

2021

ANNUAL REPORT





Letter to the Minister

Honourable Reg Helwer
Minister of Labour, Consumer Protection and Government Services
Room 343, Legislative Building
Winnipeg, MB R3C 0V8

Dear Minister Helwer:

We are pleased to present our 2021 Annual Report and Five Year Plan in accordance with the provisions of *The Workers Compensation Act*. This report covers the 12-month period from January 1 to December 31, 2021. It includes the statements of accounts required to be kept under the *Act*.

Respectfully submitted,
Michael D. Werier
Chair

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About the WCB

The Workers Compensation Board (WCB) is a mutual workplace injury and disability statutory corporation funded by employer premiums.

With approximately 600 employees, 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 the integrity of the system.

Services and Benefits for Injured Workers

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 and help ensure a safe and suitable return to work. Some of the benefits offered include:

- replacement of lost income
- payments for healthcare treatments and medication
- employment retraining
- lump sum payments for permanent impairments
- financial support for 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, their dependants and employers may contact the Fair Practices Office (FPO), an independent office that works to ensure fair practices at the WCB. Further information is available at www.fairpracticesofficemb.ca.

Message from the Chair

The challenges of the COVID-19 pandemic continued in 2021, impacting our customers in a myriad of ways, from front line workers continuing to serve their fellow Manitobans to Manitoba employers being forced to shut their doors to help combat the spread of the virus. Through all the changes and fluctuations of restrictions imposed in Manitoba, the WCB continued to provide excellent customer service to injured workers and employers.

On February 1, the WCB welcomed a new President and CEO, Richard Deacon, a strong leader with a proven track record of developing and implementing long-term strategy to drive transformation. The Board of Directors is confident he will be a tremendous asset to the WCB and successfully support and execute our mission of providing our customers with valued services for insurance, prevention, compensation and return to work, while maintaining the integrity of the system.

The Board of Directors continued to establish the strategic direction, approve policies and monitor the progress the organization made in reaching its strategic goals throughout 2021. The Board of Directors was especially busy with policies as a result of Bill 18, *The Workers Compensation Amendment Act*, which received Royal Assent in 2021 and came into force on January 1, 2022.

A record-setting number of new policies have been approved in an effort to simplify and streamline our stakeholder experience, including Reconsiderations, Recurring Effects of Injuries and Illnesses and Compliance and Enforcement to name a few. The changes to the Act also led to amendments to the WCB's regulations, including the Group Life Insurance Regulation and the Interest, Penalties and Financial Matters Regulation. With these changes, the WCB continues to reduce the regulatory burden on Manitoba stakeholders.



As part of Bill 18's governance structure amendments, we also completed work to prepare for a new Prevention Advisory Council that replaced the Prevention Committee at the end of the year. We shared the news with our key stakeholders – industry-based safety programs – and look forward to continuing to strengthen the safety culture in Manitoba with these changes. The Board of Directors extends their thanks to the external members of the Prevention Committee, Neal Curry, Rick Farley and Richard Groen, for their expertise and service over the past year.

The Board of Directors also said farewell to Elizabeth Roberts, a long-term representative of the public interest and looks forward to welcoming a new member in 2022. We were also pleased to have Nestor Theodorou renew his commitment to serve as an external member of our Investment Committee.

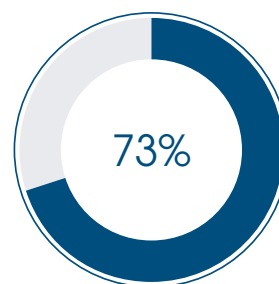
While Manitoba's economy was impacted by the pandemic, the strong financial stewardship over the years helped the WCB weather these tumultuous times. In fact, the efficiency of the workers compensation system was evident when the Board of Directors approved, for the third year in a row, a \$71 million surplus distribution to eligible employers.

2021 was a year in constant flux and yet the WCB continued to serve Manitoba employers and workers. The Board of Directors extends its appreciation and thanks to the management and staff who made it their mission to provide service that is both compassionate and respectful under trying times and for ensuring we live our vision of *A safer Manitoba that fosters prevention and return to work.*

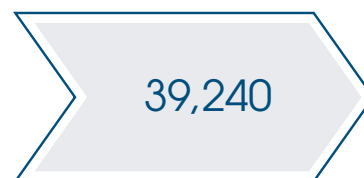
Michael D. Werier
Chair

Our Customers

Workers Covered



Registered Employers



Message from the President and CEO

Focus on the future

While the global pandemic drove many of the impacts and storylines of 2021, the WCB continued to adapt and remain focused on delivering on our core mission of serving Manitobans.

For me, 2021 was a year of profound change – both personally and professionally. I relocated and joined the WCB in February and was warmly welcomed to the organization and to Manitoba. I want to say a special thank you to the WCB's Board of Directors and the leadership team for their guidance and support over the last year. I am very proud of our organization and all the work that we do.

The WCB's commitment to service is what attracted me to the WCB. Our employees take great pride in working with, and for, their fellow Manitobans. Thanks to the dedication and commitment of our entire team, we continued to deliver our services to our customers, employers and workers across this province, despite the challenges of the pandemic and the continuously shifting operating environment.

No doubt, the pandemic has taught us a lot both as individuals and as an organization, but most importantly, it has provided us with the opportunity to learn, adapt, build resiliency and enhance the way we do things. As we move forward and look to the future, we are committed to building on what we've learned to evolve our organization, strengthen our mandate and reset for the future – together.

If we've learned one thing, it's that maintaining the status quo is not an option. While we are proud to be a century-old organization, we must continue to strive to be on a path of continuous improvement. This means finding new ways of doing things to adapt to our environment and meet the needs of our customers.



Looking ahead, we are committed to driving positive change through innovation and collaboration to better serve Manitoba employers and workers. Above all, our focus is on being customer-centric and to deliver on this ambitious promise we will be adopting new technologies, processes and mindsets so we can continue to be responsive and adapt to a changing environment. To that end, we are embarking on a digital reinvention over the next several years with a simple goal: to deliver a service experience that can best be characterized as being what is needed, when it is needed, in the way it is needed.

As a safety leader in this province, our core purpose remains unchanged. We will continue to demonstrate a safety culture and be a model of safe work practices and procedures. We will also continue to help people get back to work safely. And we will continue to strengthen our business, building on our foundation to create an even stronger WCB for the future.

Richard Deacon
President and CEO

Reducing Employer Premiums

Average assessment rate per
\$100 of assessable payroll



Our Board of Directors and Board Committees

As stewards of the accident fund, the Board of Directors plans for the future of the compensation system. The Board of Directors 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.

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

Chair:

Michael D. Werier

President and CEO:

Richard Deacon

Representatives of employers:

Michael Bereziak  

Ron Koslowsky  

Yvette Milner 

Representatives of workers:

Jean-Guy Bourgeois  

Sylvia Farley 

Marc Lafond  

Representatives of the public interest:

Peter Dyck  

Glenn Hildebrand 

Elizabeth Roberts (retired April, 2021)

Coloured dots denote committee membership

 **Audit Committee**
External Members – Doug Einarson and Scott Greenlay

 **Finance Committee**

 **Investment Committee**
External Members – Brad Peacock, Cathy Rolland and Nestor Theodorou

 **Governance Committee**

 **Prevention Committee**
External Members – Neal Curry, Executive Director, Made Safe; Rick Farley; Richard Groen, Deputy Minister, Minister of Finance

The Chair of the Board of Directors and the President and CEO are members of all committees. For a description of the responsibilities of each committee, see the Terms of Reference available at www.wcb.mb.ca/board-and-executive.

Our Leaders

Executive Management Committee

Our Executive Management Committee oversees the strategic direction of the WCB and leads a diverse group of employees who fulfil the WCB's vision for *A safer Manitoba that fosters prevention and return to work.*

Richard Deacon
President and CEO

Jamie Hall
Chief Operating Officer,
SAFE Work Manitoba

Renzo Borgesa
Vice President, Assessments,
Innovation and Technology

Andria McCaughan
Chief Financial Officer,
Finance and Administrative
Services

Shannon Earle
Vice President, Human
Resources and Strategy

Dan Holland
Vice President,
Compensation Services

Catherine Skinner
General Counsel and Vice
President, Compliance and
Corporate Services

Our Vision

A safer Manitoba that fosters prevention and return to work.

Our Mission

We provide our customers with valued services for insurance, prevention, compensation and return to work, while maintaining the integrity of the system.

Our Values

Integrity: We treat our stakeholders fairly and honestly, while being accountable and transparent.

Caring: We understand the unique needs of our customers and treat them with compassion, dignity and respect.

Innovation: We continuously strive to make our systems more responsive, efficient and effective.

Collaboration: We work together with our stakeholders to achieve our vision.

Our Strategic Priorities

Create a SAFE Work Culture – Reduce the number and severity of injuries.

Enable Successful Return to Work – Reduce days lost and improve the return to work experience.

Deliver Excellent Service – Strive to improve customers' satisfaction with their WCB experience.

Grow Our People – Attract, retain and develop our people to align with our evolving needs.



Create a SAFE Work Culture

Manitoba benefits from a diverse economy that provides productive employment and an enviable quality of life. While every industry has its own risks, death, disease and disability are not part of the job. The WCB believes we all play a part in building safe and healthy workplaces. A truly safe Manitoba relies on employers, workers, industry-based safety programs, labour, the private sector, government agencies and the entire community working together towards the common goal of eliminating workplace injuries and illnesses.

The COVID-19 pandemic continued to challenge our ability to fully deliver on a number of strategic initiatives aimed at making Manitoba a safety and health leader. One key initiative is the expansion and enhancement of industry-based safety programs (IBSPs).

The healthcare sector is one industry that has been especially impacted by the pandemic. Recognizing it consistently produces the largest number of claims accepted by the WCB annually, we believe there is significant opportunity for this sector to improve stakeholder outcomes via the creation of a dedicated workplace safety and health prevention organization. Without a coordinated effort to address injuries and illnesses in the healthcare sector, our long-term reduction targets will not be met, impacting the overall workers compensation system.

With the help of an interim board comprised of healthcare leaders, the WCB is funding a two-year pilot to bring workplace safety and health to the forefront of Manitoba's healthcare sector by proving the need for a permanent healthcare IBSP. This

initiative, called the Manitoba Association for Safety in Healthcare (MASH), will expand and enhance access to IBSPs to the healthcare sector so all Manitoba employers and workers have access to sector-specific services. Work is already underway on the successful achievement of two large organizations receiving their SAFE Work Certified status. This will lead to permanently establishing a broader industry-wide active engagement with MASH, Manitoba's first-ever healthcare IBSP in 2022.

The public administration sector is another sector with a time loss injury rate that is much higher than the provincial average. In 2021 our SAFE Work team and return to work experts continued to work with Manitoba Corrections to help address injuries which have increased over the past number of years. We look forward to helping them mitigate their days lost to workplace injuries and illnesses in the coming years.

We also made inroads to increase participation in education and training, another of our strategic initiatives. Training is a foundational aspect of worker safety and our focus is to ensure high-calibre and

consistent training is available to a wide audience. Here, the side effects of a largely remote working environment across the province worked in our favour as our shift to virtual learning helped us exceed our target of 50,000 participants with 58,939 participants attending workshops or e-learning classes provided by IBSPs and SAFE Work Manitoba. Of significance was the Young Worker Readiness Certificate Course with 10,934 young people trained to stay safe on their first job.

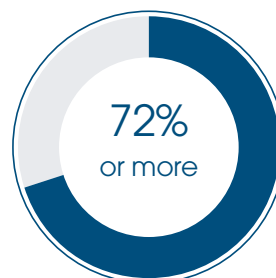
In the fall, representatives from industry, labour, government and training provider stakeholders formed the Manitoba Training Standards Council to lead and direct the development and maintenance of training standards, for the new program called SAFE Work Endorsed Training (SET).

SET will increase consistency of the content and quality of training delivered by independent training providers, unions, employers and IBSPs. It will also reduce employer uncertainty about the skills and knowledge that a worker might bring to the job by ensuring training providers, programs and worker training completions are tracked and accessible through a web-based portal. SET will objectively review and confirm that specific training meets the defined standards and continue to meet established standards, and ultimately aid in the reduction of workplace injuries and illnesses for Manitoba workers through standardized training.

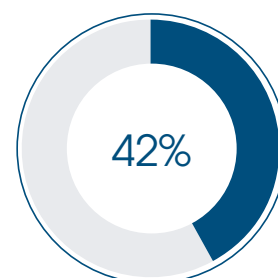
Certification is a fundamental initiative ensuring an employer has a comprehensive safety and health program in place. The pandemic has impacted our target of having 42 per cent of WCB-covered payroll be SAFE Work Certified. However, we are encouraged by the number of Manitoba employers joining us by becoming SAFE Work Certified and we will continue to promote this program. In 2021, 119 employers received their safety certification and another 187 are working towards completion of their requirements.

Percentage of WCB Payroll Served by an IBSP

Target

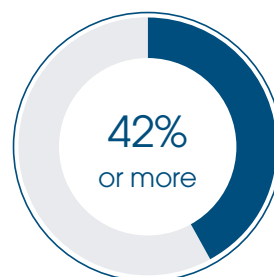


2021

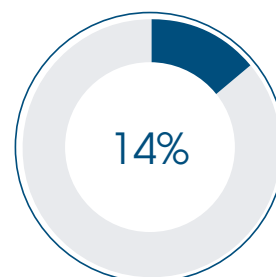


WCB-Covered Payroll that is SAFE Work Certified

Target



2021



Finally, the strong SAFE Work Manitoba brand recognition is helping strengthen and advance our final strategic initiative, which is to increase prevention awareness and engagement. We have started work on the Manitoba Safety and Health Index, which will give a high level perspective on whether Manitoba is becoming safer based on factors in several areas.

Our social marketing campaigns in 2021 stressed a number of key messages, including: the importance for workers to understand their right to a safe and healthy workplace; protecting workers from psychological hazards are just as important as measures related to physical health and the number one cause of work-related deaths in Manitoba is asbestos exposure and how actions taken today can reduce or even eliminate exposure to this potentially lethal hazard.

The overall number of injuries in Manitoba increased slightly from 2020, although they remain lower than reported in 2019. The decline in injuries in comparison to 2019 can be attributed to the decline of on-site employment due to the pandemic.

The culture of safety and health in Manitoba is a beacon of hope as we work together with our safety and health partners to minimize the impact of the pandemic and find our way to a better and safer Manitoba.

Time Loss Injury Rate (per 100 full time workers)



Severe Injury Rate (per 100 full time workers)



¹ Estimated, to be confirmed mid-2022.

² Injury rates have increased during COVID-19 due to a significant drop in the number of full time workers employed during the pandemic.



Days Lost to Workplace Injury or Illness Rate (per 100 full time workers)



All Injury Rate (per 100 full time workers)



Enable Successful Return to Work

The return to work process is a collaborative approach that includes a team of people helping an injured worker return to safe and suitable work. At the WCB, we work with all parties to ensure the injured worker, employer and healthcare provider all understand their roles and responsibilities to enable a successful return to work. This team approach means workers understand their rights to have a safe and suitable Return to Work Plan while employers recognize the benefits of having modified or alternate duties available for returning workers. Together, all parties play a part in achieving our goal to deliver the best possible outcomes for all stakeholders, which we believe will result in a reduction of Manitoba's days lost to workplace injury and illness.

Even through these trying times, we continued to provide compassionate care and service to injured workers. We have a multi-pronged approach that focuses on a number of key initiatives, including improving healthcare access and quality via partnerships. Despite our offices being closed to the public for the majority of the year, through our partnership program, we continued to offer healthcare exams offsite at a community clinic. This allowed us to still assess workers' health and function as well as their ability to return to safe and suitable work while keeping all parties safe and adhering to pandemic protocols.

The pandemic slowed our efforts to launch dedicated Worker Care Clinics. These clinics will improve timely access to, and quality of, healthcare for injured workers while expediting the exchange of

information, facilitating both the adjudication and return to work processes. We were mindful not to initiate such a pilot project in the midst of a pandemic where healthcare resources are already strained. However, behind the scenes, the WCB further developed the financial business case, fee structures and various marketing materials to support a successful Worker Care Clinic model within the province once the pandemic eases.

Increasing communication and outreach regarding return to work continued with the first "returning to work after an injury" social marketing campaign. We also focused on expanding family physicians' knowledge around return to work by holding a virtual workshop that received positive feedback and we look forward to offering many more such workshops in the coming year. Finally, the pause in some of our



training programs due to the pandemic provided our return to work team the opportunity to overhaul our Return to Work Basics workshop and restructure it to make it more engaging and interactive when we relaunch it in 2022.

Further progress was also made with our “just in time” delivery of return to work communications, scheduled to launch in early 2022. This initiative will ensure every time a worker reports a time loss injury, they will receive timely information and resources on the return to work process. Specifically, workers will learn about their roles and responsibilities in the return to work process, including the importance of clearly communicating their abilities and needs, staying in contact with their employer and actively participating in the Return to Work Plan. They will also learn what a safe and suitable Return to Work Plan should include and that the WCB is available to support them and their employer throughout the process.

Employers with Return to Work Programs

with short term claims with case management



Strengthening WCB Support for Return to Work

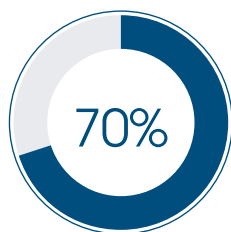
Worker Satisfaction



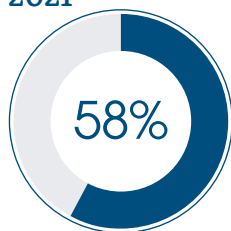
All these initiatives are designed to help build capacity with our stakeholders to manage strong and effective Return to Work Programs. The results are very encouraging, as witnessed by our latest surveys. The workers compensation system, which includes employers, workers, healthcare providers and other stakeholders, is having a great influence on ensuring that injured workers are returning to safe and suitable work in a timely manner.

Our System Helps Injured Workers Return to Safe and Suitable Work

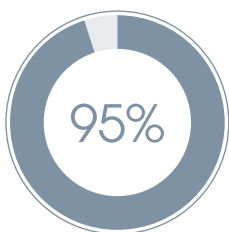
After 10 Days:
Target



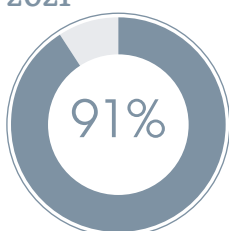
2021



After 60 Days:
Target



2021

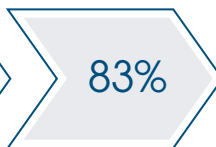


Worker Satisfaction with Employer's Return to Work Program

with short
term claims



with case
management





Deliver Excellent Service

The WCB is a people organization and delivering excellent service is at the forefront of everything we do. Striving for continuous improvement is a key objective as we continue to build on our success.



In 2021, we reached an important milestone with employers scoring us at 80 per cent or higher in a number of service categories in our annual employer survey. A total of 81 per cent of employers were satisfied overall with the service they received from the WCB and 87 per cent of employers would speak positively about the WCB to others (vs. 79 per cent in 2020).

On the worker side, our performance was just as encouraging, with 82 per cent of workers satisfied with their overall experience and 80 per cent saying they would speak positively about their experience with the WCB to others.

These results are a testament to the work we have done over the years to improve our claims processes and tailor our service delivery to meet our customers' varied expectations and needs. One such need is our e-Health portal currently used by physiotherapists. The WCB is on track to have 55 per cent of total submissions submitted via the application and initial feedback from frequent users notes the ease of use and the ability to check quickly on the status of payments. The WCB is looking forward to expanding the service to other healthcare providers in the coming years.

Another strategic focus at the WCB is harnessing the available data that, when analyzed, allows us to tailor our services to the unique needs of our customers. Strengthening our online services has proven to be a positive step with our various customers. For online

chat users, 94 per cent rate the helpfulness of our WCB representatives as very good or excellent. We also had an increase in the number of employers using the online payroll reporting application, with 89 per cent of Manitoba employers using this convenient method.

The COVID-19 pandemic heightened the importance a digital first technology strategy plays in delivering excellent service to our customers. While there is much more work to be done, we continue to adjust our service models to react to external forces and adopt new technologies to meet the evolving needs of our customers.

Our final strategic initiative is to improve communications to our customers. Here we have made great strides over the years by introducing online chat, amalgamating our call centres, segmenting our website based on user needs and beginning to review our claimant letters.

The pandemic has also allowed our in-person training programs to shift to virtual, requiring staff training and adjusting the ways we present our information. Our popular WCB Basics workshop moved from a one-day, in-person workshop to a day-and-a-half virtual workshop and multiple dates were added to meet demand. Staff are currently hard at work to get the Return to Work Basics workshop up and running in 2022.



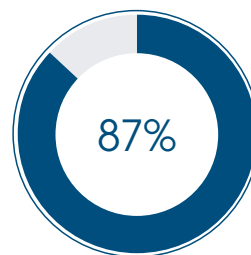
E-learning and webinars were the main source of education for the SAFE Work Manitoba division, which launched a multitude of offerings, including: Orientation on Safety and Health for Newcomers, Practical Tips - Mentally Healthy Workplaces During COVID-19, Safety Culture, SAFE Driving, Demystifying Occupational Hygiene, Biological Hazards, Risk Tolerance, 11 Ingredients of a Safety and Health Program and Resilient Workplaces.

Virtual training has the added benefit of extending our reach to Manitoba employers who no longer have to travel to Winnipeg or Brandon. The positive feedback from participants means e-learning and webinars will continue to be vital methods of sharing information with our customers.

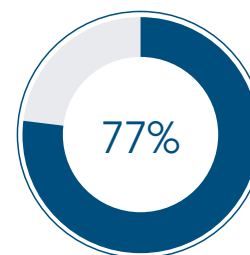
To adapt to the changing landscape of what is considered occupational diseases, we initiated a request for proposal to research a list of occupational diseases in the province that we can presume to be work-related based on scientific research unless there is evidence to the contrary. Here, stakeholder communication will play an important role in 2022 as we seek their input in establishing occupational diseases covered by the WCB.

Enhancing Injured Worker Customer Satisfaction

with short term claims

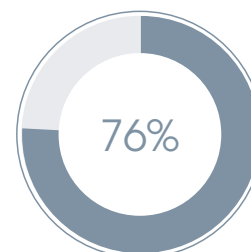


with case management

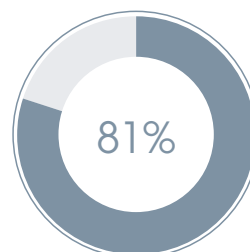


Improving Employer Customer Satisfaction

2020



2021



Finally, one of the recommendations made by the Legislative Review Committee was the establishment of an Employer Advisor Office that will help employers better understand the workers compensation system and provide them with information and resources to assist in the management of their claims. We were pleased to support the government with the planning and development of the office that will launch in 2022.

By maintaining and expanding our service offerings, the WCB continued to see solid customer satisfaction scores amongst a number of key metrics. Our financial stability, even during these uncertain times, allowed the WCB to once again offer an average assessment rate of \$0.95, the lowest in all of Canada.

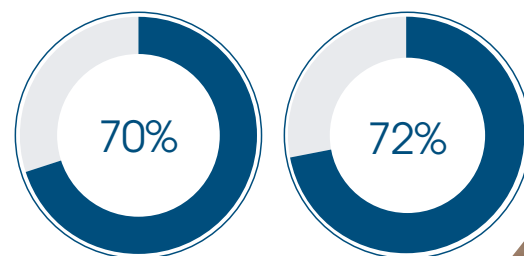
There's no doubt the COVID-19 pandemic continued to severely impact businesses across the province. Because of the strong performance of our investment portfolio, the WCB was pleased to once again offer some financial relief to eligible employers by issuing a surplus distribution of 40 per cent of employers' 2020 premium, which returned \$71 million back to employers.

Ensuring Prompt Customer Service

Claims paid within 14 days of injury

Target

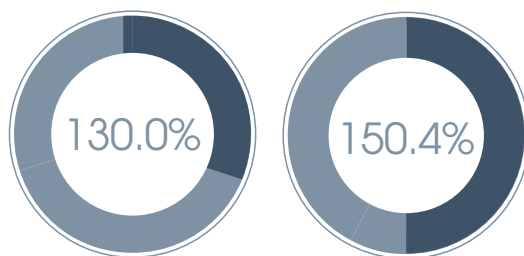
2021



Funding Target and Funding Level

Target

2021





Grow our People

At the WCB, we have a large and diverse group of talented people who bring their knowledge and expertise to help deliver our corporate vision and mission. Our principal goal is to attract, retain and develop people who will help the organization meet our evolving needs.

The commitment demonstrated by our staff in remaining flexible and agile helped ensure we continued to meet the needs of our customers and stakeholders. There's no doubt the global pandemic presented challenges that impacted some of our key strategic initiatives, but advancements in other areas continued unabated.

On the employee engagement front, the opportunity to work from home with flexible hours was a benefit to staff and their dedication to providing excellent service was reflected in the positive customer satisfaction scores. We continue to be an employer of choice, and were pleased to be recognized for the 11th successive year as one of Manitoba's Top Employers.

One mark of engaged staff is their career longevity. In 2021, we were pleased to recognize five staff who celebrated their 35th anniversary with the WCB. Another five staff celebrated 30 years and seven more marked their 25th anniversary with the WCB. In 2021, our staff turnover rate was 8.3 per cent with five per cent of this accounting for retirements. As we hire new people, the organization is further enriched by new staff who bring their diverse backgrounds and experiences to the WCB.

Part of our employee engagement strategy focuses on opportunities for growth and advancement. As an organization, we are vested in our employees expanding their career paths and support their aspirations of building their careers at the WCB.

To help with this, our second strategic initiative is to support employee development. WCB staff demonstrated their adaptability in the pursuit of learning and development by taking on virtual learning in the absence of classroom-based training. In 2021, this ranged from using LinkedIn Learning for technical and soft skill development to virtual conferences to expand staff's professional knowledge.

We expanded our in-house development of e-learning modules to deliver timely information and training to staff on topics such as The Accessible Employment Standard Regulation, Privacy and Safety and Health training. French language classes continued to be delivered virtually to ensure a consistent and ongoing opportunity to develop French language skills.

We continue to support the ongoing growth and development of our leaders, which includes identifying and supporting future leaders who will champion the WCB's vision as an important aspect



Our Annual United Way Campaign

Total Donations



Staff Contributions



Employee Recruitment

Internal
Candidates



External
Candidates



Investment in Training



overall



per full time
employee

of ensuring the viability of the organization. Strong and engaged leadership is integral to our culture as it reflects the values and behaviours we aim to showcase. We look forward to introducing a designated leadership development training program in 2022.

Our final strategic initiative dovetails neatly with a concerted effort to renew our succession management strategy. Our people are our greatest asset and as we continue to lose long-term employees to retirement and attrition, their valuable organizational knowledge leaves as well.

To revitalize the succession management strategy, the WCB will continue to evolve its strategies and formalize plans to develop identified employees to assume critical roles and prepare the organization for the future. The focus will be to leverage the professional development and mentorship of potential leaders with an eye to meeting our long-

term goals while remaining flexible and adaptable in an ever-evolving work landscape.

Finally, these days, everyone is looking for a light at the end of the tunnel. The WCB's 2021 United Way campaign "There's A Light" called on all staff to help support the approximately 100 United Way agencies across Manitoba helping those in need find their light at the end of the tunnel every day.

It is a testament to strong leadership, dedication of our staff and the collective contributions of our people that the organization continues in its journey to achieve the vision of *"A safer Manitoba that fosters prevention and return to work."*



Year at a Glance

Financial Information

	2021	2020
Funded position	\$ 709,856,000	\$ 637,802,000
Funded ratio	150.4%	143.7%
Number of registered employers	39,240	38,073
Average assessment rate (per \$100 of assessable payroll)	\$ 0.95	\$ 0.95
Assessment revenue, Class E employers	\$ 182,959,000	\$ 171,435,000
Investment income	\$ 165,374,000	\$ 145,722,000
Investment rate of return (gross)	9.9%	9.1%
Operating expenses	\$ 107,062,000	\$ 104,035,000



Claims Information

	2021	2020
Time loss injury rate (per 100 full time workers)	2.7 ^{1,2}	2.5
Days lost to workplace injury or illness (per full time worker)	1.64 ¹	1.66
Total injury claims	24,003	22,645
Time loss injury claims	12,974	12,044
Severe injuries	3,512 ¹	3,051
Fatality claims (accepted in the year)	20	14
Average days paid for all wage loss claims	33.2	34.3
Claim costs incurred	\$ 201,438,000	\$ 185,718,000

¹Estimated, to be confirmed mid-2022.

²Injury rates have increased during COVID-19 due to a significant drop in the number of full time workers employed during the pandemic.

Statistics and Measures

Our Customers

Worker Satisfaction with the WCB Support for Return to Work

2021	2020	2019	2018	2017
83%	85%	84%	82%	83%

Customer Satisfaction – Injured Workers

Overall results

2021	2020	2019	2018	2017
82%	82%	81%	81%	78%

Short Term Claim results

2021	2020	2019	2018	2017
87%	88%	88%	87%	84%

Case Management results

2021	2020	2019	2018	2017
77%	76%	73%	73%	72%

Customer Satisfaction – Employers

2021	2020	2019	2018	2017
81%	76%	73%	75%	76%

Claims Paid Within 14 Days of Injury

2021	2020	2019	2018	2017
72%	74%	73%	72%	70%

Employers and Workers Likely to Speak Positively About the WCB

Employer results

2021	2020	2019	2018	2017
87%	79%	82%	82%	81%

Injured Workers results

2021	2020	2019	2018	2017
80%	80%	81%	80%	76%

Our System

Claim Duration (Average Days Paid)

2021	2020	2019	2018	2017
33.2	34.3	30.1	31.4	31.7

Reserves and Funding (Funding Ratio)

2021	2020	2019	2018	2017
150.4%	143.7%	146.8%	148.1%	148.8%

Review Office Reconsiderations – Adjudicative Decisions Confirmed

2021	2020	2019	2018	2017
75%	74%	75%	76%	75%

Percentage of Injured Workers Returning to Safe and Suitable Work after 10 Days

2021	2020	2019	2018	2017
58%	58%	63%	63%	64%

Percentage of Injured Workers Returning to Safe and Suitable Work after 60 Days

2021	2020	2019	2018	2017
91%	91%	92%	92%	91%

Percentage of Workforce Covered

2021	2020	2019	2018	2017
73%	75%	78%	78%	77%

Registered Employers

2021	2020	2019	2018	2017
39,240	38,073	37,711	37,131	36,246

Our Partners

Manitobans Who Believe the WCB Makes a Positive Contribution to the Province

2021	2020	2019	2018	2017
70%	75%	75%	74%	72%

Percentage of WCB-Covered Payroll that is Served by an Industry-Based Safety Program

2021	2020	2019	2018	2017
42%	42%	47%	46%	45%



SAFE Work Manitoba

Time Loss Injury Rate per 100 Full Time Workers

2021	2020	2019	2018	2017
2.7 ^{1,2}	2.5	2.5	2.6	2.9

Number of Time Loss Injuries

2021	2020	2019	2018	2017
12,974	12,044	12,755	13,035	14,204

Severe Injury Rate per 100 Full Time Workers

2021	2020	2019	2018	2017
0.74 ¹	0.65	0.48	0.47	0.51

Number of Severe Injuries

2021	2020	2019	2018	2017
3,512 ¹	3,051	2,413	2,361	2,529

Injury Rate per 100 Full Time Workers

2021	2020	2019	2018	2017
5.0 ¹	4.8	5.5	5.6	5.7

Number of Injuries

2021	2020	2019	2018	2017
24,003	22,645	27,495	27,920	28,254

Days Lost to Workplace Injury or Illness per Full Time Worker

2021	2020	2019	2018	2017
1.64 ¹	1.66	1.50	1.59	1.65

Number of Days Lost to Workplace Injury or Illness

2021	2020	2019	2018	2017
785,559	778,770	758,807	798,567	826,348

Percentage of WCB-Covered Payroll that is SAFE Work Certified

2021	2020	2019	2018	2017
14%	13%	12%	10%	9%

¹ Estimated, to be confirmed in mid-2022.

² Injury rates have increased during COVID-19 due to a significant drop in the number of full time workers employed during the pandemic.

Fair Practices Office





Message from the Fair Practices Office

The Fair Practices Office (FPO) was established in 1989 as a WCB customer service initiative; the first of its kind in Canada. The FPO has since become an organizational ombudsman required by statute.

The *Workers Compensation Act* directs the Board of Directors to appoint a “Fair Practices Advocate” that “may investigate and make recommendations relating to any matter under the *Act*, including claims or assessment matters in which a worker, dependant or employer is or may be aggrieved.”

The FPO operates at arm’s-length from the WCB administration and reports directly to the Board of Directors. Its role and mandate are set out in the WCB Policy 21.90, *Fair Practices Office*. The policy articulates three main guiding principles of the FPO: impartiality, confidentiality, and independence.

Role and Mandate

The FPO investigates complaints about practices and procedures at the WCB. Where it finds a practice, act or omission is clearly wrong or unreasonable from a fairness perspective, the Director of the FPO will make recommendations for improvement.

The FPO has a duty of impartiality and does not act as an advocate for individual interests. It does not have the right to make or change decisions of the WCB or the authority to determine rights under The *Workers Compensation Act*.

2021 Results

The FPO considers complaints under four broad categories: disagreement with WCB decisions, communications, timeliness, and general information/

other. The following table shows the types of complaints/inquiries received in 2021, and over the previous four years.

FPO Inquiries

	2021	2020	2019	2018	2017
Disagreement with Decisions	171	135	115	144	132
Communication/ Service	100	38	54	65	95
Timeliness	39	30	35	25	27
General Information/ Other	58	50	51	48	98
TOTAL	368	253	255	282	352

FPO contact numbers in 2021 were up 45 per cent overall compared to 2020. However, 2020 numbers are anomalous due to the COVID-19 pandemic and the smaller number of claims in the system. Compared to the four-year average (2017-2020) of 285, numbers in 2021 were up 29 per cent.

“Disagreement with decisions” accounted for 46.5 per cent of all FPO contact in 2021. This is consistent with





the historical average for the period 2017-2020 (46.7 per cent).

The FPO made recommendations in 42 per cent of cases in 2021. Typically, the recommendation was to further investigate the issue.

Summary of Recommendations

The COVID-19 pandemic continued to present challenges to the adjudicative process in 2021. The FPO made recommendations on such matters as: timeliness of decision-making, particularly with regard to psychological injury claims; issues with communication and service delivery; and adjudicative practices around medical evidence. It also identified opportunities to improve the WCB decision letter writing process.

The WCB administration is responsive to the FPO's recommendations and is taking steps to address several of these areas of concern including addressing ongoing training opportunities across the organization.







Financial Report



Management's Responsibility for Financial Information

The consolidated financial statements of the WCB were prepared by management, who are 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 consolidated financial statements and other financial information included in this annual report on April 20, 2022.

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 consolidated financial statements and other content 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 consolidated financial statements of the WCB and reported thereon in accordance with accepted actuarial practice in Canada. 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 48. Eckler Ltd.'s actuarial review is provided on page 49.

Grant Thornton LLP, the external auditors of the WCB, has performed an independent audit of the consolidated financial statements of the WCB in accordance with Canadian generally accepted auditing standards (GAAS). Their Auditor's Report, on page 50, outlines the scope of this independent audit and includes their opinion expressed on the 2021 consolidated financial statements.

Richard Deacon
President and CEO

Andria McCaughan, CPA, CMA
Chief Financial Officer

April 20, 2022

2021 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.

2021 Financial Highlights

The Manitoba economy continued to be impacted by the COVID-19 pandemic in 2021. The pandemic manifested in waves of relaxed and enhanced restrictions compared to the widespread slow down or shut down many Manitoba businesses experienced in 2020. As vaccination campaigns hit their stride, many employers were able to adapt and return to business. As a result, employer payroll increased significantly from the previous year and with more workers returning to the workforce, unfortunately the number of reported claims also increased. These factors, combined with positive outcomes for investment income, produced an operating surplus of \$78 million (budget, \$10 million loss). After recording surplus distributions of \$71 million and a remeasurement gain of \$65 million on the WCB retirement plan, total comprehensive income was \$72 million.

Premium revenues of \$221 million were \$5 million above budget. Investment returns were 9.9 per cent, resulting in \$165 million of investment income (\$88 million budgeted).

In 2021, the number of time loss claims increased by 7.7 per cent compared to 2020. A smaller workforce in 2020 due to COVID-19 shut downs resulted in lower claim volumes. When comparing to pre-COVID time loss claim volumes, 2021 time loss claims were down in most industries with the exception of healthcare which has been significantly impacted by the pandemic. These higher claim volumes resulted in more claims in pay with a higher average cost per claim and longer claim duration.

The WCB's accident fund reserve increased from \$777 million to \$783 million, exceeding the accident fund reserve target level (calculated at \$496 million for 2021). The WCB is fully funded with a funding ratio of 150.4 per cent versus target of 130.0 per cent.

Revenue

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

Premium Revenue

- \$4.9 million, 2.3 per cent above budget
- \$3.8 million, 1.7 per cent above prior year

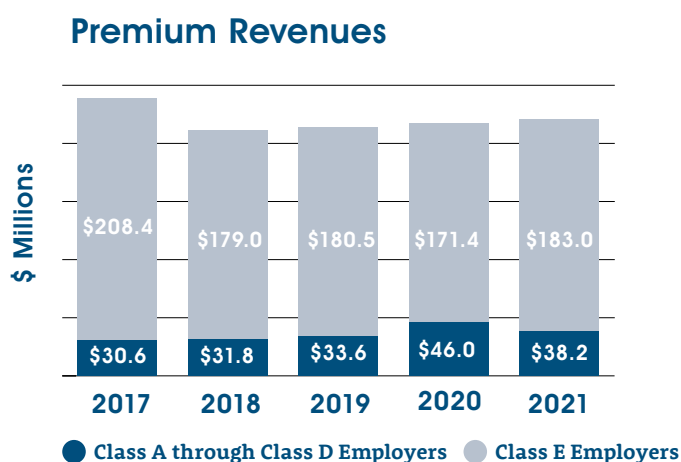
Premium revenue is the largest revenue stream for the WCB. On an annual basis, employer assessable payroll has historically grown by 3 per cent or more; however, due to COVID-19, 2020 employer payroll declined 11 per cent from 2019 payroll levels. Various public health orders were issued throughout 2021 due to the pandemic, causing varying cycles of business closing, reopening and fluctuating capacity limits. Through these challenges, Class E employer payroll saw growth of 15 per cent in 2021 bringing employer payroll back in-line with 2019 payroll levels. Natural resources and the service and manufacturing industries experienced the greatest payroll growth in 2021.

Premium revenue was \$221 million in 2021 (\$217 million in 2020), versus a budget of \$216 million. The average assessment rate set for 2021 was \$0.95 per \$100 of assessable payroll however due to lower payroll in higher paying industries, specifically construction, the actual average assessment rate was \$0.92.

Premiums are derived from Class E employers and employers in Class A through Class D (employer Classes are defined in Note 15 of the Financial Statements, page 80):

- 2021 Class E employers' net premiums were \$183 million, with payroll increasing by 15 per cent compared to a budgeted 2 per cent increase and premiums up 7 per cent from 2020 (\$171 million).
- 2021 Class A through Class D employer premiums, calculated based on claim costs incurred, were \$38 million (\$46 million in 2020). These pay-as-you-go employers experienced higher program costs offset by lower future costs, resulting in lower total premiums.

The chart below shows the components of premium revenue:



Payroll growth in 2022 is expected to return to the normal 3 per cent growth with the average assessment unchanged at \$0.95.

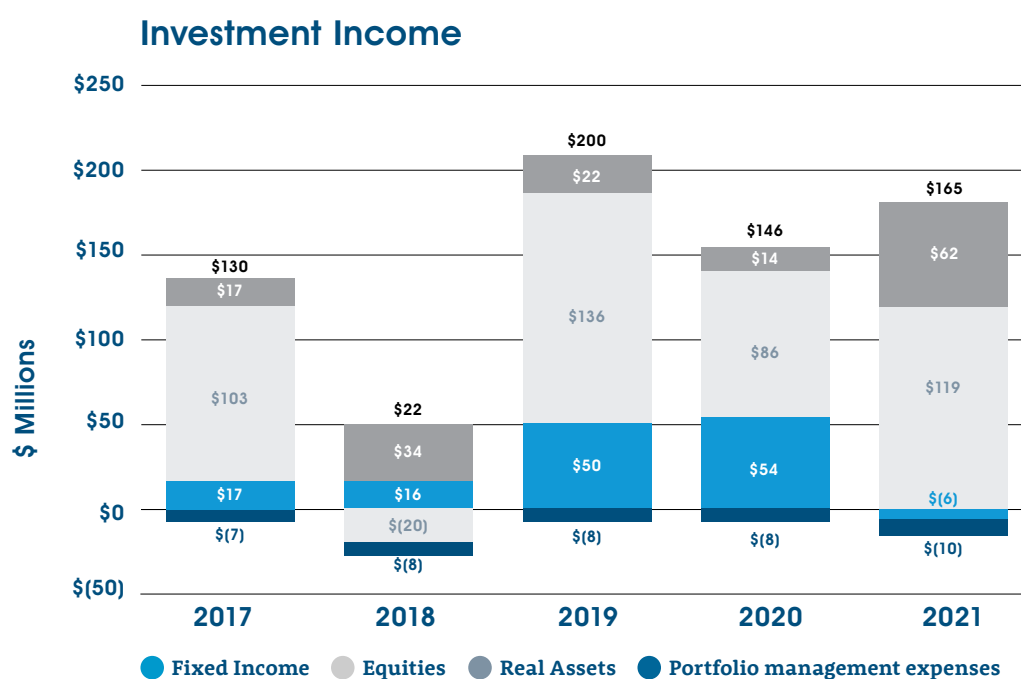
Investment Income

- \$77.9 million, 89.0 per cent above budget
- \$19.7 million, 13.5 per cent above prior year

The WCB's Statement of Investment Policies and Objectives (SIP&O) outlines its investment and risk philosophy. The portfolio is diversified among asset classes including fixed income, equities, mortgages, real estate and infrastructure. At December 31, 2021, the portfolio had a market value of \$1.9 billion (\$1.8 billion at the end of 2020) with an asset mix of 39 per cent fixed income, 37 per cent equities and 24 per cent real assets (37 per cent fixed income, 38 per cent equities and 25 per cent real assets in 2020).

In 2021, the WCB experienced investment income of \$165 million from its investment portfolio (\$146 million in 2020). Investment income was budgeted at \$88 million for 2021.

The following graph shows the contribution each major asset class made to investment income:



The investment portfolio's gross rate of return was 9.9 per cent in 2021 (benchmark 9.2 per cent) and 9.1 per cent in 2020 (benchmark 8.6 per cent). The 2021 investment performance reflected strong absolute returns from real estate, infrastructure, and developed public equity markets while Canadian bonds and emerging market equities detracted from overall performance.

Equity markets surpassed expectations in 2021. After the speedy and vast rollout of COVID-19 vaccines, many equity markets reached all-time highs to end the year highlighted by the S&P/TSX Composite and S&P 500 (CAD) returning 25.1 per cent and 27.6 per cent, respectively. Inflation was a key theme this year, particularly in the second half of 2021 as a multitude of factors including supply chain disruptions, and large amounts of fiscal and monetary stimulus led to rising prices. US headline CPI (consumer price index) reached 7.0 per cent year-over-year in December 2021, and Canadian CPI wasn't far behind at 4.8 per cent. Energy, Real Estate, and Financial sector stocks posted the best performance for the year, and ten of the eleven GICS¹ sectors in Canada posted positive returns.

¹ Global Industry Classification Standard

Fixed Income returns were negative in 2021, as the FTSE² Canada Bond Universe returned -2.5 per cent for the year. It was a tumultuous year for bond investors, amid volatile markets and rising bond yields. Many central banks became more hawkish throughout the year, moving up their timeline for raising interest rates amongst persistent inflation concerns.

Fixed income returns are expected to remain low on a long term basis. In late 2021, considering these long term fixed income return projections, the WCB engaged a third party investment consultant to undertake an asset mix review to determine if the current asset mix is adequate to achieve the WCB's long term gross investment return of 6 per cent. The review is underway with slight changes to the asset mix likely in 2022.

Outlook: Global equities are expected to deliver positive performance in 2022; however, gains are expected to moderate significantly from 2021. Primary risks to the market outlook include elevated and more persistent inflation, monetary policy missteps, conflict in Ukraine, and new virus variants, which could all lead to elevated market volatility and impact global growth. The risk of another variant outbreak remains, however the world is becoming much better equipped to deal with outbreaks.

Currently, the market is pricing in up to six interest rate hikes this year from the Bank of Canada (BoC) and up to three from the Federal Reserve (the Fed). Raising interest rates too soon or too aggressively could push a still-fragile, post-pandemic economy into recession, while raising rates too slow could allow inflation to become entrenched. Raising interest rates will cause upward pressure on bond yields and expectations are that bonds may have another challenging year.

The Canadian economy will continue its transition from pandemic recovery-driven growth to more normal growth in 2022. Pent up consumer savings in 2021 aided the economy, but as these savings start to dwindle it could lead to slower growth. The Canadian unemployment rate ended the year at 5.9 per cent (8.6 per cent at the end of 2020) and is expected to remain stable. The Canadian dollar changed very little throughout 2021 ending the year at \$0.79/USD, and is expected to remain strong against the US dollar.

Claim Costs Incurred

- \$3.1 million, 1.6 per cent over budget
- \$15.7 million, 8.5 per cent above prior year

Claim costs incurred include actual payments made for compensation purposes throughout the year plus the actuarial change in benefit liabilities. As noted in the Consolidated Statement of Operations and Comprehensive Income (Loss) claim costs totalled \$201 million in 2021, an 8.5 per cent increase from 2020. Total claim costs consisted of \$179 million in cash expenses plus \$22 million in actuarial increases to benefit liabilities. Total claim costs are an estimate of the full costs for compensable injuries that occurred in 2021, 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 largely due to an increase in the number of time loss claims in 2021. Healthcare costs were down as access to medical treatment was backlogged due to COVID-19. Claims continue to remain on wage loss benefits longer than normal due to the medical service delays and return to work options being limited due to the pandemic.

² Financial Times Stock Exchange

Benefit Liabilities

Benefit liabilities increased by \$22.5 million in 2021 to \$1.176 million.

(in millions of dollars)	2021	2020	Change
Short-Term Disability	\$ 184.1	\$ 175.8	\$ 8.3
Long-Term Disability	522.7	504.1	18.6
Survivor Benefits	107.2	107.9	(0.7)
Healthcare Benefits	358.5	361.7	(3.2)
Rehabilitation Services	3.4	3.9	(0.5)
	<u>\$ 1,175.9</u>	<u>\$ 1,153.4</u>	<u>\$ 22.5</u>

Each year the WCB's Chief Actuary reviews and modifies the benefit liability models to ensure the assumptions used in the valuation are appropriate. In 2021 a review of the economic assumptions was performed by the WCB's Chief Actuary, including general wage inflation, wage growth, healthcare growth and the discount rate. The economic environment has been changing with low fixed income rates extending longer than expected and inflation climbing throughout the pandemic. Economic assumption changes are made with a long range view rather than based on short-term trends. As a result of the review the discount rate decreased from 5.75 per cent to 5.25 per cent, increasing the liabilities. Inflation and growth assumptions decreased by 25 to 75 basis points based on past inflation history and although current inflation is high it is assumed this will not last long term. These changes resulted in a net increase of \$7.8 million in the liabilities.

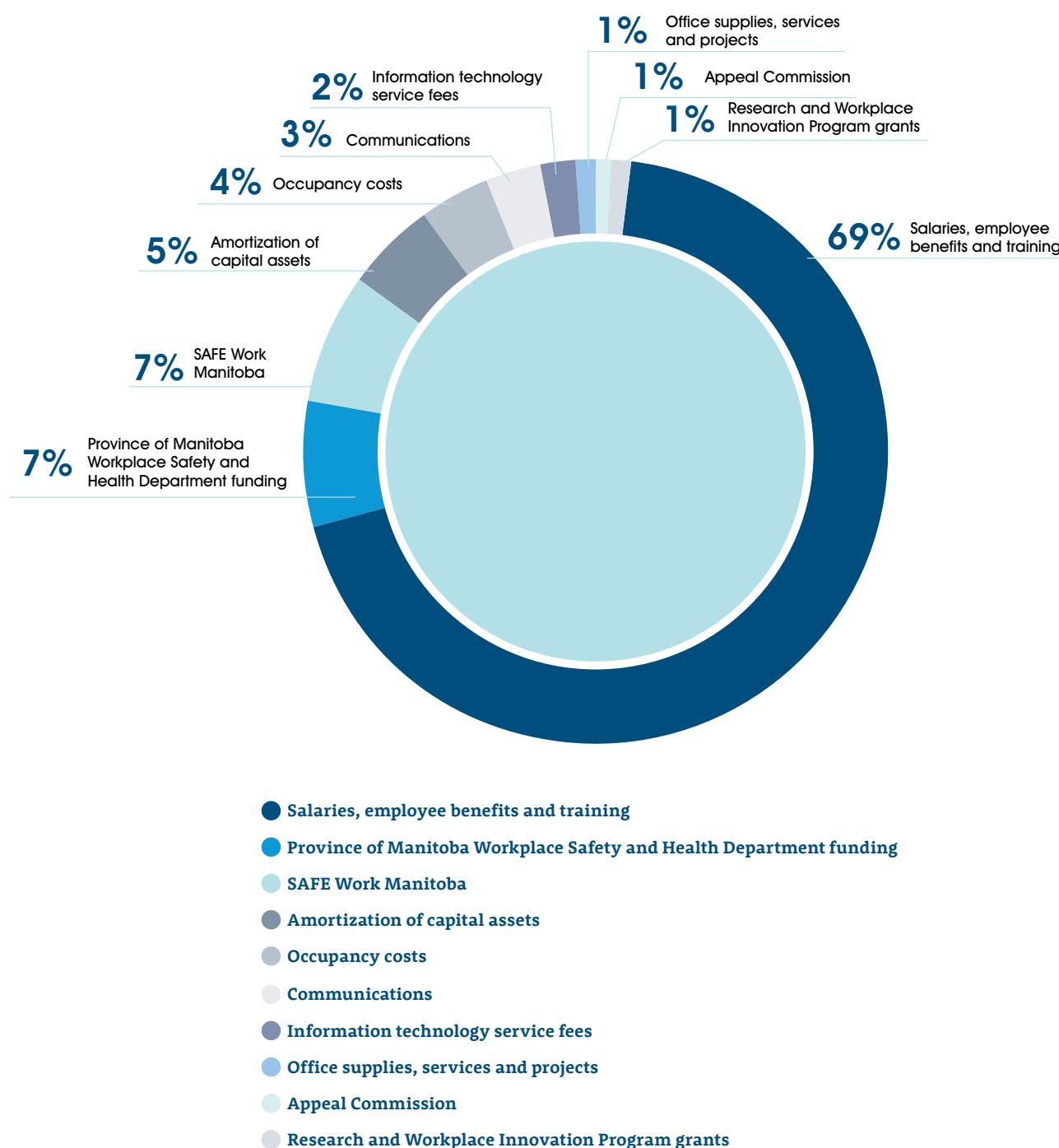
An analysis of long latent claims was performed in the year with updates made to the assumptions for exposure, latency periods, number of claims and average costs, causing the growth in the long-term disability component of future cost. Within the long-term disability component is \$120.2 million for long latent claims not yet reported where exposures have occurred prior to December 31, 2021.

Each benefit liability component includes an amount for the future cost of administering the claims, for a total of \$105 million.

Operating Expenses

- \$8.4 million, 7.3 per cent below budget
- \$3.0 million, 2.9 per cent above prior year

Operating expenses in 2021 were \$8 million under budget at \$107 million as COVID-19 delayed hiring and corporate initiatives. Operating expenses increased \$3 million from 2020 with increases in employee benefits and SAFE Work Manitoba expenses, offset by lower office supplies, services and projects, and amortization of capital assets.



Operating Surplus

The WCB experienced an operating surplus of \$78 million offset by the surplus distribution of \$71 million resulting in an increase in the accident fund reserve to \$783 million.

Other Comprehensive Income and Total Comprehensive Income

The other comprehensive income for 2021 was \$65 million. This gain is the result of an increase in the retirement plan's prescribed discount rate for accounting purposes (3.05 per cent at December 31, 2021 versus 2.6 per cent at December 31, 2020). The 2021 gain decreased the accumulated other comprehensive loss to \$74 million as at December 31, 2021 (\$139 million in 2020).

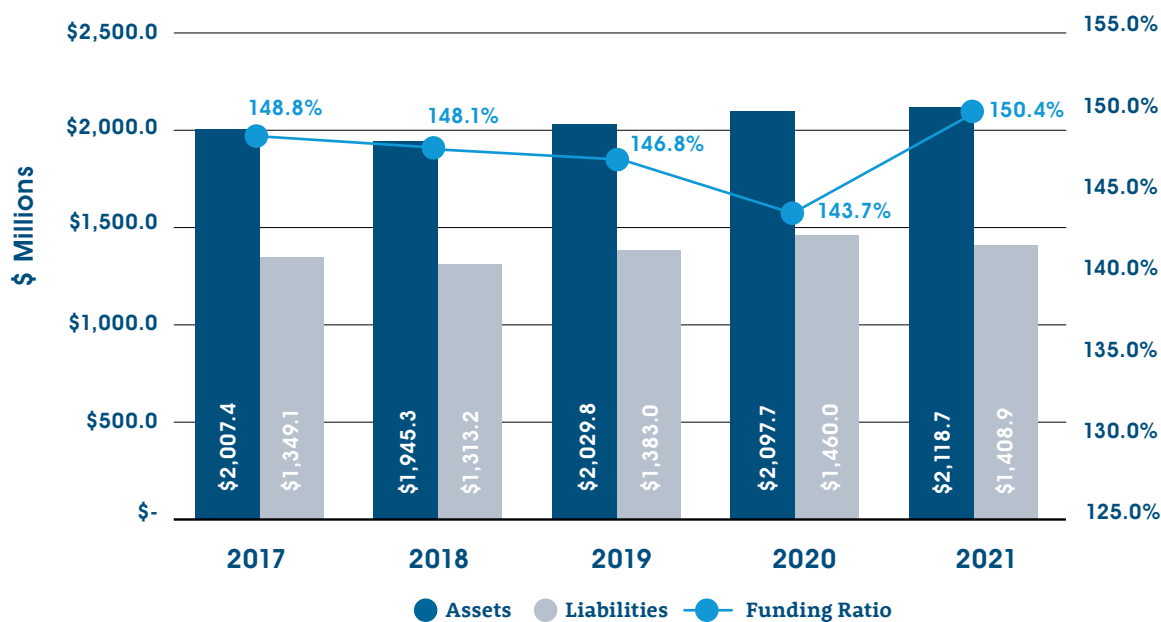
Total comprehensive income for the year was \$72 million versus a budgeted loss of \$81 million.

Balance Sheet

The 2021 funding ratio (ratio of total assets to total liabilities) was 150.4 per cent (143.7 per cent in 2020) which exceeded the target ratio of 130.0 per cent. 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 \$783 million (\$777 million in 2020), which exceeded the target balance of \$496 million set by the WCB's Funding Policy.

Funding Ratio, 2017-2021



Note, the 2022 – 2026 Five-Year Plan financials (page 97) incorporate a sustainable average premium rate and amounts for surplus distributions to employers in order to dispose of the excess reserves. With surplus distributions anticipated in 2022 and 2023, the WCB's funding ratio will be reduced down to the 130 target range.

Risk Management

On an annual basis, the WCB identifies and assesses key corporate risks and implements mitigation strategies to manage these risks, which are embedded in the strategic planning and budgeting cycles.

Corporate risks are monitored and updated on a regular basis to reflect changes in the organization's risk profile. The corporate risk profile below shows the WCB's most significant risks and residual risk ratings for 2021. The residual risk assessment considers the processes, controls and mitigation strategies in place to manage risk.

	Low risk	Medium risk	Medium high risk	High risk
1. COVID-19 pandemic				▲
2. Return to work				▲
3. Organizational culture				▲
4. Prevention				▲
5. Technology capacity				▲
6. New leadership				▲
7. Changing labour market				▲
8. Benefit costs				▲
9. Fraud and program abuse				▲
10. Business resilience				▲

The WCB's most significant risks are described below.

1. COVID-19 Pandemic

The COVID-19 pandemic may have long-term financial impacts on premium revenue, benefit costs and investments. A prolonged economic downturn creates uncertainty for current and future strategic initiatives and partnerships.

2. Return to Work

Changes in the external environment, notably the economic slowdown and workers' access to timely and effective healthcare services, may delay the effective implementation of the WCB's return to work roadmap and initiatives thereby impacting the WCB's ability to achieve its *Days lost due to workplace injury and illness* target.

3. Organizational Culture

Emerging factors in the internal and external environment may impact the WCB's organizational culture, internal structure and systems, and the future nature of work at the WCB.

4. Prevention

The prevention strategy, including the delivery of services by IBSPs and other safety providers, may not produce expected outcomes and results, particularly if key business sectors representing a significant portion of WCB claims do not implement effective injury reduction strategies.

5. Technology Capacity

Given changing expectations in the current environment, the IT infrastructure and IT capacity may not be adequate to meet the WCB's future needs for the "new way of doing business" and to support expanded telecommuting needs. With IT operating at full capacity, there is a risk that IT may not be able to support planned future projects and/or continuously enhance existing technologies.

6. New Leadership

The change in leadership at the WCB may disrupt and/or delay strategic and operational initiatives, and may impact relationships with key stakeholders.

7. Changing Labour Market

The WCB's service delivery model may not be sufficiently agile to adapt to emerging labour market changes resulting from the growth or contraction in certain industries and the growth of the gig economy.

8. Benefit Costs

An increase or decrease in claim costs may result from a combination of the following factors: pandemic-related impacts (lower number of claims, increased claim duration); access to healthcare; rise of mental health claims; legislation review changes; changing demographics; new occupational diseases; new accounting (IFRS 17) and actuarial standards; and inflation or actuarial assumptions.

9. Fraud and Program Abuse

The WCB is exposed to potential fraud and program abuse by workers, employers, service providers and employees, which may lead to a misappropriation of funds. The COVID-19 pandemic has disrupted normal business practices creating an increased risk of fraud attempts.

10. Business Resilience

The internal and external environment present heightened risks for events that could have a detrimental effect on the continuity of business operations or the WCB's reputation. Risks relate to future waves of the pandemic, privacy, cybersecurity, unforeseeable acts impacting the security of staff and facilities, and events such as a natural disaster.

Actuarial Opinion

With respect to Future Benefit Liabilities of the Workers Compensation Board of Manitoba

based on an actuarial valuation as at December 31, 2021

I have completed an actuarial valuation as at December 31, 2021 of the benefit liabilities for all employers insured 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 2021 consolidated financial statements which are prepared in accordance with International Financial Reporting Standards.

My estimate of the liabilities as at December 31, 2021 is \$1,175.9 million.

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

The economic assumptions used have changed since the prior valuation. The discount rate used is 5.25 per cent (5.75 per cent in prior valuation). The inflation assumptions are 2.00 per cent (2.25 per cent in prior valuation) for inflation linked benefits, 3.00 per cent (3.25 per cent in prior valuation) for wage linked benefits and 4.50 per cent (5.25 per cent in prior valuation) for healthcare benefits.

The mortality assumption for disability and survivor benefits is 105 per cent of the generational table created from the Manitoba Life Table 2015-2017 projected from 2016 using the CPM-B projection scale. The mortality assumption for life insurance benefits is based on 105 per cent of the Manitoba Life Table 2015-2017 projected to 2032.

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

Fellow, Canadian Institute of Actuaries
Chief Actuary, WCB

March 9, 2022

Actuarial Review

With respect to the Valuation of the Future Benefit Liabilities of the Workers Compensation Board of Manitoba

as at December 31, 2021

We have reviewed the actuarial valuation as at December 31, 2021 of the benefit liabilities for all employers insured 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 2021 consolidated financial statements.

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

The valuation determined benefit liabilities as at December 31, 2021 to be \$1,175.9 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, 2021.

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

Respectfully submitted,
Eckler Ltd.

Andrew Kulyk
Fellow, Canadian Institute of Actuaries

March 9, 2022

Independent Auditor's Report

To the Board of Directors of the Workers Compensation Board of Manitoba

Opinion

We have audited the accompanying consolidated financial statements of the Workers Compensation Board of Manitoba (WCB), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of operations and comprehensive income, consolidated statement of changes in funded position and consolidated statement of cash flows for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the WCB as at December 31, 2021, and the results of operations and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the WCB in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the consolidated financial statements and auditor's report thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the WCB's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern

basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relative to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the WCB's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the WCB's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the WCB to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the WCB to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The signature of Grant Thornton LLP is written in a cursive, handwritten style in black ink.

Grant Thornton LLP, Chartered Professional Accountants
Winnipeg, Canada
April 20, 2022

Consolidated Statement of Financial Position

December 31

(in thousands of dollars)

	Note	2021	2020
Assets			
Cash	3	\$ 18,672	\$ 31,241
Receivables and other	4	10,999	20,742
Investment portfolio	5	1,878,274	1,833,949
Deferred assessments	7	171,019	166,413
Property and equipment	8	32,396	36,412
Intangible assets	9	7,389	9,025
		<u>\$ 2,118,749</u>	<u>\$ 2,097,782</u>
Liabilities and funded position			
Payables and accruals	10	\$ 24,992	\$ 36,984
Workers' retirement annuity fund	11	44,301	40,979
Employee benefits	12	163,662	213,482
Mortgages payable on investment properties	5	-	15,126
Benefit liabilities	13	1,175,938	1,153,409
Total liabilities		<u>1,408,893</u>	<u>1,459,980</u>
Accident fund reserve		783,435	776,757
Accumulated other comprehensive loss		(73,579)	(138,955)
Funded position		<u>709,856</u>	<u>637,802</u>
		<u>\$ 2,118,749</u>	<u>\$ 2,097,782</u>

Authorized for issue on April 20, 2022, on behalf of the Board of Directors,

Michael D. Werier

Chair, Board of Directors

Peter Dyck

Chair, 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 (Loss)

Year Ended December 31

(in thousands of dollars)

	Note	2021	2020
Revenue			
Premium revenue	15	\$ 221,179	\$ 217,399
Investment and real estate income	5	165,374	145,722
Total revenue		386,553	363,121
Expenses			
Claim costs incurred	13	201,438	185,718
Operating expenses	16	107,062	104,035
Total expenses		308,500	289,753
Operating surplus		78,053	73,368
Surplus distribution	19	(71,375)	(36,284)
Net funding surplus		6,678	37,084
Other comprehensive income (loss)			
Defined benefit plan remeasurements	12	65,376	(46,103)
Total comprehensive income (loss)		\$ 72,054	\$ (9,019)

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	2021	2020
Funded position			
Accident fund reserve			
Balance at beginning of year	\$	776,757	\$ 739,673
Operating surplus		78,053	73,368
Surplus distribution		(71,375)	(36,284)
		783,435	776,757
Accumulated other comprehensive loss			
Balance at beginning of year	\$	(138,955)	\$ (92,852)
Other comprehensive income (loss)		65,376	(46,103)
		(73,579)	(138,955)
Funded position, end of year	\$	709,856	\$ 637,802

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	2021	2020
Operating cash flows			
Premiums from employers		\$ 225,633	\$ 186,886
Investment income		77,972	57,213
Claim payments	13	(178,909)	(168,376)
Purchases of goods and services		(101,847)	(75,342)
Net operating cash flows		22,849	381
Investing cash flows			
Purchases of investments		(742,862)	(830,777)
Proceeds on disposal of investments		780,427	877,175
Asset acquisitions		(583)	(1,805)
Net investing cash flows		36,982	44,593
Financing cash flows			
Payment of leases		(1,025)	(1,003)
Surplus distributions		(71,375)	(36,284)
Net financing cash flows		(72,400)	(37,287)
Net (decrease) increase in cash		(12,569)	7,687
Cash at beginning of year		31,241	23,554
Cash at end of year		\$ 18,672	\$ 31,241

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

Notes to Consolidated Financial Statements

Year Ended December 31, 2021

(\$ amounts in thousands of dollars unless otherwise noted)

1. NATURE OF OPERATIONS

Reporting Entity

The Workers Compensation Board of Manitoba (the WCB) is a statutory corporation created by the Manitoba Legislature. The WCB has its corporate head office in Winnipeg, Manitoba.

The WCB was created in 1916 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 illnesses
- 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.

SAFE Work Manitoba, a division of the WCB, is responsible for the delivery of prevention-related services mandated under the *Act*.

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 *Act* establishes the Accident Fund for the payment of compensation, outlays and expenses of the workers compensation system. The Accident Fund is funded through premiums collected from employers. The WCB does not receive government funding or assistance. The management of the Accident Fund is guided by the funding policy (Note 19).

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The consolidated financial statements of the WCB are prepared in accordance with International Financial Reporting Standards (IFRS) in effect as at December 31, 2021, 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.

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 WCB Realty Limited. Intercompany balances and transactions have been eliminated on consolidation.

Use of Estimates, Measurement Uncertainty and Critical Judgements

These consolidated 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. Level 3 portfolio investments (Note 5), employee benefits (Note 12) and benefit liabilities (Note 13) are the most significant items based on accounting estimates.

Certain investment properties have been determined as joint operations as the WCB has joint control over the assets with other parties through contractual arrangements and the WCB has rights to the specific assets and obligations for the liabilities.

The WCB has closely monitored the effects of the COVID-19 pandemic, which has impacted the operations and certain balances and transactions recorded in the financial statements. There is additional uncertainty in estimates and assumptions in the following areas and discussed as noted in the consolidated financial statements: level 3 portfolio investments (Note 5); employee benefits (Note 12); benefit liabilities (Note 13); and premium revenue (Note 15).

Insurance Risk

The WCB holds the insurance risk, according to the definition in IFRS 4 *Insurance Contracts*, for all classes of employers insured under the *Act* and consequently the consolidated financial statements include amounts related to all classes of employers.

Fair Value of Other Financial Assets and Liabilities

Other financial assets and liabilities consist of cash, receivables and other, and payables and accruals. The carrying value of these items approximates their fair value, consistent with the short-term nature of these items.

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 date of the consolidated statement of financial position.

Specific Accounting Policies

In order to facilitate an understanding of the WCB's consolidated financial statements, the following significant accounting policies are disclosed in the related notes:

Note	Topic	Page
3	Cash	59
4	Receivables and other	59
5	Investment portfolio and mortgages payable on investment properties	60
5	Investment and real estate income	63
7	Deferred assessments	66
8	Property and equipment	67
9	Intangible assets	68
10	Payables and accruals	69
11	Workers' retirement annuity fund	70
12	Employee benefits	70
13	Benefit liabilities	75
15	Premium revenue	80

Changes in Accounting Policies

The International Accounting Standards Board (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.

IFRS adopted in the current year

No new IFRS were adopted in the current year.

IFRS issued but not yet effective

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 *Insurance Contracts* to replace IFRS 4 *Insurance Contracts*.

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. One of the most significant changes requires the WCB to measure the benefit liability using a market-based discount rate, which is expected to increase the benefit liability and introduce increased volatility to the financial results. However, the complete financial impact of IFRS 17 cannot be reasonably estimated at this time.

IFRS 17 will also change the financial statement presentation, separating insurance and investment activities, and require expanded disclosures about amounts recognized in the consolidated financial statements, significant judgements, and the nature and extent of risks arising from insurance contracts.

The WCB will adopt IFRS 17 on the effective date of January 1, 2023.

3. CASH

Accounting policy

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.

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

	2021	2020
Cash in transit and in banks	\$ 22,138	\$ 35,334
Cheques issued and outstanding	(3,466)	(4,093)
Net cash	<u>\$ 18,672</u>	<u>\$ 31,241</u>

In addition, the WCB has established an operating line of credit with its principal banker in the amount of \$3 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 million. Advances on the revolving credit facility bear interest at the Province's preferred lending rate. Both credit facilities are unsecured.

4. RECEIVABLES AND OTHER

Accounting policy

Receivables are mainly assessed premiums due from Class E employers, recorded at the estimated premium payable net of a provision for doubtful accounts. Current assessments – Class A through Class D employers is comprised of current claim costs billed but not yet received from the Class A through Class D employers. Sundry receivables consist of claim-related overpayments, payroll-related items and prepaid maintenance contracts.

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

	2021	2020
Premiums - Class E employers	\$ 7,285	\$ 15,488
Provision for doubtful accounts	(1,237)	(1,156)
	6,048	14,332
Current assessments - Class A through Class D employers	2,010	2,275
Sundry	2,941	4,135
Total receivables and other	<u>\$ 10,999</u>	<u>\$ 20,742</u>

5. INVESTMENT PORTFOLIO AND MORTGAGES PAYABLE ON INVESTMENT PROPERTIES

Accounting policy

Investment Portfolio and Mortgages Payable on Investment Properties

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 International Accounting Standard 40 (IAS 40) *Investment Properties*. Mortgages payable on investment properties are accounted for in accordance with IFRS 9 *Financial Instruments*.

Portfolio Investments

The WCB's investments are designated as fair value through profit or loss (FVTPL). As such, all investments are reported 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

Investment property assets are carried at fair value. Fair value of the investment properties is determined by annual appraisal conducted by independent qualified appraisers. 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.

Investment properties which are determined to be joint operations are recorded in relation to the interest held in the joint operations.

Mortgages Payable on Investment Properties

Mortgages payable on investment properties are initially recognized at fair value less transaction costs. Mortgages payable on investment properties are subsequently measured at amortized cost using the effective interest method.

Joint Arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. In a joint arrangement the parties are bound by a contractual arrangement and the contractual arrangement gives two or more of those parties joint control of the arrangement. A joint arrangement is either a joint operation or a joint venture.

The WCB is a joint operator of certain real estate investment properties through its wholly owned subsidiary WCB Realty Limited, and as such recognizes in relation to its interest in the joint operations its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; and its expenses, including its share of any expenses incurred jointly.

The total investments of the WCB are comprised of the investment portfolio net of mortgages payable on investment properties. The investments are reported in the consolidated statement of financial position as:

	2021	2020
Portfolio investments	\$ 1,878,274	\$ 1,781,809
Investment properties	-	52,140
Investment portfolio	1,878,274	1,833,949
Mortgages payable on investment properties	-	(15,126)
Total investments	\$ 1,878,274	\$ 1,818,823

*All investment properties were sold in 2021.

Investment Portfolio Holdings

The following table presents the value of the WCB's investments, together with their classification under the fair value hierarchy:

	2021				2020
	Fair Value				
	Level 1	Level 2	Level 3	Total	Total
Fixed Income					
Bonds	\$ 526,638	\$ -	\$ -	\$ 526,638	\$ 491,034
Mortgages	-	178,174	-	178,174	174,386
Cash and short term	32,377	-	-	32,377	26,614
	559,015	178,174	-	737,189	692,034
Equities					
Canadian	269,798	-	-	269,798	256,793
U.S.	199,591	-	-	199,591	199,113
Global	179,652	-	-	179,652	186,083
Emerging markets	40,835	-	-	40,835	47,897
Private placements	-	-	94	94	918
	689,876	-	94	689,970	690,804
Real estate					
Portfolio investments	-	-	243,134	243,134	196,557
Investment properties*	-	-	-	-	52,140
	-	-	243,134	243,134	248,697
Infrastructure	-	-	207,981	207,981	202,414
Total investment portfolio	\$ 1,248,891	\$ 178,174	\$ 451,209	\$ 1,878,274	\$ 1,833,949

*Investment properties include the commercial real estate properties consolidated from WCB Realty Limited, which includes directly owned properties and properties owned through joint arrangements.

The fair value of the WCB's portfolio investments and investment properties are categorized into three levels comprising the fair value hierarchy. Valuations are provided by investment managers for financial reporting purposes. Valuation techniques are selected based on the characteristics of the investment, with the overall objective of maximizing the use of market-based information. Management is responsible for ensuring that the chosen valuation technique is appropriate in the circumstances.

The three levels of the fair value hierarchy are:

Level 1: The fair value is based on quoted prices in active markets for identical assets.

Level 2: The fair value is based on inputs other than quoted prices that are observable for the asset either directly or indirectly. The following technique is used:

- The fair value of fixed income investments is determined using an income approach, calculating the present value of the future cash flows based on observable yield curves.

Level 3: The fair value is based on inputs that are not based on observable market data. The following techniques are used to determine the fair value of investments categorized as Level 3:

- The fair value of private placement equity investments is determined by management based on financial information provided by individual capital fund managers, adjusted if deemed appropriate.
- The fair value of the pooled funds is determined based on the underlying assets held using the most up-to-date information available provided by the pooled fund manager and adjusted by management for any other information available.
- The fair value of real estate investment properties is determined using an income approach based on estimated net rental income of the properties. Properties are valued annually by independent appraisers.

The following table reconciles the changes in the WCB's Level 3 fair value measurements to December 31:

	2021	2020
Balance at January 1	\$ 452,029	\$ 419,739
Market (losses) gains	43,442	(11,090)
Purchases	22,998	57,073
Sales	(67,260)	(13,693)
Balance at December 31	<u>\$ 451,209</u>	<u>\$ 452,029</u>

Mortgages Payable on Investment Properties

The mortgages payable on investment properties are recorded at amortized cost as follows:

	2021	2020
Mortgages payable on investment properties	<u>\$ -</u>	<u>\$ 15,126</u>

The fair value of the mortgages payable on investment properties is determined annually and is estimated based on current market rates for mortgages of similar terms and conditions. All investment properties with mortgages payable were sold in the year. The fair value of mortgages payable on investment properties was \$15.5 million as at December 31, 2020.

Investment and Real Estate Income

Accounting policy

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. Gross lease revenue for operating leases is recorded on the straight-line revenue basis.

Investment income, including net rental income and changes in fair value, was derived from the following sources:

	2021			2020
	Income	Net gains (losses)	Total	Total
Fixed Income				
Bonds	\$ 19,875	\$ (29,324)	\$ (9,449)	\$ 43,389
Mortgages	5,969	(2,182)	3,787	10,374
Cash and short term	109	-	109	532
	25,953	(31,506)	(5,553)	54,295
Equities				
Canadian	6,251	51,265	57,516	18,528
U.S.	2,772	37,251	40,023	28,070
Global	9,577	11,573	21,150	34,630
Emerging markets	1,319	(1,313)	6	4,420
Private placements	-	(37)	(37)	(86)
	19,919	98,739	118,658	85,562
Real estate				
Portfolio investments	8,960	30,154	39,114	5,916
Investment properties*	1,689	(4,249)	(2,560)	(918)
	10,649	25,905	36,554	4,998
Infrastructure	7,899	17,574	25,473	9,187
Investment income	<u>\$ 64,420</u>	<u>\$ 110,712</u>	175,132	154,042
Less: Portfolio management expenses			9,758	8,320
Net investment income			<u>\$ 165,374</u>	<u>\$ 145,722</u>

*Investment properties income includes gross rental income of \$4.6 million net of operating expenses of \$2.6 million and mortgage interest of \$0.3 million.

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.

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 adverse change in the key risk variable – the sector benchmark – for each of the equity mandates in the WCB investment portfolio. Standard deviations are based on historical values for the past five years of market benchmark indices ending on December 31.

	2021	2020
% decrease in benchmark	16.3%	15.9%
Estimated loss in fair value - Canadian	\$44.9 million	\$41.5 million
% decrease in benchmark	12.3%	12.5%
Estimated loss in fair value - U.S.	\$24.8 million	\$25.3 million
% decrease in benchmark	12.1%	13.4%
Estimated loss in fair value - Global	\$12.8 million	\$14.3 million
% decrease in benchmark	15.1%	15.0%
Estimated loss in fair value - Emerging markets	\$6.2 million	\$7.2 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.

In addition to directly owned fixed income securities, the WCB is invested in a pooled bond fund. The pooled fund guidelines require that the average credit quality of the pooled fund's assets must be BBB- or higher, and that non-investment grade securities shall not exceed 25 per cent of the pooled fund's assets on a market value basis.

Of the fixed income assets in the investment portfolio, 95 per cent (92 per cent in 2020) have at least a BBB 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, 2021, these loans amounted to \$207.0 million (\$151.6 million in 2020). As at December 31, 2021, total collateral pledged to the WCB amounted to \$217.3 million (\$159.3 million in 2020).

Foreign Exchange Risk Management

The WCB has certain investments denominated in foreign currencies, which exposes the WCB to foreign currency risk. During 2021, the WCB did not undertake hedging strategies for the currency risk of foreign investments. While currency fluctuations influence short term returns, these fluctuations are not expected to affect the long-term position of the investment portfolio.

The WCB has exposure to the U.S. dollar (USD), with USD-denominated holdings of \$421.6 million Canadian dollars (CAD) (\$396.0 million CAD in 2020) or 22.4 per cent of the portfolio (21.7 per cent in 2020).

The table below presents the adverse effects of a 10 per cent appreciation in the Canadian dollar versus the U.S. dollar exchange rate:

	2021	2020
Estimated loss in fair value	\$38.3 million	\$36.0 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, 2021, the duration of the WCB's bond portfolio was 8.4 years (8.3 years in 2020).

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

	2021	2020
Estimated loss in fair value of bonds	\$44.4 million	\$40.6 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

Accounting policy

Under the authority of the Act, the WCB may defer the collection of the funds, or any portion of the funds, required for the future cost of claims arising in respect of employers in Class A through Class D. Where the WCB defers the collection of the funds the amount deferred is a receivable. Deferred assessments represent the WCB's estimate of the present value of assessments which will be received in the future to fund the future costs of existing claims that have arisen from the employees of Class A through Class D employers. The fair value for deferred assessments is not readily determinable.

Deferred assessments may be secured by irrevocable letters of credit, surety bonds or other suitable forms of guarantee.

The changes in deferred assessments were as follows:

	2021	2020
Balance at beginning of year	\$ 166,413	\$ 152,858
Increase in future cost liability	3,588	13,618
Decrease in pension-related transactions	(587)	(353)
Interest allocation	(86)	(73)
Increase in deferred assessments (Note 15)	2,915	13,192
Refund of accumulated excess pension income	1,147	-
Current pension surplus included in receivables and other	544	363
Balance at end of year	\$ 171,019	\$ 166,413

8. PROPERTY AND EQUIPMENT

Accounting policy

Property and equipment are valued at cost, less accumulated amortization and any impairment loss. Right-of-use assets (leases) are measured at an amount equal to the lease liabilities (Note 10).

Amortization is calculated on a straight line basis over the estimated useful life of the asset, as follows:

Building	40 years
Building renovations and leasehold improvements	2 to 10 years
Computer equipment	3 to 5 years
Furniture, fixtures and equipment	5 years
Leases	Lease term

The WCB does not recognize a lease liability or corresponding right-of-use asset for leases where the total lease term is less than 12 months or for leases of low value. Payments for these leases are recognized in operating expenses on a straight-line basis over the term of the lease.

An item of property 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 at a value in excess of the recoverable amount.

The changes in property and equipment were as follows:

	2021					2020
	Building and land ¹	Building renovations and leaseholds	Computer equipment	Furniture, fixtures and equipment	Total	Total
Cost						
As at January 1	\$ 36,597	\$ 12,529	\$ 12,718	\$ 5,765	\$ 67,609	\$ 66,499
Additions	-	184	205	7	396	1,110
Disposals	(196)	(427)	(507)	(130)	(1,260)	-
As at December 31	36,401	12,286	12,416	5,642	66,745	67,609
Amortization						
As at January 1	(8,149)	(7,589)	(10,751)	(4,708)	(31,197)	(27,118)
Amortization charge	(1,906)	(1,019)	(923)	(472)	(4,320)	(4,079)
Disposals	105	427	506	130	1,168	-
As at December 31	(9,950)	(8,181)	(11,168)	(5,050)	(34,349)	(31,197)
Net book value, as at December 31	<u>\$ 26,451</u>	<u>\$ 4,105</u>	<u>\$ 1,248</u>	<u>\$ 592</u>	<u>\$ 32,396</u>	<u>\$ 36,412</u>

¹ Buildings include right-of-use assets of \$4,782, net of accumulated depreciation of \$884.

9. INTANGIBLE ASSETS

Accounting policy

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 computer 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 at a value in excess of the recoverable amount.

The changes in intangible assets were as follows:

	2021			2020
	Computer software	Internally developed systems and software	Total	Total
Cost				
As at January 1	\$ 5,442	\$ 27,023	\$ 32,465	\$ 31,770
Additions	187	-	187	695
Disposals	(1,438)	(1,391)	(2,829)	-
As at December 31	4,191	25,632	29,823	32,465
Amortization				
As at January 1	(4,922)	(18,518)	(23,440)	(21,201)
Amortization charge	(320)	(1,503)	(1,823)	(2,239)
Disposals	1,438	1,391	2,829	-
As at December 31	(3,804)	(18,630)	(22,434)	(23,440)
Net book value, as at December 31	<u>\$ 387</u>	<u>\$ 7,002</u>	<u>\$ 7,389</u>	<u>\$ 9,025</u>

10. PAYABLES AND ACCRUALS

Accounting policy

Payables and accruals 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. For lease liabilities, the WCB records a liability and a right-of-use asset upon commencement of a lease. Lease liabilities are measured at the present value of remaining lease payments, discounted by the WCB's incremental borrowing rate of 3.95 per cent.

The amount in Employer refunds payable represents all outstanding employer accounts with credit balances, arising primarily from surplus distributions, prevention rebates and changes to estimated premiums due.

Other payables include various payroll-related liabilities and deposits from Class A through Class D employers. The timing and amount of payables and accruals are readily determinable. The liability for each lease is settled at the end of its lease term; otherwise, these amounts are expected to be settled before the end of the next reporting period.

Payables and accruals are comprised of:

	2021	2020
Accounts payable and accrued liabilities	\$ 4,391	\$ 5,080
Employer refunds payable	11,331	21,558
Research and Workplace Innovation Program	1,272	1,773
Deposits from Class A through Class D employers	2,089	2,055
Lease liabilities	4,239	5,068
Other payables	1,670	1,450
Balance at end of year	<u>\$ 24,992</u>	<u>\$ 36,984</u>

11. WORKERS' RETIREMENT ANNUITY FUND

Accounting policy

In accordance with Section 42(2) of the 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.

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

	2021	2020
Balance as at January 1	\$ 40,979	\$ 38,353
Investment income	3,703	3,151
WCB contributions	1,876	1,816
Workers' contributions	561	553
Benefits paid	(2,818)	(2,894)
Balance as at December 31	<u>\$ 44,301</u>	<u>\$ 40,979</u>

12. EMPLOYEE BENEFITS

Accounting policy

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.

Retirement plans

The retirement plans, comprised of the WCB Retirement Plan and the Supplementary Employee Retirement Plan, are 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.

Sick leave plan

The WCB sick leave plan is a multi-faceted 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.

WCB Retiree Healthcare Spending Account (RHCSA)

The RHCSA is a defined benefit plan. Eligible retirees receive a predetermined annual credit amount which may be used to cover healthcare expenses not covered by other plans. The WCB funds this plan directly via the plan administrator.

Recognition and measurement

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 *Employee Benefits*, the net interest approach is used to disaggregate the costs of the retirement plans. 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. Employee contributions, which are independent of the number of years of service, are treated as a reduction of service cost.

When past service costs arise they are recognized immediately.

Components of the employee benefits liability are as follows:

	2021	2020
Retirement plans	\$ 139,303	\$ 189,144
Sick leave plan	15,266	15,299
Employee vacation entitlements	4,835	5,036
Retiree healthcare spending account	3,617	3,732
Other	641	271
As at December 31	<u>\$ 163,662</u>	<u>\$ 213,482</u>

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

	2021	2020
Discount rate	3.05%	2.60%
Rate of compensation increase	3.00%	1.00% to 3.00%

Retirement plans

A reconciliation of the retirement plans' net defined benefit liability and its components is as follows:

	Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liability	Net Defined Benefit Liability
			2021	2020
Balance at January 1	\$ 452,041	\$ (262,897)	\$ 189,144	\$ 131,760
Benefit cost recognized in income:				
Current service cost	19,605	-	19,605	17,356
Interest expense (income)	11,599	(6,808)	4,791	4,007
Employee contributions	-	(3,394)	(3,394)	(3,528)
	<u>31,204</u>	<u>(10,202)</u>	<u>21,002</u>	<u>17,835</u>
Remeasurements recognized in OCI:				
Experience loss	3,298	-	3,298	7,916
(Gain) loss from changes in actuarial assumptions	(39,023)	-	(39,023)	43,368
Return on plan assets excluding interest income	-	(28,819)	(28,819)	(6,173)
	<u>(35,725)</u>	<u>(28,819)</u>	<u>(64,544)</u>	<u>45,111</u>
Other changes:				
Employer contributions	-	(6,299)	(6,299)	(5,562)
Transfers to the plan	319	(319)	-	-
Benefits paid	(12,145)	12,145	-	-
	<u>(11,826)</u>	<u>5,527</u>	<u>(6,299)</u>	<u>(5,562)</u>
Balance at December 31	<u>\$ 435,694</u>	<u>\$ (296,391)</u>	<u>\$ 139,303</u>	<u>\$ 189,144</u>

The most recent actuarial valuation of the WCB Retirement Plan for funding purposes, to be filed with the pension regulators, was as at December 31, 2021. This funding valuation showed a funding surplus of \$24.4 million (2020 valuation, surplus of \$5.3 million). The solvency deficiency as at December 31, 2021, was \$125.6 million (2020 valuation, deficiency of \$166.1 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*.

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

	2021	2020
Equity		
Canadian	\$ 74,278	\$ 65,551
Foreign (including US)	88,900	79,731
	163,178	145,282
Fixed income	73,721	65,619
Real estate	59,492	51,996
As at December 31	<u>\$ 296,391</u>	<u>\$ 262,897</u>

The retirement plans' assets are wholly invested in segregated funds. The fair value represents the retirement plans' share of the net asset value provided by the custodian and is based on the last market price for the underlying assets. At December 31, 2021, plan assets are categorized as Level 1 with the exception of certain fixed income investments which are categorized as Level 2 of the fair value hierarchy.

Sick leave plan

A reconciliation of the sick leave plan net defined benefit liability (equal to the defined benefit obligation) is as follows:

	2021	2020
Balance at January 1	\$ 15,299	\$ 14,011
Benefit cost recognized in income:		
Current service cost	824	776
Interest expense	389	432
	1,213	1,208
Remeasurements recognized in OCI:		
Experience gain	(7)	(8)
(Gain) loss on change in actuarial assumptions	(536)	662
	(543)	654
Benefits paid directly by the employer	(703)	(574)
Net defined benefit liability at December 31	<u>\$ 15,266</u>	<u>\$ 15,299</u>

WCB Retiree Healthcare Spending Account (RHCSA)

Details of the WCB RHCSA are as follows:

	2021	2020
Balance at January 1	\$ 3,732	\$ 3,216
Benefit cost recognized in income:		
Current service cost	142	123
Interest expense	96	101
	238	224
Remeasurements recognized in OCI:		
(Gain) loss on change in actuarial assumptions	(289)	339
Employer contributions	(64)	(47)
Change in net defined benefit liability	(115)	516
Net defined benefit liability at December 31	\$ 3,617	\$ 3,732

Defined benefit plan risks

The defined benefit plans expose the WCB to economic and demographic actuarial risk.

Economic risk

The retirement plans are exposed to investment risk as plan assets are invested in equity, fixed income and other assets. The defined benefit plans are exposed to interest rate risk through assumptions based on economic factors such as discounts determined with reference to bond markets.

Demographic risk

Demographic factors affect current and future benefits costs with respect to the amount and timing of expected payments. Demographic factors include average age, retirement rates and longevity.

Sensitivity of actuarial assumptions

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 obligation to a one per cent change in the discount rate:

	2021		2020	
	+1.0%	-1.0%	+1.0%	-1.0%
Retirement plans	\$ (70,707)	\$ 93,838	\$ (77,581)	\$ 103,732
Sick leave plan	(1,071)	1,243	(1,165)	1,356
Retiree healthcare spending account	(535)	691	(584)	760

Total cash payments for employee future benefits for 2021, consisting of cash contributed by the WCB to the funded pension plan and cash payments directly to beneficiaries for unfunded plans, were \$7.1 million (\$6.2 million in 2020). Based on historical experience and expected salary expense, the WCB expects to fund \$6.2 million in 2022.

Related Party Transactions

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

	2021	2020
Contributions from the employees	\$ 3,394	\$ 3,528
Contributions from the employer	6,299	5,562

There were no amounts outstanding as at December 31, 2021, or December 31, 2020.

13. BENEFIT LIABILITIES FOR ALL EMPLOYERS

Accounting policy

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 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 provisions 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.

Benefit liabilities are determined in accordance with standards established by the Actuarial Standards Board (Canada). 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 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 currently available, this liability is more uncertain by its nature than other benefit liabilities. As information is accumulated and analysed, adjustments may be necessary to improve precision.

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

	2021	2020
Discount rate	5.25%	5.75%
Inflation for CPI-indexed benefits	2.00%	2.25%
Inflation for wage-related benefits	3.00%	3.25%
Inflation for healthcare benefits	4.50%	5.25%

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

	2021					2020
	Short-Term Disability	Long-Term Disability	Survivor Benefits	Healthcare Benefits	Rehabilitation Services	Total
Balance at beginning of year	\$ 175,778	\$ 504,085	\$ 107,897	\$ 361,717	\$ 3,932	\$ 1,153,409
Add: Claim costs incurred						
Current year	58,221	48,320	3,834	53,060	783	164,218
Prior years	12,159	22,561	6,828	(2,969)	(1,359)	37,220
	70,380	70,881	10,662	50,091	(576)	201,438
Less: Claim payments made						
Current year	29,344	927	1,051	19,206	-	50,528
Prior years	32,724	51,345	10,283	34,137	(108)	128,381
	62,068	52,272	11,334	53,343	(108)	178,909
Balance at end of year	\$ 184,090	\$ 522,694	\$ 107,225	\$ 358,465	\$ 3,464	\$ 1,175,938

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 \$120.2 million (\$114.9 million in 2020) for the estimated long latent occupational disease liability including Post-Traumatic Stress Disorder.

Also included in the benefit liability is \$105.1 million (\$100.4 million in 2020) 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:

	2021		2020	
	+1.0%	-1.0%	+1.0%	-1.0%
+/- % change on assumed rates				
Discount rate	\$ (95)	\$ 115	\$ (89)	\$ 106
Wage inflation rate	65	(55)	55	(48)
General inflation rate	6	(6)	7	(6)
Healthcare inflation rate	41	(34)	43	(36)

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.

Claims risk

Because there is no statutory limit on the benefit amount payable or the duration of the risk exposure related to work-related injuries, the WCB bears risk with respect to its future claims costs, which could have material implications for liability estimation. In determining the WCB's claim benefit liabilities, a primary risk is that the actual benefits payments may exceed the estimation of the amount of the liabilities. This may occur due to changes in claim reporting patterns, frequency and/or size of claim payments or duration of claims. Compensable injuries and benefits payable may also change due to legislation or policy changes. With potentially long claim runoff periods, inflation is also a factor because future costs could escalate at a faster rate than expected.

Liability Adequacy Test

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

- 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
- if the test shows that the liability is inadequate, the entire deficiency is recognized 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 claims liabilities to previous estimates back to the earliest period for which there is material uncertainty about the estimate and timing of claim payments.

Estimate of cumulative claims	Injury Year										Total
	2012 & Prior	2013	2014	2015	2016	2017	2018	2019	2020	2021	
End of accident year	\$ 2,796,077	211,487	219,081	195,543	192,331	199,311	194,341	196,585	191,616	202,499	
1 year later	2,950,734	203,221	187,526	188,020	189,192	204,883	194,005	190,185	174,602	-	
2 years later	3,000,742	180,672	180,810	184,957	190,487	204,370	187,014	179,060	-	-	
3 years later	2,835,260	177,911	178,809	184,791	190,640	185,142	174,306	-	-	-	
4 years later	2,810,525	176,628	178,845	185,050	182,127	187,187	-	-	-	-	
5 years later	2,805,792	176,612	178,751	174,553	179,848	-	-	-	-	-	
6 years later	2,799,570	176,427	166,175	171,393	-	-	-	-	-	-	
7 years later	2,789,755	179,872	161,215	-	-	-	-	-	-	-	
8 years later	2,814,964	163,856	-	-	-	-	-	-	-	-	
9 years later	2,586,620	-	-	-	-	-	-	-	-	-	
Estimate of cumulative claims	\$ 2,586,620	163,856	161,215	171,393	179,848	187,187	174,306	179,060	174,602	202,499	\$ 4,180,586
Cumulative claim payments	(1,705,272)	(108,242)	(106,873)	(106,436)	(108,270)	(111,357)	(98,299)	(92,452)	(75,300)	(52,758)	(2,565,259)
Current year unpaid and unreported claims	881,348	55,614	54,342	64,957	71,578	75,830	76,008	86,607	99,302	149,741	1,615,327
Effect of discounting											(664,757)
Administration cost within benefit liabilities											105,121
Future dated long latency liability											120,246
Total benefit liabilities											\$ 1,175,938

14. BENEFIT LIABILITIES FOR CLASS A THROUGH CLASS D EMPLOYERS

Note 13 contains a complete description of the components of the benefit liabilities for all employers. An analysis of the portion relating to Class A through Class D employers is as follows:

	2021					2020
	Short-Term Disability	Long-Term Disability	Survivor Benefits	Healthcare Benefits	Rehabilitation Services	Total
Balance at beginning of year	\$ 29,456	\$ 76,516	\$ 15,480	\$ 66,150	\$ 9	\$ 187,611
Add: Claim costs incurred						
Current year	13,525	5,466	474	9,726	8	29,199
Prior years	3,139	(4,356)	1,057	(689)	(53)	(902)
	16,664	1,110	1,531	9,037	(45)	28,297
Less: Claim payments made						
Current year	5,343	349	-	2,132	-	7,824
Prior years	6,815	3,390	1,966	5,743	(63)	17,851
	12,158	3,739	1,966	7,875	(63)	25,675
Balance at end of year	\$ 33,962	\$ 73,887	\$ 15,045	\$ 67,312	\$ 27	\$ 190,233

Included in premiums and claim costs for Class A through Class D employers are payments in the amount of \$8.2 million (\$7.2 million in 2020) made by Class A through Class D 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 \$49.0 million (\$51.4 million in 2020) for Class A through Class D employers' share of the long latent occupational disease liability and \$17.4 million (\$16.3 million in 2020) for the future cost of administering existing claims.

15. PREMIUM REVENUE

Accounting policy

In accordance with Section 73(2) of the Act, the operations of the WCB are categorized into several classes of 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 prevention rebates, uncollectable account write-offs, interest and penalties on overdue amounts and adjustments of premiums for prior periods.

The Prevention Rebate Program (PRP) reduces the risk of workplace injury and illness by rewarding employers who have developed and maintained meaningful workplace safety and health management systems. SAFE Work Manitoba administers the PRP, determines employer eligibility and issues the prevention rebate. SAFE Work Certified employers who have met all criteria are eligible for the prevention rebate. The rebate is calculated using the actual payroll associated with the rebate eligibility period.

Other Classes of Employers

Employers in Class A through Class D – principally government bodies and employers named by Regulation 278/91 – are subject to individual responsibility for costs attributable to claims arising from their employees, as well as a proportionate share of administration expenses. As such, premium revenue from Class A through Class D employers is recognized as these costs are incurred. Current costs are collected as billed while future costs are recorded as deferred assessments (Note 7).

	2021	2020
Premiums — Class E employers	\$ 189,768	\$ 177,419
Prevention rebates	(6,810)	(5,984)
	182,958	171,435
Assessments — Class A through Class D employers	35,306	32,772
Increase in deferred assessments (Note 7)	2,915	13,192
Total premium revenue	<u>\$ 221,179</u>	<u>\$ 217,399</u>

* Premiums - Class E employers includes a reduction of \$6.4 million in 2020 due to the impact of COVID-19.

16. OPERATING EXPENSES

	2021	2020
Salaries, employee benefits and training	\$ 74,268	\$ 70,972
Information technology service fees	2,698	2,681
Occupancy costs	3,096	3,074
Lease depreciation	821	821
Lease interest	179	203
Office supplies, services and projects	(137)	910
Communications	3,041	2,819
Professional fees	2,350	2,249
Donations	125	126
Amortization of capital assets	5,259	5,792
	91,700	89,647
Appeal Commission	1,335	1,342
Research and Workplace Innovation Program grants	370	(64)
Recoveries from the Government of Canada	(1,867)	(1,788)
SAFE Work Manitoba	7,529	6,797
Province of Manitoba Workplace Safety and Health Department funding (Note 17)	7,995	8,101
Total operating expenses	\$ 107,062	\$ 104,035

Of the total operating expenses, \$11.4 million (\$11.4 million in 2020) was allocated to Class A through Class D employers based on the current year's transaction volumes.

The WCB administers the *Government Employees Compensation Act* program for the Government of Canada. The Government of Canada reimburses the WCB for all claims paid out on their behalf plus a recovery of operating expenses.

17. RELATED PARTY TRANSACTIONS

The WCB is a statutory corporation created by the Manitoba Legislature. As a corporation 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 2021, the amount charged to operations under this provision was \$7.4 million (\$7.5 million in 2020).

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 2021, the amount charged to operations under this provision was \$0.6 million (\$0.6 million in 2020).

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 a Class C employer under *The Workers Compensation Act* of Manitoba. Accordingly, the Province of Manitoba was allocated \$4.8 million (\$4.8 million in 2020) of the total operating expenses (Note 16) based on their transaction volume. Balances resulting from transactions with the Province of Manitoba are included in these financial statements and are settled on normal trade terms.

No guaranteed debentures issued by the Province of Manitoba were included in the WCB's investment portfolio as at December 31, 2021 (\$4.5 million in 2020).

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 are included in Note 12.

Key Management Compensation

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

	2021	2020
Short-term employee benefits	\$ 1,661	\$ 2,019
Post-employment benefits	532	456
Total key management compensation	<u>\$ 2,193</u>	<u>\$ 2,475</u>

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. Post-employment benefits include the estimated current service cost accrued for pension and other post-employment benefits.

The Board of Directors of the WCB 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. For 2021, total compensation paid to the Board of Directors was \$0.1 million (\$0.1 million in 2020).

18. 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, the 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.

19. FUNDING POLICY AND CAPITAL MANAGEMENT

The *Act* establishes the Accident Fund to provide for the payment of compensation, outlays and expenses of the workers compensation system. The *Act* also requires that sufficient funds be available for the payment of all current and future liabilities, and the maintenance of reserves sufficient to ensure the financial security of the system in the long term.

The funding policy is the framework for the management of the Accident Fund to maintain the workers compensation system's financial security while ensuring sufficient funds are available to meet future benefit payments and maintain rate stability. The WCB is committed to operating on a fully funded basis and is considered 100 per cent funded when assets equal liabilities. The ratio of assets to liabilities is the funding ratio.

The funding ratio target for the Accident Fund is 130 per cent. The 130 per cent target provides for 100 per cent funding – sufficient to fully fund all current and future liabilities – plus an additional 30 per cent to protect the system from risks, uncertainties and market volatility.

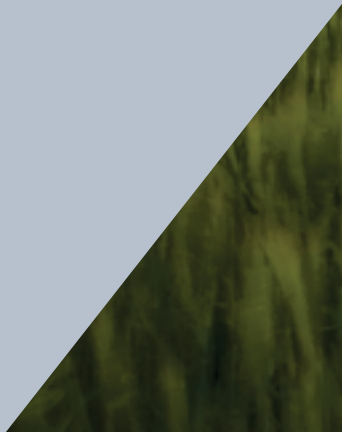
The WCB's funding ratio is reviewed after the annual financial statements are approved by the Board of Directors. When the funding ratio deviates from the 130 per cent target, the funding policy directs the WCB to return reserves to the funding ratio target. When the funding ratio exceeds the 130 per cent target surplus distributions may be paid. When the funding ratio falls below the 130 per cent target the WCB may approve adjustments in assessment rates in such a manner that will bring the funding ratio back to the 130 per cent target.

The WCB's funding ratio at December 31 is as follows:

	2021	2020
Total assets	\$ 2,118,749	\$ 2,097,782
Total liabilities	1,408,893	1,459,980
Funding ratio (assets/liabilities)	150.4%	143.7%

On April 19, 2021, in accordance with the funding policy, the Board of Directors approved a surplus distribution of 40 per cent of the prior year's premium. To December 31, surplus distribution of \$71.4 million (\$36.3 million in 2020) was paid to eligible employers.

Five Year Plan





Introduction

Working from the strategic framework approved by our Board of Directors in 2018, the WCB has developed its Five Year Plan focused on four priorities to guide our work and initiatives. These priorities were chosen to reflect our organization's vision to attract, retain and develop the staff needed to deliver excellent service to our customers and build a safer Manitoba that fosters prevention and return to work.

For a second year, the COVID-19 pandemic has delayed the implementation of some of the strategic initiatives outlined in this plan. The WCB will require an extended timeline to fulfill these initiatives.

Our Strategic Priorities



Create a SAFE Work Culture

Strategic Goal:

Reduce the number and severity of injuries.

Strategic Initiatives:

Champion a vibrant safety culture in which all Manitobans share values and beliefs that support workplace injury and illness prevention

The WCB, through its prevention division, SAFE Work Manitoba, will work to increase public awareness for workplace safety and health and for injury prevention through targeted campaigns to reach stakeholders and shift perspectives about safety and health at work. Our organization will work with partners to identify and support executives who are safety leaders. Programming will also focus on finding ways to engage with educational institutions in Manitoba to increase workplace safety and health awareness and training.

Expand access to safety programs to build an inclusive, coordinated prevention system with all partners

SAFE Work Manitoba will continue to build strong partnerships with industry-based safety programs (IBSPs) with the goal of expanding and enhancing safety programs to ensure all Manitoba employers and workers have access to sector-specific services. Through this partnership, SAFE Work Manitoba will work to increase the number of stakeholders who have received workplace safety and health education and training through IBSPs and other safety partners.

Enhance safety program standards to establish best practices and promote consistency

SAFE Work Manitoba will continue to support and provide oversight for SAFE Work Certified, Manitoba's safety and health certification standard that helps make workplaces safer and provides a financial reward to employers that take proactive steps to prevent workplace injuries and illnesses. This includes working with IBSPs and other partners to increase employer participation in safety certification that meets the SAFE Work Certified standard.

SAFE Work Manitoba will work with prevention system partners to improve the consistency and calibre of safety and health training with a new training standards program. This initiative will work to increase the quality and consistency of safety and health training delivered and ensure workers have the right skills and knowledge needed to do their work safely and reduce their risk of injury.



Five Year Targets

In the five-year period covered by this plan, the WCB is focused on the following milestones:

Time Loss Injuries

Reduce the number to:



Achieve a rate of:



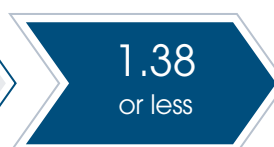
per 100 full time workers

Days Lost to Workplace Injury or Illness

Reduce the number to:



Achieve a rate of:



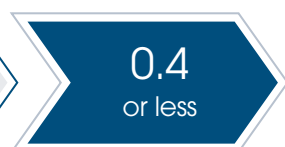
per 100 full time workers

Severe Injuries

Reduce the number to:



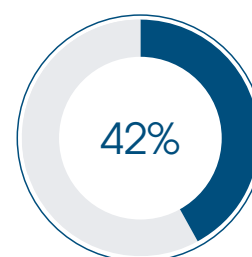
Achieve a rate of:



per 100 full time workers

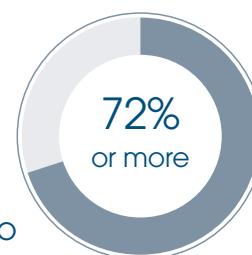
WCB-Covered Payroll

Achieve at least:



that is
SAFE Work
Certified

Increase percentage served by an industry-based safety program to



Enable Successful Return to Work

Strategic Goal:

Improve the return to work experience for all stakeholders, ensure the worker stays healthy during the return to work process, identify and address suspected inappropriate return to work activities by employers and reduce the number of days lost.

Strategic Initiatives:

Expand industry-based safety programs' capacity to provide return to work programs

The WCB will look for opportunities to partner with industry-based safety programs (IBSPs) to promote return to work programming to their industries.

The WCB is committed to supporting best practices and promoting the value of return to work. This includes helping workplaces increase the effectiveness of their return to work programs, delivering return to work training and ensuring the WCB provides quality services to assist workers in a timely and safe return to health and work.

Improve healthcare access and quality for workers through provider partnerships

The WCB will partner with community healthcare providers in the development of Worker Care Clinics. The goals of these partnerships include improving access to timely treatment for injured workers, improving timeliness and quality of healthcare reporting, improving physicians' understanding and knowledge of return to work best practices through education, and improving the overall communication between the WCB, injured workers, employers and healthcare providers.

The WCB will continue its work to support healthcare providers through initiatives focused on electronic healthcare reporting and billing. The WCB has seen success in its e-health application for physiotherapy service providers and will expand this initiative to provide greater online capabilities for other healthcare providers, including chiropractors and physicians.

Increase awareness, education and training

The WCB will continue to meet the need for quality return to work training and consulting for employers through courses such as our Return to Work Basics course and consulting services to help employers gain an understanding of the basic components and best practices needed to build effective workplace return to work programs.

We will provide education and support to healthcare providers through planned outreach activities focused on raising awareness for WCB return to work programs, and find ways to work together to support injured workers through the return to work process.

Our vision is to empower stakeholders through improved knowledge and understanding of their rights and responsibilities in the return to work process.

We plan to leverage our systems and utilize new and existing technologies to better support workers in their timely return to health and suitable work.

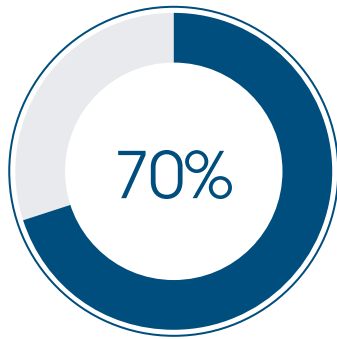
Leverage technology and analytics to improve outcomes

We will continue to find opportunities within our current claims systems to support and improve return to work outcomes through data analytics, while also continuing to develop our technology infrastructure to support new initiatives such as our electronic healthcare reporting and billing.

Five Year Targets

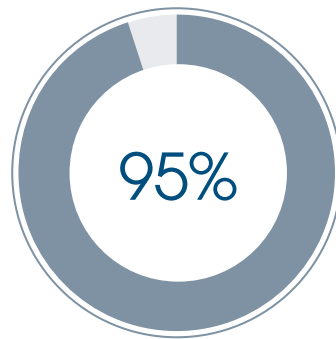
In the five-year period covered by this plan, the WCB is focused on the following milestones:

Achieve at least:



of injured workers returning to safe and suitable work after **10 days.**

Achieve at least:



of injured workers returning to safe and suitable work after **60 days.**



Deliver Excellent Service

Strategic Goal:

Strive to improve customers' satisfaction with their WCB experience.

Strategic Initiatives:

Continuously strive to improve the quality of services we deliver

The WCB is committed to seeking out new and innovative ways to enhance the service we deliver to our customers. We will continue to develop comprehensive customer service initiatives to improve the overall customer service experience and provide additional ways for customers to communicate with us.

We will focus on ensuring our customers' access to the information they need takes into account the myriad communications channels available. This increase in choice will provide them with greater flexibility in how they communicate with us and streamline our processes based on best practices.

Utilize data analytics and tailor services to meet the unique needs of our customers

The WCB will leverage data to support the decision-making process for our key stakeholders. For workers and employers, this means providing them with claims information and other data to help them analyze trends and gain a better understanding of WCB systems and processes. As an organization we will continue to analyze injury and return to work data to improve the customer service we provide.

The WCB will also support industry-based safety programs (IBSPs) by providing meaningful data and information to assist in the delivery of injury prevention and return to work programming tailored to the needs of different industries.

Improve communication with customers and stakeholders

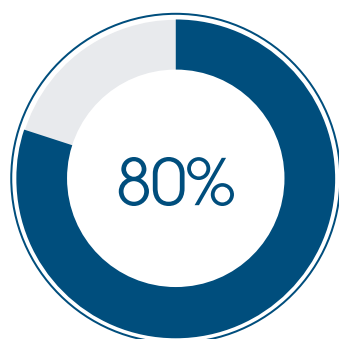
We will continue to collaborate with our partners to deliver information and solicit feedback through opportunities such as the Winnipeg Chamber of Commerce's Healthy Workplaces Program, the WCB Return to Work Conference (in collaboration with the Manitoba Chambers of Commerce) and the WCB Return to Work Award, which is presented as part of the Manitoba Chambers of Commerce annual Manitoba Business Awards. The WCB also commits to engaging with the healthcare community to clarify roles and expectations to promote the effectiveness of return to work programs.



Five Year Targets

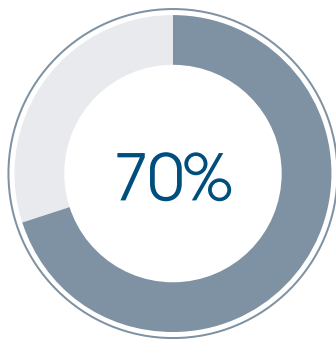
In the five-year period covered by this plan, the WCB is focused on the following milestones:

Achieve at least:



in **customer satisfaction** of employers and injured workers

Achieve at least:



of **claims paid within** 14 days of injury

Achieve and maintain an **average assessment rate** at

under
\$1

Maintain the **accident fund reserve** in keeping with the

130%
funding ratio target

Grow Our People

Strategic Goal:

Attract, retain and develop our people to align with our evolving needs.

Strategic Initiatives:

Support the ongoing development of employees to achieve our vision

The dedication and commitment of our employees is integral to our organization achieving its goals and vision. This commitment is key to delivering exceptional service, finding opportunities for improvements in the way we do business and supporting the evolving needs of our customers.

The WCB is committed to investing in initiatives that build skills and competencies that will help us continue to build a workforce focused on innovation, as well as professional growth and development.

The WCB recognizes that continuous learning and development promotes employee engagement and successful job performance. We will continue to deliver initiatives that support educational, training and professional development to enhance the knowledge, skills and competencies of our staff. This includes supporting employee development in both their current job responsibilities and future career opportunities with the WCB.

To promote the education, training and professional development of our staff, the WCB has introduced new corporate policies that commit to funding a broad range of educational opportunities for employees, such as half-day seminars and workshops, courses, technical training, as well as degree, diploma and certificate programs. This will ensure our employees have the knowledge, skills and competencies needed to be successful in their careers, as well as ensure our workforce is qualified and skilled in helping our organization meet its strategic goals.

Enhance employee engagement

Enhancing employee engagement includes ensuring our workplace environment supports and promotes mental health and safety. The WCB will continue its work to deliver on our mental health strategy, which includes leadership development, training for our staff to raise awareness, as well as initiatives that foster understanding and support for mental health issues.

Enhancing employee engagement will also include continuing our work to provide employees with effective work spaces that promote collaboration and increase organizational efficiency. In the coming year, we will be entering Phase 2 of our multi-year office renewal plan, which will include ongoing upgrades and improvements to our office space throughout our organization.

Renew succession management strategies

Our organization's success depends on our ability to prepare and plan for the future.

To do this, we will be implementing strategies that promote succession management. Our workforce is changing and evolving, as people move into different phases of their careers. We are committed to ensuring we have the employees with the right skill sets and competencies to meet the evolving needs of our organization and our customers.

We are committed to developing our people by providing career growth and educational opportunities, as well as cross-functional experience across departments and divisions throughout the WCB. We are committed to helping our people advance their careers within our organization and nurture a diverse, talented and innovative workforce.

Five Year Targets

In the five-year period covered by this plan, the WCB is focused on the following milestones:

\$650*

investment in staff
professional development
and training



** Average per employee per year.*

2022–2026 Budgeted and Projected Financial Statements

The pro-forma financial statements for the years 2022–2026 present the financial outcomes of the strategic and operational plans of the WCB. Note, the WCB will implement IFRS 17, Insurance Contracts, a new accounting standard effective January 1, 2023. The financial impacts of this standard have not been finalized and are therefore not included in these projected statements. The impacts may be material.

The average assessment rate is maintained at \$0.95 throughout the Five Year Plan. Surplus distributions are planned to continue through 2023. The goal is to reduce the funding ratio toward the 130 per cent policy target.

WCB revenues include:

Premium revenue: this amount represents a combination of estimated annual assessable payroll and the average assessment rate, using reasonable assumptions for economic and inflationary growth. The average assessment rate used in the Five Year Plan is \$0.95.

Investment revenue: this amount represents a return that is consistent with the WCB's investment portfolio profile. A steady annual rate of return of 5.75 per cent is used throughout the Plan, as it is not possible to predict investment markets. Actual results in this area will vary and fluctuations can be significant.

WCB expenses include:

Claim costs: this amount assumes that the number of injuries will decrease in 2022 from 2021 COVID levels, remain relatively flat in 2023 with slight decreases annually thereafter offset by a reasonable assumption for cost inflation. Fluctuations in claim costs can occur if there is an increase to injury rates, very expensive claims, a change in the mix of old and new claims, or a change in average claim duration.

Operating expenses: this amount represents salaries, employee benefits, infrastructure, the Appeal Commission, the Research and Workplace Innovation Program, SAFE Work Manitoba and administrative costs. An investment in a digital transformation of the WCB system has been added, spread over multiple years beginning in 2023 with an estimated cost of \$70 million. This amount is a placeholder with a full cost-benefit analysis to be performed in 2022. This amount will be adjusted in future years based on updated information.

COVID-19: The impacts of COVID-19 continue to be unknown. In general, the assumptions have been modified to reflect minimal COVID-19 impacts in 2022 onward, however outcomes may be different.

Pro Forma Statement of Financial Position (unaudited)

As at December 31

(000's)

	2021 Actual	2022 Budget	2023 Projection	2024 Projection	2025 Projection	2026 Projection
Assets	\$ 2,118,749	\$ 2,065,744	\$ 2,043,962	\$ 2,077,357	\$ 2,113,279	\$ 2,159,211
Liabilities	1,408,893	1,443,664	1,477,962	1,513,561	1,552,026	1,595,403
Funded position	709,856	622,080	566,000	563,796	561,253	563,808
	\$ 2,118,749	\$ 2,065,744	\$ 2,043,962	\$ 2,077,357	\$ 2,113,279	\$ 2,159,211
Funding ratio	150.4%	143.1%	138.3%	137.2%	136.2%	135.3%

Pro Forma Statement of Operations and Other Comprehensive Income (unaudited)

For the years ending December 31

(000's)

	2021 Actual	2022 Budget	2023 Projection	2024 Projection	2025 Projection	2026 Projection
Projected average assessment rate	\$ 0.95	\$ 0.95	\$ 0.95	\$ 0.95	\$ 0.95	\$ 0.95
Premium revenue	\$ 221,179	\$ 230,668	\$ 237,390	\$ 244,352	\$ 249,700	\$ 255,321
Investment income	165,374	91,675	91,400	92,771	94,307	96,128
Total Revenue	386,553	322,343	328,790	337,123	344,007	351,449
Claim costs incurred	201,438	198,413	196,476	200,060	205,257	210,530
Operating expenses	107,062	116,821	127,716	139,267	141,293	138,364
Total expenses	308,500	315,234	324,192	339,327	346,550	348,894
Operating surplus (loss)	78,053	7,109	4,598	(2,204)	(2,543)	2,555
Surplus distribution	(71,375)	(94,885)	(60,678)	-	-	-
Net surplus (deficit)	6,678	(87,776)	(56,080)	(2,204)	(2,543)	2,555
Other comprehensive income	65,376	-	-	-	-	-
Total comprehensive income (loss)	\$ 72,054	\$ (87,776)	\$ (56,080)	\$ (2,204)	\$ (2,543)	\$ 2,555



**Workers Compensation
Board of Manitoba**

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