, Michael D. Werier, Winston Maharaj (non-voting member)

Finance Committee

The Committee is responsible for overseeing the financial position, including the annual budget, assessment rates, financial projections and related accounting, financial and actuarial policies. As well, the Committee monitors the performance of the employee pension plan and reviews and approves contracts of significant value.

Paul Challoner Committee Chairperson, Robert Dewar (to March 2014), Rob Labossiere (from September 2014), Robert Plohman, Michael D. Werier, Winston Maharaj (non-voting member)

Audit Committee

The Committee assists the Board in fulfilling its oversight responsibilities and reviews and advises the Board 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 internal control procedures, standards of conduct and conflict of interest guidelines.

Wendy Sol Committee Chairperson, Ron Hambley, Ken Sutherland, Donald Sobkow External Audit Member, Michael D. Werier, Winston Maharaj (non-voting member)

Prevention Committee

The Committee assists the Board in fulfilling its oversight responsibilities for prevention activities. The Committee develops policy for the prevention of workplace injuries and illnesses (including incentive programs); develops operating and capital budgets for prevention activities; ensures processes for co-ordination with Workplace Safety and Health and the Chief Prevention Officer are in place; and reviews and evaluates strategic plans for prevention initiatives.

Ron Hambley Committee Chairperson, Wendy Sol, Ken Sutherland, Jeff Parr (or designate) Deputy Minister Labour & Immigration, Don Hurst Chief Prevention Officer, Rick Farley Representative of Workers, Glen Black Representative of Employers (to October 2014), Michael D. Werier, Winston Maharaj (non-voting member)



Executive Team

(left to right): Alice Sayant, Vice President, Strategy and Assessment Services; Warren Preece, Director, Communications; Jamie W. Hall, Chief Operating Officer, SAFE Work Manitoba; Darren Oryniak, Vice President, Compensation Services; Winston Maharaj, President and CEO; Stu Charles, Chief Information Officer; David Scott, Vice President, People, Technology and Innovation Services; Lori Ferguson Sain, General Counsel and Vice President, Compliance and Corporate Services; Lorena Trann, Chief Financial Officer, Finance and Administration Services.



OUR CUSTOMERS

FlexPay, WCB's enhanced payroll reporting and assessment payment system, began the year with one segment of employers reporting their payroll and making their payments online to rave reviews. With this confirmation, FlexPay was rolled out to the remainder of employers who chose their payment plan and method that best suited their business needs. The increased choice reinforces our service commitment to our customers. The stage is set for all employers to enjoy the convenience of online payroll reporting and flexible payment options for the next reporting season.

Services to injured workers are always top of mind at the WCB and we took a rigorous approach to examining all of our interactions. We established new and improved best practices to enhance the consistency of our service delivery. We are committed to be our very best in every touch point we have with injured workers to achieve our common goals of recovery and return to health and meaningful work.



WORKER SATISFACTION WITH WCB SUPPORT FOR RETURN TO WORK Target: 80%



“Reporting workplace injuries matters” was the message of a spring and fall public awareness campaign in 2014. For the first time, we included television advertising that reinforced the message that employers have a duty to report injuries in their workplace and early reporting means faster return to health and meaningful work for injured workers. Ensuring new Canadian workers are aware of their right to report injuries, the message was featured in short web videos in five languages as well as a claims reporting brochure available in 17 languages.

A multi-year initiative began that focuses on keeping the customer at the centre of all we do. To make this mission come to life, we need to better understand the needs and expectations of our customers and make sure that we provide proactive and relevant services in a way that is fast, easy, caring, right and clear. Using a customer journey mapping tool, we are uncovering insights around our customers’ experiences and generating ideas to enhance this experience to take our customer service to the next level.





OUR SYSTEM

At the WCB, we are committed to protecting the integrity of the workers compensation system through various programs and initiatives. Operating from a strong financial foundation, workers and employers benefited from our continued commitment to our prevention and recovery goals. We achieved an operating surplus of \$110 million while maintaining an average assessment rate of \$1.50, which is the third lowest rate among Canadian WCBs. Our funded position is now 137.8 per cent (134 per cent in 2013).

Having employers and workers understand their rights and responsibilities ensures that a strong and responsive compensation system is here for those who need it. The development of a compliance framework is already benefiting workers and employers with the introduction of a number of key resources, including a dedicated tip line for Manitobans to report suspected fraud and program abuse (204-888-8081 in Winnipeg, toll free 1-844-888-8081) and a self-evaluator tool on our website for employers to better understand their obligations. Providing clear definitions and examples of non-compliance will set the stage for the next phase in employer and worker outreach.



A comprehensive assessment rate model review began in early 2014 with the help of external experts and a stakeholder advisory group to help guide the process. We invited stakeholders to identify issues with the current rate model and to provide us with their recommendations for change.



Major themes from the stakeholder consultation included dissatisfaction with the volatility of rates for some employers, concern over the balance between collective liability protection and punitive rates and the relationship

between our current model's incentives and outcomes. We have begun to consider key rate model design features with deliberations scheduled to continue into 2015.

CLAIM DURATION

Target: 34 Average Days Paid
Result:

31.0
Average Days Paid

Another important review undertaken this year was a project to determine an appropriate level for our accident fund reserve. An independent actuary conducted the study, which assessed the protection of our workers compensation system from risks and uncertainties, catastrophic events and annual influences. The study concluded that a funding ratio target of 130 per cent was appropriate in our risk environment. The funding ratio is equal to the WCB's assets over its liabilities, with the accident fund reserve target derived from this calculation.

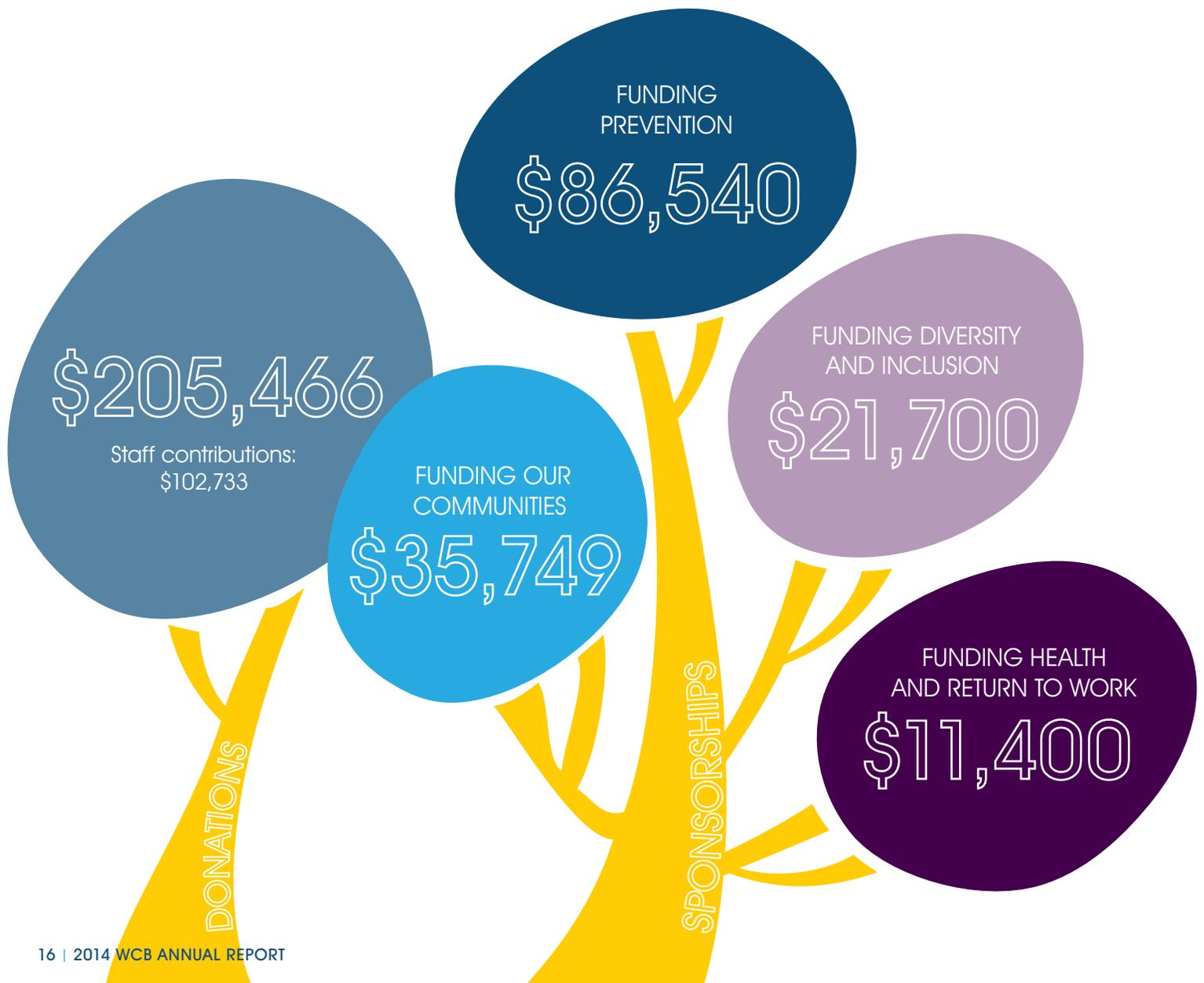
Building infrastructure to guide us into the future continued with the establishment of a Business Intelligence unit that allows for greater data analytics to support compliance efforts, system reviews, program evaluations and service enhancements. Harnessing our business intelligence in innovative ways is allowing us to be more responsive to our customer and stakeholder demands and expectations by effectively using data technology to reinforce our already strong system foundation.

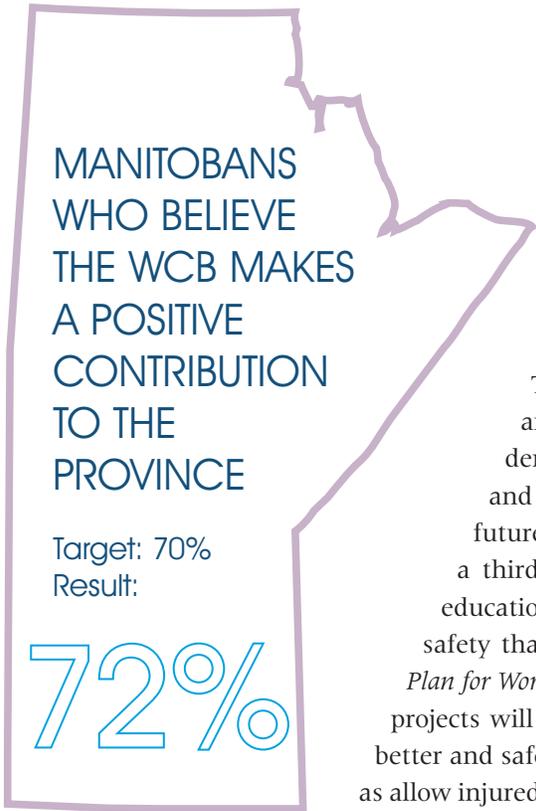


OUR PARTNERS

Collaborating with our partners to deliver superior compensation and return to work services and build a safer Manitoba is a priority for us. We continue to work with and support a number of organizations that share our vision of building a safer tomorrow. By sponsoring and attending a number of tradeshow at conferences led by the Construction Safety Association of Manitoba, Manitoba Heavy Construction Association and Safety Services Manitoba, we are active in the communities where we live and work.

We also are proud to support diversity in the workplace and demonstrate this value in a number of ways, from sponsoring the Manitoba Aboriginal Youth Achievement Awards, to supporting the Aboriginal Business Education Partners at the University of Manitoba to working with Connect Employment Services, an organization that provides job search and other assistance for persons with intellectual disabilities.





The \$1 million annual investment in the Research and Workplace Innovation Program (RWIP) demonstrates our commitment to ensuring healthier and safer Manitoba workplaces now and into the future. Following a program review, we introduced a third funding stream to focus on training and education projects in occupational health and safety that are consistent with *Manitoba's Five-Year Plan for Workplace Injury and Illness Prevention*. These projects will help train, educate and give workers better and safer ways to perform their jobs, as well as allow injured workers to quickly return to health and meaningful work.

Our partnership with Manitoba's healthcare community is especially important. That is why the work we are undertaking on developing an electronic healthcare reporting and billing system is critical. By streamlining the mechanism for healthcare providers to submit their reports on injured workers, we can better help return injured workers to health and meaningful work quickly and safely.

Our outreach activities also include engaging our stakeholders, whether it is soliciting feedback on our rate model, ensuring healthcare providers understand and recognize the important role they have in returning injured workers to work, or educating industry associations on the value and benefits the compensation system delivers. Open, direct and frequent communication is key to our continued success.



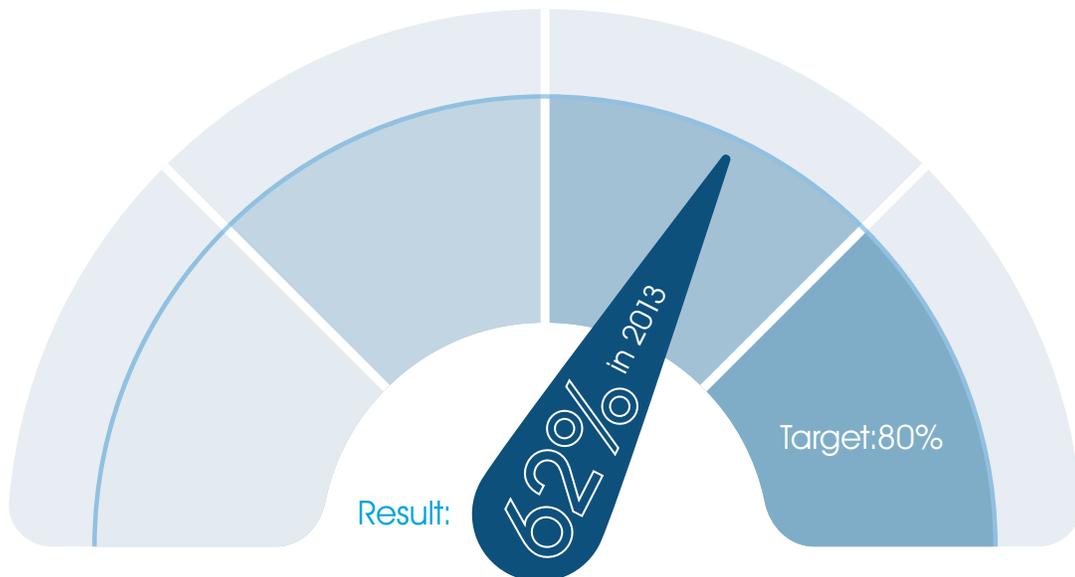


OUR PEOPLE

Engaging our employees to harness their commitment and passion made 2014 an exciting year at the WCB. Our Executive Management Committee (EMC) led the way by embracing new ways to engage with staff. The introduction of an internal EMC blog allows EMC members to address timely issues while staff are able to provide comments and ask questions. More frequent town hall meetings, called Exec Connect, provide staff with updates on key strategic initiatives and enhance interaction between the EMC and employees.

Our staff demonstrated their commitment to the WCB in many ways and one of the most recent and exciting was the response to an internal campaign devoted to agile innovation. Innovative thinking is about erasing boundaries and encouraging the free flow exchange of ideas and staff enthusiastically responded to the campaign dubbed “Elevate Your Ideas.” The month-long campaign solicited over 200 ideas on making the WCB more innovative and suggestions continue to be welcome as innovation is an ongoing commitment at the WCB.





INNOVATION INDEX

Another commitment is providing leadership with the tools they need to effectively and successfully develop their capabilities and those of their staff. Introducing a coaching leadership program to move from a culture of performance management to one of leadership is a paradigm shift that will position the WCB to achieve higher levels of engagement and commitment, increased trust and enhanced performance.

There are many opportunities for staff to connect with their colleagues throughout the year. From fitness classes, lunch 'n learns, workshops, service barbeques, corporate fitness challenges, the United Way campaign and plane pull to creating holiday hampers, there are many staff engagement activities that contribute to our staff's well-being while also contributing to the communities in which we live and work.

Finally, it is because we are dedicated to staff and community wellness as well as diversity in the workplace that we were pleased to be recognized for the fourth year in a row as one of Manitoba's Top 25 Employers. This special designation recognizes Manitoba employers that lead their industries in offering exceptional places to work.

In compliance with *The Public Interest Disclosure (Whistleblower Protection) Act*, the WCB has whistleblower disclosure procedures in place. There were no disclosures reported in 2014.



NOTE FROM THE CHIEF OPERATING OFFICER



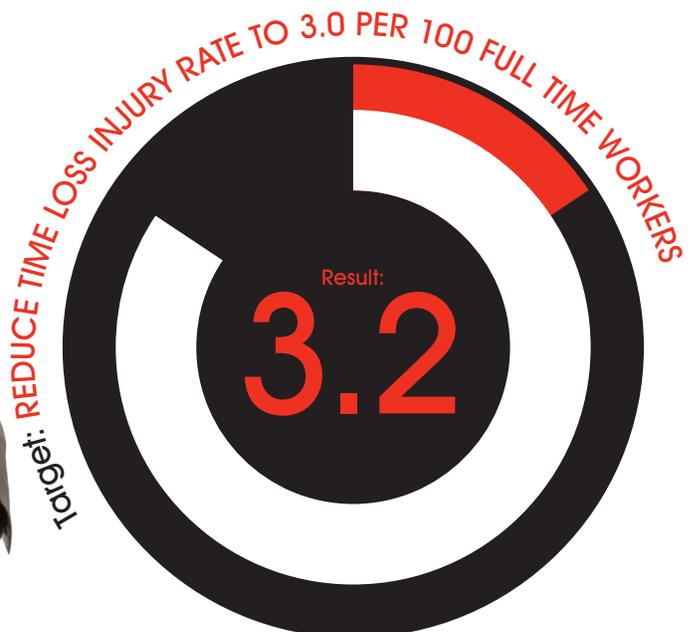
The formation of SAFE Work Manitoba as a separate and distinct entity heralds a fundamental change in workplace safety in Manitoba. By consolidating prevention specialists from government and the WCB, we have in place a group of talented individuals whose mission is to make Manitoba a leader in workplace safety and health.

These are lofty goals and I am honoured to lead this initiative in making Manitoba a safer place to work. Within one short year, we have achieved significant progress in enacting *Manitoba's Five-Year Plan for Workplace Injury and Illness Prevention*.

In 2014, we introduced: safety and health information packages for every newly registered Manitoba business; amalgamated training programs; mobile training with SAFE Work on Wheels which brings safety training directly to employers and workers; the first annual SAFE Work Manitoba Committee Leadership Conference; and a one-stop safety phone number that allows callers to report unsafe work, access training information and request safety and health materials.

Growing the safety culture means more engagement with our stakeholders and pursuing new partnerships. Reducing workplace injuries is a goal employers, workers, industry associations and safety associations all share. I look forward to continuing to build on the co-operation and collaboration I have received from our stakeholders and partners as we head into a new chapter of safety in Manitoba.

Jamie W. Hall
Chief Operating Officer
SAFE Work Manitoba





Target: REDUCE SERIOUS INJURIES AND FATALITIES

Result:	2010	2011	2012	2013	2014
Total injury claims	30,971	31,707	31,018	29,777	30,202
Serious injuries	2,661	2,778	2,740	2,762	N/A*
Fatalities	16	22	36	24	15

*2014 serious injuries will be available in June 2015

SAFETY AND HEALTH INFORMATION PACKAGES

7,431
Sent to New Employers



SAFE WORK MANITOBA FINANCIALS

Year ended December 31
(in thousands of dollars)

	2014
Salaries, employee benefits and training	\$ 1,668
Office supplies, services and projects	128
Communications	2,074
Professional fees	68
SAFE Work Manitoba Program Costs	3,938
SAFE Work Manitoba Initiatives	
RWIP - Prevention Grants	939
WCB Sponsorships	87
Safety Associations	3,539
Investment in Injury and Illness Prevention	<u>\$ 8,503</u>

The primary focus of SAFE Work Manitoba is to implement *Manitoba's Five-Year Plan for Workplace Injury and Illness Prevention*. 2014 was the first year of the plan resulting in an investment in safety of \$8.5 million.

YEAR AT A GLANCE

	2014	2013
Number of registered employers	34,121	33,352
Average assessment rate (per \$100 of assessable payroll)	\$ 1.50	\$ 1.50
Assessment revenue, Class E employers	\$ 253,733,000	\$ 245,697,000
Investment income	\$ 127,286,000	\$ 157,496,000
Investment rate of return (gross)	9.9%	13.6%
Total injury claims	30,202	29,777
Time loss injury claims	15,052	14,979
Fatality claims	15	24
Time loss injury rate (per 100 full time workers)	3.2	3.2
Days lost to workplace injury (per full time worker)	1.80	1.89
Average days paid for all wage loss claims	31.0	32.7
Claim costs incurred	\$ 222,100,000	\$ 268,255,000
Operating expenses	\$ 81,323,000	\$ 76,988,000
Funded position	\$ 457,130,000	\$ 381,674,000
Funded ratio	137.8%	134.0%



