

Section	Policy
50	52.20

Section Title: Prevention and Research
Subject: Funding Industry-Based Safety Programs
Effective Date: July 1, 2020

A. POLICY PURPOSE

Prevention of workplace injuries and illnesses is a core WCB mandate, as outlined in section 54 of *The Workers Compensation Act* (the Act). As part of this mandate, the WCB works with industry to establish robust industry-specific workplace safety and health programs. This is mainly done through employer or industry associations and their Industry-Based Safety Programs (IBSPs). IBSPs are Certifying Partners in the WCB's *SAFE Work Certified* program.

The Act authorizes the WCB to fund prevention research and safety programming out of the accident fund. The WCB funds IBSPs through a combination of WCB funding and special industry-specific levies paid by employers in designated classification codes and administered by the WCB.

This policy establishes the framework for the funding of IBSPs by outlining minimum governance and financial reporting requirements for all IBSPs. Detailed requirements are contained in funding agreements between the WCB and individual employer associations or equivalent corporate body hosting an IBSP.

B. POLICY

1. Principles

IBSPs are industry-led and industry-governed but funded in part out of the WCB's accident fund. As a result, the Act imposes strict stewardship obligations on the WCB, which is accountable to the general body of employers that fund the workers compensation system. To enable the WCB in fulfilling its stewardship obligations, the Act also provides for the WCB's general authority to support compliance.

This policy establishes the following guiding principles for the funding of IBSPs:

Alignment with the prevention mandate set out in the Act and the objectives of Manitoba's Prevention Plan;

Support for IBSPs among a majority of employers within the industry; support and participation by workers;

Flexibility in supporting the various IBSPs, which have different and unique needs;

Efficiency & effectiveness in the use of funds for stated safety and health programming purposes;

Risk management frameworks to ensure compliance;

Integrity of IBSP financial management and record keeping practices and program reporting;

Transparency & accountability through the adoption of leading governance and reporting practices;

Effective communication and collaboration between IBSPs and the WCB.

2. Scope

This policy applies to all IBSPs, host organizations, and all employers seeking to align themselves with an IBSP.

3. Formation and Expansion of IBSPs

To ensure that IBSPs are industry-led and industry-governed, they must always be *representative* of their industry. An employer association looking to host a new IBSP, or expand an existing one, is therefore required to provide the WCB with documentation showing industry support. Support means that a majority of employers (representing at least 50 per cent of the relevant assessable payroll), support and/or use the services of the IBSP.

Generally, employers are "aligned" with an IBSP representing similar rate codes, as determined by the WCB's Industry Classification system (see WCB Policy 35.20.10, *Placement of Employers into Industry Classifications*). The WCB works with the IBSPs to best align rate codes and IBSPs, including the adding of a new rate code(s) to an IBSP. Once an employer belongs to an IBSP the employer is responsible for paying the levy, which helps pay for the IBSP's safety programming and services.

4. Funding Model

IBSPs are funded through a combination of Class E funds and industry-specific levies paid by participating employers, administered by the WCB. The levy amount is capped at 5 percent of the individual employer's premium, but funding from the WCB varies by sector. This "hybrid" funding model is designed to provide:

- predictable and sustainable IBSP funding from the WCB;
- a level playing field for existing and future IBSPs;
- support for expansion of existing IBSPs and the creation of new IBSPs.

IBSPs are industry-controlled and governed. Management and oversight of individual IBSPs is the responsibility of the IBSP's host organization (typically an employer or industry association) and its governing body (Board of Directors), registered as a corporation in the province of Manitoba.

The host organization's directors are responsible for IBSP direction and oversight, including:

- Approving IBSP objectives and priorities;
- Having structures in place for effective oversight and program management;
- Ensuring the integrity of financial management and record keeping, reporting and compliance with the funding agreement and other legal obligations of the corporation;
- Monitoring and evaluating program performance;
- Reviewing and approving the Annual Plan of the IBSP before submitting to the WCB for review each year;
- Reviewing and approving the Annual Budget of the IBSP before submitting to the WCB for review each year.

The WCB is responsible for ensuring that all legal requirements are met and enforcing the terms of the funding agreements. The funding agreement outlines minimum reporting requirements, agreed-upon objectives, program measures, and performance targets, along with provisions for the sharing of information between the WCB and IBSPs/host organizations. Release of any funds is contingent on the IBSP having a signed and executed funding agreement with the WCB.

5. Record Keeping and Reporting

All IBSPs shall keep complete and accurate records of revenues by source (WCB funding, levies, other) and expenditures incurred by program activity. IBSPs must submit Annual Plans and Annual Budgets to the WCB for review each year. At the end of their fiscal year, all IBSPs must submit audited financial statements, prepared by a qualified independent accountant, for that year.

In addition, all IBSPs shall submit Quarterly Reports, approved by the corporation's Board of Directors, to the WCB containing the information required as described in each specific funding agreement.

In sum, the minimum reporting and requirements for IBSPs include the following:

- Funding agreements (including any amendments or exception agreements)
- Annual Plans
- Annual Budgets
- Quarterly Reports
- Audited Financial Statements

6. Compliance

The minimum reporting requirements set out in this policy are meant to allow the WCB to fulfill its stewardship obligations (specific funding agreements may also contain additional requirements).

Failure to meet these minimum reporting requirements may result in suspension of payments to IBSPs. The WCB will work with IBSPs to resolve potential non-compliance early in the process. Extensions to established timelines or any other exceptions to reporting requirements must be approved by the host organization's Board of Directors and the CEO of the WCB.

Failure to meet safety program deliverables or established performance metrics (see below) established under a funding agreement does not constitute non-compliance under this policy. However, non-performance will require dialogue and an action plan with the WCB, and may ultimately impact future funding.

7. Program Measures and Targets

IBSP performance results will be assessed in the following four areas, which are considered "Program Deliverables" under the funding agreements:

- Engagement & Awareness
- Training
- Consulting
- Certification

Within these four deliverables, agreed-upon program measures are defined consistently for every IBSP and outlined in the funding agreements.

Annual targets are to be set for monitoring progress on the program deliverables and program measures. Since safety programming varies by IBSP due to unique characteristics in each sector, annual targets are to be negotiated with each IBSP through the annual budget-approval process.

C. REFERENCES

The Workers Compensation Act, sections 54.1(2), 97.1(1)

Related WCB Policies:

WCB Policy 22.20, *Compliance and Enforcement*

WCB Policy 31.05.05, *Rate-Setting Model for Class E Employers*

WCB Policy 35.20.10, *Placement of Employers into Industry Classifications*

History:

1. Original policy approved by Board Order 33/02 on December 19, 2002.
2. Policy was repealed and replaced by Board Order 40/14 on November 27, 2014, effective March 1, 2015.
3. Reference section was updated by adding reference to WCB Policy 31.05.05 on September 18, 2017.
4. Policy revised to reflect new funding model and governance framework, approved by Board Order 11/20 on April 17, 2020, effective July 1, 2020.
5. In May 2022, the reference section was revised to reflect the new title of the amended policy 22.20, *Program Abuse*, which is now the *Compliance and Enforcement policy*.