

# Labour

**Annual Report**  
2017-18

**Note to Readers:**

Copies of the annual report are available on the Alberta Open Government Portal website:

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# Labour

## Annual Report

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## Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Fiscal Planning and Transparency Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 21 ministries.

The annual report of the Government of Alberta contains ministers' accountability statements, the consolidated financial statements of the province and the *Measuring Up* report, which compares actual performance results to desired results set out in the government's strategic plan.

**This annual report of the Ministry of Labour contains the minister's accountability statement, the audited financial statements of the ministry and a comparison of actual performance results to desired results set out in the ministry business plan. This ministry annual report also includes:**

- the financial statements of entities making up the ministry including the Department of Labour, the Alberta Labour Relations Board, the Appeals Commission for Alberta Workers' Compensation, Workers' Compensation Medical Panels and the Occupational Health and Safety Council;
- other financial information as required by the *Financial Administration Act* and *Fiscal Planning and Transparency Act*, either as separate reports or as a part of the financial statements, to the extent that the ministry has anything to report; and
- financial information relating to trust funds.

# Minister's Accountability Statement

The ministry's annual report for the year ended March 31, 2018, was prepared under my direction in accordance with the *Fiscal Planning and Transparency Act* and the government's accounting policies. All of the government's policy decisions as at June 5, 2018 with material economic and fiscal implications of which I am aware have been considered in the preparation of this report.

[Original signed by]

Honourable Christina Gray  
Minister of Labour  
Minister Responsible for Democratic Renewal

## Message from the Minister



We continue to support Alberta workers and employers, and update legislation that finally brings us in line with the rest of Canada. This report highlights Alberta Labour's objectives and results from the 2017-18 fiscal year.

In 2017, we followed through on our commitment to bring our labour laws into the 21<sup>st</sup> century by introducing the *Fair and Family-friendly Workplaces Act* and *An Act to Protect the Health and Well-being of Working Albertans*.

The bills were introduced to improve workplace safety and the workers' compensation system for injured workers.

They also better protect worker rights. The new rules ensure workers can take care of themselves and their families with job security.

Our government also took action to protect vulnerable workers by passing *An Act to Protect Gas and Convenience Store Workers*. My hope is that these new laws will help prevent the deaths of gas and convenience store workers.

To further improve workplace safety, enforcement and education of Occupational Health and Safety (OHS) laws continue to be a top priority for our government. This past year, OHS officers conducted more than 16,000 workplace inspections to help prevent workplace illnesses, injuries and deaths.

We continue to support workers and employers by preparing them for Alberta's dynamic labour market and an economy that works for everyone. Our ongoing investment in skills training is helping build a strong and diversified workforce of the future.

Looking ahead, we will continue to deliver programs that support working Albertans and their families by ensuring workplaces are fair, safe and family-friendly.

I am proud of my colleagues and department staff for all their efforts this past year. I look forward to continuing the important work of supporting fairness and equality for all.

[Original signed by]

Honourable Christina Gray  
Minister of Labour  
Minister Responsible for Democratic Renewal

# Management's Responsibility for Reporting

The Ministry of Labour includes:

- The Department of Labour;
- Workers' Compensation Board – Alberta.
- Appeals Commission for Alberta Workers' Compensation;
- Alberta Labour Relations Board;
- Workers' Compensation Medical Panels; and
- Occupational Health and Safety Council;

The executives of the individual entities within the ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and strategic plan, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the financial statements and performance results for the ministry rests with the Ministry of Labour. Under the direction of the minister, I oversee the preparation of the ministry's annual report, including financial statements and performance results. The financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The financial statements are prepared in accordance with Canadian public sector accounting standards. The performance measures are prepared in accordance with the following criteria:

- Reliability – information used in applying performance measure methodologies agrees with the underlying source data for the current and prior years' results.
- Understandability – the performance measure methodologies and results are presented clearly.
- Comparability – the methodologies for performance measure preparation are applied consistently for the current and prior years' results.
- Completeness – desired outcomes, performance measures and related targets match those include in the ministry's Budget 2017.

As deputy minister, in addition to program responsibilities, I am responsible for the ministry's financial administration and reporting functions. The ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risk that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the province under ministry administration;
- provide Executive Council, the President of Treasury Board and Minister of Finance, and the Minister of Labour the information needed to fulfill their responsibilities; and
- facilitate preparation of ministry business plans and annual reports required under the *Fiscal Planning and Transparency Act*.

In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the executives of the individual entities within the ministry.

[Original signed by]

Jeff Parr  
Deputy Minister of Labour

Date: June 5, 2018



## **Results Analysis**

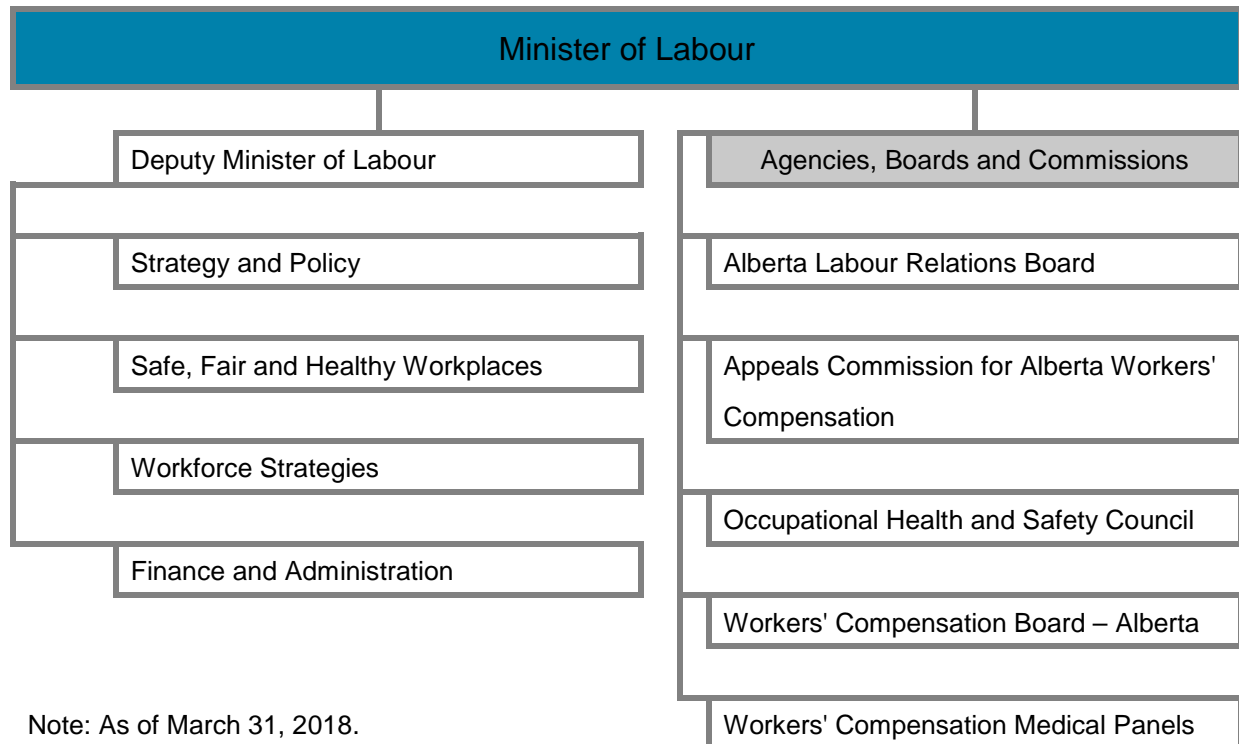
### **Ministry Overview**

### **Discussion and Analysis of Results**

# Ministry Overview

## The Ministry

The Ministry of Labour supports the needs of employees and employers. The ministry protects workers' rights by regulating Alberta's workplaces and ensuring Alberta's labour legislation is fair and modern. The ministry also works to ensure that Alberta has a skilled workforce and a strong labour market to support a thriving and diverse economy that works for all Albertans.



Note: As of March 31, 2018.

## The Department

The Department of Labour consists of the areas described below:

### Deputy Minister's Office

The Deputy Minister's Office leads the department, provides advice and support to the minister and is the link to the Minister's Office to ensure the work of the department meets the goals and objectives outlined in the business plan and the priorities provided to the minister by the Premier. The deputy minister supports the Deputy Minister of Executive Council by contributing to policy development, planning and implementation of cross-ministry initiatives, as well as advocating for new approaches and long-term views toward achieving government-wide goals.

## **Finance and Administration**

The Finance and Administration division leads the development of the ministry's budget and provides financial advice and support related to planning and forecasting. It oversees the preparation and implementation of ministry financial statements, compliance and accountability, contract and grant management policy and financial processes and policies. It also provides corporate services for facilities and administration, emergency management and business continuity planning and leads strategic information management initiatives.

## **Strategy and Policy**

The Strategy and Policy division works with various stakeholders to shape Alberta's labour policy. The division develops policies and strategies to align labour supply and demand and to ensure Alberta's workplaces are safe and healthy and operate within a fair and modern legislative framework that supports Alberta's families and diversity. The division also provides mediators and arbitrators to assist unions and employers in resolving disputes and provides the ministry's legislative services, governance processes and public accountability functions.

## **Safe, Fair and Healthy Workplaces**

The Safe, Fair and Healthy Workplaces division engages with Albertans to ensure their workplaces are safe, fair and healthy. Interacting with workers, employers, labour groups and industry associations directly, this division ensures compliance with workplace-related OHS and employment standards legislation. This is achieved through proactive inspections and response to complaint or reportable incident investigations.

## **Workforce Strategies**

The Workforce Strategies division delivers programs focused on connecting Albertans to the jobs of today and preparing them for the jobs of tomorrow. The division works with other ministries, industry and the Government of Canada to implement policies, strategies and programs to match labour supply and demand. It also supports employers in attracting, developing and retaining qualified workers. In collaboration with other provinces and territories, the division works to reduce barriers to labour mobility across Canada and improve qualification recognition. Through work with federal, municipal and community partners, the division helps newcomers settle successfully in the province.

## Agencies, Boards and Commissions

The Ministry of Labour also includes the following agencies, boards and commissions:

### Alberta Labour Relations Board

The Alberta Labour Relations Board is an independent and impartial tribunal responsible for the day-to-day application and interpretation of Alberta's collective bargaining laws. The Board administers the *Labour Relations Code*, the *Public Service Employee Relations Act*, the *Police Officers Collective Bargaining Act* and certain matters under the *Public Education Collective Bargaining Act*. The Alberta Labour Relations Board also hears appeals under the *Occupational Health and Safety Act* and adjudicates remedies for reprisals under the *Public Interest Disclosure (Whistleblower Protection) Act*. It processes applications and conducts hearings on matters arising from both private and public sectors. Some of the issues that come before the Alberta Labour Relations Board include certifications, revocations, various votes, bargaining unit determinations and unfair labour practices.

### Appeals Commission for Alberta Workers' Compensation

The Appeals Commission for Alberta Workers' Compensation, an independent and impartial tribunal, hears worker and employer appeals arising from Workers' Compensation Board – Alberta review bodies. The mission of the Appeals Commission is to provide a timely, fair and independent appeals process consistent with legislation, policy and the principles of natural justice.

### Occupational Health and Safety (OHS) Council

The OHS Council was disbanded on December 15, 2017 as a result of the *An Act to Protect the Health and Well-being of Working Albertans*. The OHS Council advised the minister on matters concerning the *Occupational Health and Safety Act*, Code and Regulation. The Council was empowered to hear appeals related to orders issued by OHS officers, as well as cancellations/suspensions of a licence or permit and rulings from disciplinary action complaint investigations. The Council also heard appeals to administrative penalties for violations. A new Occupational Health and Safety Advisory Council with a focused mandate to provide specialized advice to the minister on health and safety matters will be established in 2018-19.

### Workers' Compensation Board – Alberta

The Workers' Compensation Board – Alberta is an employer-funded, non-profit organization legislated to administer the workers' compensation system for the province's employers. The Workers' Compensation Board – Alberta is independently funded and operated as an insurance enterprise. In Canada, workers' compensation is a no-fault disability insurance system that protects both employers and workers against the economic impact of work-related injuries and occupational disease.

### Workers' Compensation Medical Panels

Medical panels provide the Workers' Compensation Board – Alberta and Appeals Commission with an impartial, independent decision-making process to resolve medical issues that affect a claimant's right to compensation. Each panel is made up of three contracted physicians with specialized knowledge of the medical area in dispute.

# Discussion and Analysis of Results

## Expense

Ministry expense was \$199.2 million, \$3.5 million higher than 2016-17 and \$5.8 million lower than budgeted.

## Expense Highlights

### **Outcome 1: Workers are protected by a modern and balanced labour environment that promotes safe, fair and healthy workplaces**

- \$46.8 million for the OHS program. Over 11,700 inspections and 5,000 follow-up inspections were conducted, and over 10,800 OHS orders issued.
- \$13.3 million for the Employment Standards program. Over 4,800 complaints were completed and over \$3.2 million in unpaid earnings were recovered from employers on behalf of Alberta employees.

### **Outcome 2: Workers have access to timely, fair and independent adjudication and dispute resolution services**

- \$11.8 million for the Appeals Commission for Alberta Workers' Compensation. Over 700 appeals were received and the average number of days from the date an appeal is filed to the first hearing date offered decreased from 131 to 127.
- \$3.3 million for the Alberta Labour Relations Board. The Alberta Labour Relations Board experienced an increase in the number of hearings from 394 to 513, and the number of certification applications received from 93 to 154. These increases may be attributed to amendments to the *Labour Relations Code* as a result of the *Fair and Family-friendly Workplaces Act*.

### **Outcome 3: Workers and newcomers are well-prepared to participate in Alberta's dynamic labour market**

- \$109 million for Workforce Strategies, including \$19 million for the Canada-Alberta Job Grant resulting in over 11,400 Albertans approved for training; \$17 million for Training for Work which served more than 6,100 Albertans; and over \$9 million for the Summer Temporary Employment Program (STEP) supporting the employment of 3,110 students.

## Compared to 2016-17 Actual

- \$5.3 million increase in the Workforce Strategies program was primarily due to increased spending on Training for Work, Indigenous training to employment programs, the Canada-Alberta Job Grant, and STEP. These programs collectively respond to Alberta workers' and employers' current and future labour market needs.
- \$1.3 million increase in Safe, Fair and Healthy Workplaces was primarily due to the delivery of the OHS Safety program. This additional investment helped improve worker safety through more investigations and enforcement activities to address non-compliance.

- The above increases were offset by lower spending in Ministry Support Services, primarily due to lower spending on enterprise-related information technology requirements.

### **Compared to 2017-18 Budget**

- \$5.8 million surplus was primarily due to lower than budgeted spending on supplies and services due to cost containment and discretionary spending measures, and on salaries and benefits due to vacant positions and staff turnover.
- This was partially offset by higher than budgeted spending on grants primarily related to:
  - Indigenous employment and training programs, which facilitate the participation of unemployed Indigenous people in training; and
  - labour market partnerships, which enhance human resource development, and implement labour adjustment strategies with industry and communities.

### **Revenue**

Ministry revenue was \$121.9 million, \$7.7 million less than 2016-17 and \$7.2 million higher than budgeted.

### **Compared to 2016-17 Actual**

- The ministry received less federal funding in 2017-18 than 2016-17 through the Labour Market Development Agreement, which is intended to develop a skilled labour force that meets current and emerging needs of employers and facilitate a quick return to work for Employment Insurance recipients. Labour received less revenue from this agreement in 2017-18 because it transferred a portion of funding from this agreement to Advanced Education as part of Budget 2017.
- Despite receiving less federal funding in 2017-18, Labour received additional revenue from the Workers' Compensation Board – Alberta as a result of the increased cost of delivering the OHS program.

### **Compared to 2017-18 Budget**

- Labour received an additional \$4 million in revenue from the Government of Canada through the Labour Market Development Agreement and the Canada-Alberta Job Fund agreement. This additional funding was invested in Training for Work, which is a suite of programs and services for unemployed, marginally-employed, and under-represented groups in the workforce.
- The ministry also collected more fee revenue than budgeted due to an increase in the number of immigration stream applications processed by the International Qualifications Assessment Service (IQAS). IQAS helps people get recognition for education and training they received outside of Canada.

## Ministry of Labour 2017-18 Key Risks

The Ministry of Labour identified the following key risks in its 2017-20 business plan.

**The ministry will continue to be challenged to find innovative ways of meeting the needs of Alberta's workers and employers as economic conditions change.**

Update: Labour built several Labour Market forecast tools in 2017-18 to help Albertans make informed career decisions and to help employers find the workers they need. The department used labour market information to enhance supports under a number of programs, including the Canada-Alberta Job Grant and Transition to Employment program, that help Albertans back to work. The ministry will continue to improve its programs to ensure they meet the needs of workers and employers.

**Increasing population diversity presents both an opportunity and a risk for the ministry. Alberta's changing population provides a valuable opportunity to add diverse viewpoints to workplaces and to the ministry's agencies, boards and commissions. At the same time, Labour must develop new approaches to deliver effective services to those who have unique needs, such as newcomers who might be vulnerable to unsafe workplaces or unfair labour practices, which places increased demands on the ministry's resources.**

Update: The ministry used transparent, non-partisan and competency-based processes for the recruitment and appointment of directors to public agencies. Within this competency-based approach, effort was made to encourage diversity among the individuals who submitted their names for consideration to ensure the boards of Labour's public agencies represent the diversity of Alberta's population. To ensure the health and safety of vulnerable workers in the province, the ministry conducted a joint OHS and employment standards initiative focusing on fuel and convenience store workers. As part of the initiative, ministry staff worked to educate vulnerable workers on their rights and issued a number of OHS orders. The ministry will continue to make protecting the rights of vulnerable workers a priority in 2018-19.

**Outdated legislation and regulations must be reviewed and modernized when necessary to reduce the risk of delaying resolution of matters for workers and the public, while also providing strong protection for workers. At the same time, the ministry must meet high expectations for transparency and engagement when making any legislative changes.**

Update: Government introduced a number of changes to legislation in 2017-18. The majority of changes introduced under the *Fair and Family-friendly Workplaces Act* took effect on January 1, 2018. *An Act to Protect the Health and Well-being of Working Albertans* received Royal Assent on December 15, 2017. The majority of changes under the Act were effective June 1, 2018. The Acts better protect worker rights and ensure workers can take care of themselves and their families without losing their jobs. They also improve workplace safety and the workers' compensation system for injured workers. *An Act to Protect Gas and Convenience Store Workers* received Royal Assent on December 15, 2017. This Act amends the Occupational Health and Safety Code to make fuel prepayment and violence prevention plans mandatory in Alberta's fuel and convenience stores to protect the lives of gas and convenience store workers. The new measures were effective on June 1, 2018. Labour consulted with employees; employers; industry, union and health and safety associations; academics, community and social groups; and municipal and Indigenous governments on these legislative changes.



## Outcome One: Workers are protected by a modern and balanced labour environment that promotes safe, fair and healthy workplaces

The ministry protects workers' rights by regulating Alberta's workplaces and ensuring Alberta's labour legislation is fair and modern. The ministry monitors Alberta's workplaces to ensure employers and workers are informed of their workplace rights and responsibilities. Additionally, the ministry actively promotes health and safety in Alberta workplaces. A strong health and safety workplace culture helps prevent work-related injuries, illnesses and deaths and supports injured workers to get back to work. Modernized labour laws will help ensure that Albertans have similar protections as other Canadian workers.

Key results and highlights during 2017-18 which support this outcome include:

- updated employment standards and labour relations legislation;
- introduction of a new *Occupational Health and Safety Act* and amendments to *Workers' Compensation Act* to improve workplace health and safety and provide fair compensation and meaningful support to injured workers and their families; and
- amendments to the Occupational Health and Safety Code requiring mandatory fuel prepayment and violence prevention plans for fuel and convenience stores.

### Key Strategy 1.1

Ensure Alberta's labour laws are balanced and support safe, fair and healthy workplaces

### ***Fair and Family-friendly Workplaces Act***

Alberta workers deserve to be employed in workplaces where they are treated fairly and have the same rights and protections to those enjoyed by other working Canadians. The *Fair and Family-friendly Workplaces Act*, which amended the *Employment Standards Code* and *Labour Relations Code*, received Royal Assent on June 7, 2017 and the majority of the changes took effect on January 1, 2018.

Changes introduced through the Act ensure parents of critically-ill or injured children can take time off from work to care for their family without fear of losing their jobs and allow Albertans the time they need to care for themselves if they are dealing with short-term illness, domestic violence or mourning the loss of a loved one. The updated labour laws also:

- lower the threshold for maternity leave and extend the period of job protection for parental leave, providing greater flexibility for working families; and
- change leave eligibility, compassionate care leave, rest period, averaging agreement, deduction, overtime banking, termination and temporary layoff and youth employment requirements.

Additionally, all Albertans deserve a fair and balanced labour relations system that respects the collective bargaining rights of both employees and employers. Changes to the *Labour Relations Code* are now in effect and focus on ensuring:

- timely resolution for parties;
- employers, employees and unions benefit from clear labour laws;
- workers' charter rights to choose a union to represent them are protected; and
- a fair mechanism to choose unions, fair bargaining structures and an equitable arbitration process to resolve disputes.

### ***An Act to Protect the Health and Well-being of Working Albertans***

Alberta's workplace safety laws were out of step with the rest of the country and the *Occupational Health and Safety Act* had not undergone a substantive review with changes for over 40 years. Since that time, workplaces and health and safety has changed. This past year, government continued its work to strengthen the rights and protections for workers and finally bring our workplace laws into the 21<sup>st</sup> century. Between August and October 2017, Labour engaged with workers, employers, unions and Albertans from across the province on how to improve the province's OHS system. Input from the review informed the development of the new *Occupational Health and Safety Act*.

*An Act to Protect the Health and Well-being of Working Albertans*, introduced a new *Occupational Health and Safety Act* and amended the *Workers' Compensation Act*. The majority of changes to the *Occupational Health and Safety Act* were effective as of June 1, 2018. The changes better protect workers so they can stay healthy and safe, and also ensure that workers have the supports and protection they deserve if they get injured or sick on the job.

The *Occupational Health and Safety Act* enshrines the basic rights of workers on health and safety matters, updates roles and responsibilities of all work site parties and government, and introduces requirements for establishing Joint Work Site Health and Safety Committees, health and safety representatives and health and safety programs. The new Act also improves appeals processes; requires prevention of workplace harassment and violence; and for the first time, spells out employers and supervisors responsibilities to ensure workers are protected from workplace harassment or violence; modernizes enforcement processes; and sets requirements to acquire and share information to help with prevention efforts for workplace illness and injury.

### ***An Act to Protect Gas and Convenience Store Workers***

Government has the backs of everyday working people in Alberta and as part of that work, in 2017-18 Labour took action to ensure all Alberta gas and convenience store workers have a safe working environment. Alberta has seen too many tragic stories of workers hurt or killed in gas-and-dash incidents over the years. Any death or injury at the workplace is one too many. *An Act to Protect Gas and Convenience Store Workers* will save lives and help ensure workers make it home at the end of the day. This Act amends the Occupational Health and Safety Code to make prepayment for fuel and violence prevention plans mandatory in Alberta's fuel and convenience stores. The new measures were effective as of June 1, 2018.

## Workers' Compensation Review

When injuries do happen at work, Albertans should know that a fair compensation system will support injured workers and help them get back to work. Prior to this review, the workers' compensation system had not undergone a top to bottom review for more than 15 years. In June 2017, the independent Workers' Compensation Board (WCB) review panel issued recommendations to improve the workers' compensation system to ensure that it is compassionate, fair, sustainable and provides greater benefits to support injured workers. The recommendations from the review panel informed the amendments to the *Workers' Compensation Act*.

The updated *Workers' Compensation Act* and recommendations from the report, to be implemented by WCB, will enshrine the rights of workers and employers when dealing with the WCB and its employees; improve benefits for injured workers and their families; ensure employers follow their duty to accommodate workers; stop unfairly deciding workers are fit for jobs that are not truly realistic; improve spousal support benefits; lengthen the opportunity for workers to appeal a decision; require a regular statutory review of the workers' compensation system; and create a Fair Practices Office that will review complaints on administrative fairness and help Albertans navigate the system. The Fair Practices Office is expected to launch on December 1, 2018. Additionally, the revised act adds provisions to increase the accountability and transparency of the WCB Board of Directors and works to rebuild trust between workers, employers and other partners including the Appeals Commission for Alberta Workers' Compensation and the Medical Panels Office.

**Key  
Strategy  
1.2**

**Increase Alberta's minimum wage to \$15 per hour by 2018**

## Minimum Wage

For too many years in Alberta, our minimum wage did not keep up with the high costs of living and everyday working folks paid the price for previous inaction. No one who is working a full time job should ever be forced to stop at the food bank on the way home from work in order to feed their family. That is why government is committed to

ensuring Albertans have a fair wage and making life more affordable for working people all over the province. As part of this commitment, a three-year phased in approach to increase the minimum wage to \$15 per hour was announced in June 2016. On October 1, 2017, the minimum wage in Alberta increased by \$1.40 per hour to \$13.60. Alberta's minimum wage will increase to \$15 per hour on October 1, 2018.

All Albertans deserve to have equal opportunities in the workforce and to earn a fair wage. The increase in minimum wage is not only good for workers, it is good for the economy as well. Every extra dollar that these workers get boosts their spending power and gets reinvested back into their communities. Increasing the minimum wage is particularly beneficial to women, who make up the majority of minimum wage earners.

In 2017, Labour released the Alberta Low Wage Profile and the Alberta Minimum Wage Profile. The Alberta Low Wage Profile presents information on low wage earners, who are persons with average hourly earnings below \$15 per hour while the Alberta Minimum Wage Profile presents information on employees whose average hourly earnings are at or below minimum wage. By March 31, 2018, the number of employees earning below \$15 per hour in Alberta had decreased to 253,900 from 292,400 in March 2017.

The ministry will continue to monitor the effects of the minimum wage increases, but we know that these modest increases are making life better and more affordable for thousands of Albertans.

### Alberta's Minimum Wage

	<b>General Minimum Wage</b>	<b>Liquor Server Minimum Wage</b>
October 1, 2017	\$13.60	N/A <sup>1</sup>
October 1, 2016	\$12.20	N/A <sup>1</sup>
October 1, 2015	\$11.20	\$10.70
<sup>1</sup> The separate liquor server minimum wage was eliminated on October 1, 2016.		

**Key  
Strategy  
1.3**

**In partnership with Agriculture and Forestry, incorporate the farm and ranch sector fully into Alberta's labour regulations to ensure waged, non-family farm and ranch workers are better protected when at work**

The *Enhanced Protection for Farm and Ranch Workers Act* was designed to ensure the safety of all wage-earning, non-family farm and ranch workers, ensuring they have the same basic rights and protections as other working Albertans. When these changes were first announced, government promised that it would work closely with farmers and ranchers to come up with regulations that made sense for the industry. Six technical working groups were created in 2016-17 to provide recommendations on how the legislation should be applied in the agriculture sector. The groups provided recommendations on the application of the Occupational Health and Safety Code (two groups), *Employment Standards Code*, *Labour Relations Code*, as well as OHS best practices and OHS training.

Labour worked closely with producer groups and other partners in the sector during the review process and worked closely with the farm and ranch technical working groups. Government recognizes that the agricultural sector is unique. With the help of the technical working groups, government was able to strike an appropriate balance to ensure waged, non-family workers are better protected at work while respecting the unique qualities of farms and ranches. Recommendations from the technical working groups that examined the *Labour Relations Code* and *Employment Standards Code* informed the *Fair and Family-friendly Workplaces Act*, which largely came into effect on January 1, 2018. Recommendations from the Occupational Health and Safety Code technical working groups informed *An Act to Protect the Health and Well-being of Working Albertans Act*.

To ensure industry stakeholders are well informed about the legislative changes, the ministry created an education strategy to help reach agricultural stakeholders.

## **Farm and Ranch Inspections and Reportable Incidents**

In 2017-18, 10 fatal farm and ranch incidents were reported to the ministry. OHS investigations resulted in two Stop Work Orders and six Demands being issued. A Demand is a compliance tool that allows an OHS Officer to obtain necessary information during an incident investigation. Of the 10 fatalities, five were directly related to family members of farm owners and did not fall under OHS jurisdiction. Additionally, six non-fatal reportable incidents and five complaints were received and investigated by OHS, which resulted in no orders being issued.

**Key  
Strategy  
1.4**

**Enhance prevention by promoting evidence-based best practices with employers and workers through communication, education, partnerships and undertaking proactive inspections initiatives and programs**

## **Occupational Health and Safety Proactive Initiatives**

The proactive program provides a strategic approach to employer inspections. A selected employer program, several industry programs and a focused inspection program were included under the proactive program in 2017-18. The ministry's OHS work is both responsive and proactive. In 2017-18, proactive work accounted for 59 per cent of OHS efforts, which included this program and officer-initiated activities.

### ***OHS Selected Employer Program; Focusing on High-risk Employers***

The selected employer program uses an index score to help identify those employers that would benefit the most from additional interaction with OHS. Under the program, large employers are ranked against one another across all industries in the province. WCB data is used to identify patterns of performance over time and compares employers' metrics to the provincial average. The approach takes into account lost-time claims, disabling injury rates, days lost due to injury as well as WCB accepted fatalities.

In 2017-18, 680 high-risk employers were identified using the OHS index approach. The selected employer program commenced on November 1, 2017 and runs until August 31, 2018. From November 1, 2017 to March 31, 2018, 538 inspections and 78 follow-up inspections were completed, resulting in 416 Compliance Orders and one Stop Work Order being issued. No Stop Use Orders were issued during this period.

During the prior year, the Selected Employer Program occurred from October 1, 2016 to October 31, 2017. During this period, 1,687 inspections and 785 follow-up inspections were completed, resulting in 1,385 Compliance Orders, 26 Stop Work Orders and nine Stop Use Orders being issued.

### **Stop Use and Stop Work Orders**

**Stop Use Orders:** Officers have the authority to stop use of equipment that is observed to be unsafe, or that has the potential, in the officer's opinion, to seriously injure workers. A Stop Use Order is lifted when the requirements of the order are met.

**Stop Work Orders:** When an OHS Officer observes that work is being carried out in a manner that is unhealthy or unsafe for workers, the officer may issue a Stop Work Order. A Stop Work Order requires that work is stopped immediately and may apply to an entire work site or to certain activities or areas of a work site. A Stop Work Order is lifted when the requirements of the order are met.

### ***OHS Proactive Industry Program; Focusing on High-risk Industries***

The proactive industry program conducts proactive inspections to improve worker safety in high-risk industries. In 2017-18, these industries included residential construction; commercial and industrial construction; manufacturing; oil and gas; and healthcare. In 2017-18, 9,693 inspections and 3,965 follow-up inspections were completed, resulting in 7,655 Compliance Orders, 1,033 Stop Work Orders, and 130 Stop Use Orders being issued. In comparison, during 2016-17, 7,478 inspections and 2,772 follow-up inspections were completed which resulted in 5,434 Compliance Orders, 933 Stop Work Orders and 112 Stop Use Orders being issued. Using proactive approaches allows the ministry to balance education and compliance efforts to improve worker safety.

## ***OHS Focused Inspection Programs; Focusing on Emerging Trends***

Focused inspections programs use emerging trends to identify opportunities to improve worker safety. These projects raise awareness of known workplace hazards and ensure compliance under OHS rules. In 2017-18, two focused inspection programs were conducted, which closely considered care workers and vulnerable workers. The programs were carried out to enhance awareness amongst employers and employees with respect to relevant rights and responsibilities under the *Occupational Health and Safety Act*, Regulation and Code.

### ***Care Worker Violence Prevention Program***

The 2017, OHS officers inspected facilities that employ care workers to improve worker safety. OHS conducted inspections to help workers and employers understand their rights and responsibilities and mitigate potential risks. The department used WCB injury reporting data to identify employers with elevated injury rates across three industries, which included home support services, rehabilitation services for people with disabilities and social/community support. A total of 58 employers were contacted by OHS officers, with 53 employers and 179 employees being interviewed. The 137 inspections and 50 follow-up inspections resulted in 43 Compliance Orders being issued, the majority of which were written under the OHS Code. No Stop Work or Stop Use Orders were issued. The Care Worker Program ran between June 8, 2017 and September 30, 2017.

### ***Vulnerable Workers Program***

Research has shown that vulnerable workers are more likely to be exploited in the workplace or subjected to unfair employment practices. In 2017-18, the ministry conducted a vulnerable worker focused inspection program, which included fuel and convenience store workers. This program covered both OHS and employment standards.

In total for 2017-18, the program resulted in 405 initial inspections and 272 follow-up

inspections. The inspection strategy resulted in 604 OHS Compliance Orders being written, with the top non-compliance areas being hazard assessment, emergency preparedness and first-aid. Employment standards violations included multiple violations of legislation, mostly related to general holiday pay, overtime and record keeping.

In 2018-19, the ministry will continue to make protecting the rights of vulnerable workers a priority by using data to determine which workers might be most vulnerable.

### **What is a Vulnerable Worker?**

Vulnerable workers are identified as, but not limited to, youth, students, interns, immigrants, Indigenous people, seasonal and temporary workers, temporary foreign workers, low-skilled workers, independent contractors, workers who have multiple jobs and female workers in male dominated industries, as well as Albertans who are older, new and inexperienced and those with disabilities.

## Partnerships in Injury Reduction

Partnerships in Injury Reduction is a voluntary program where employers work with government to build effective health and safety management systems. By improving health and safety, the social and financial costs of workplace injury and illness are reduced.

Certificates of Recognition are awarded by one of 13 certifying partners. As of March 31, 2018, there were 10,955 active certificate holders, a decrease from 11,239 on March 31, 2017. An effective health and safety management system must include the following eight elements:

### What is Certificate of Recognition?

- CORs are awarded to employers who develop OHS management systems that have been evaluated through an audit process, and meet established provincial Partnership standards.
- Employers must get and maintain a valid COR to earn a financial incentive through the Workers' Compensation Board – Alberta.
- Alberta corporations may require bidding contractors to hold a valid COR.
- CORs are issued by the Alberta government and co-signed by certifying partners.

- clear management commitment and written company policy;
- identification and analysis of health and safety hazards at the work site;
- control measures to eliminate or reduce the risks to workers from hazards;
- worker competency and training;
- inspection program;
- emergency response planning;
- incident reporting and investigation; and
- management system administration.

If a certificate holder has an occurrence of a serious incident or fatality, the ministry will conduct an employer review of that certificate holder. If systemic deficiencies are found with the employer's health and safety management system, the ministry will require the employer to complete an action plan to correct deficiencies. In 2017-18, the ministry conducted 116 action plans with certificate holders, as well as 100 on-site audit reviews of the work of certificate auditors.

The ministry is conducting a review of the program to ensure its effectiveness and to incorporate new legislated requirements into the certificate audit instrument resulting from *An Act to Protect the Health and Well-being of Working Albertans*.



## Occupational Health and Safety Innovation and Engagement Grants Program

Labour helps non-profit organizations improve workplace health and safety through the Occupational Health and Safety Innovation and Engagement Grants Program. The grants support organizations undertaking prevention activities that improve workplace health and safety culture and prevent workplace injuries, illnesses and fatalities through awareness and education. The grants are available through three funding streams including Capacity Building, Action and Momentum.

2017-18 OHS Innovation and Engagement Grants Program			
Applications	2017-18	Recipients by Region <sup>1</sup>	2017-18
Received	121	Calgary	11
Approved	41	Edmonton	16
Funds Allocated	\$852,811	North	5
		South	5
		Central	4

<sup>1</sup> Some are province wide.

In 2017-18, almost \$853,000 in funding was distributed to non-profit organizations and public sector organizations for projects aimed at improving OHS awareness, knowledge and prevention in Alberta. This is a 27 per cent increase from the \$667,000 distributed in 2016-17. Fifty-six more applications were received over the previous cycle of the grants and eight more grants were awarded.

### Future Focused Research

The Occupational Health and Safety Futures Research Funding Program (OHS Futures) provides health and safety research funding for academic institutions, industry and labour organizations. OHS Futures provides funding for research that explores new ways to prevent injuries and illnesses and address hazards that Albertans can face at work. The grants provide opportunities for the province to work with researchers to develop an evidence-based approach in reducing workplace illness and injury. During the fourth full year of operation, OHS Futures received 27 applications compared to 20 in year three. In total, \$1.6 million was provided to fund 13 research projects compared to the over \$700,000 provided to fund eight projects in 2016-17. The program funded a variety of projects, including:

- an assessment of the effects of workplace exposure to flour and related products on the respiratory health of bakers to inform the setting of an evidence based workplace exposure limit (follow-up to funding provided in previous years);
- a project designed to improve the health and working conditions of long-haul truck drivers in Alberta;
- a systematic review and meta-analysis examining the impact of various types of occupational activity on maternal and fetal health outcomes to inform occupational health and safety policy for pregnant women;
- a project to examine wearable technology for monitoring whole body vibration;
- an examination of the effectiveness of creative sentencing to reduce workplace injuries;

- an examination of occupational health and safety in the context and realities of Indigenous peoples and communities to inform the design of a unique model for Indigenous OHS;
- an assessment of the reliability of a perception survey to offer threat and risk awareness;
- an exposure assessment of antineoplastic drug contamination on work surfaces;
- a project designed to identify strategies to reduce the risk of Post-Traumatic Stress Disorder (PTSD) in first responders by increasing their resilience;
- a project to contribute to an understanding of how workplace practices and policies can support or impede employee mental health and to advance gender responsive, mental health practices and policies;
- an examination of the effectiveness of regulatory enforcement activities in reducing workplace injury rates in Alberta;
- realizing the full potential of green-certified government office buildings in promoting employee mental health; and
- a project to measure occupational health and safety vulnerability in Alberta.

**Key  
Strategy  
1.5**

**Improve the protection of worker rights and safety through more timely inspections, investigations and enforcement activities to address non-compliance**

## **Commitment to Front-line Service Delivery**

Labour is making life better for everyday Albertans by ensuring workplaces are safe, fair and healthy. But it's not enough to just have updated and modernized labour laws in place. We need to ensure that we have the necessary staff and boots on the ground to enforce the rules and ensure everyone knows what is expected of them. In 2018-19, as part of a massive new investment in funds thanks to Budget 2018, the ministry will make front-line service delivery our focus to continue to better serve Albertans. New staff will be hired to increase the ministry's presence in the field through frequent and regular interaction with workers and employers in the province. This dedication means that the ministry will continue to ensure that workplaces in Alberta are protected now and into the future.

## Occupational Health and Safety Inspections and Investigations

Every Albertan has a right to work in a healthy and safe environment. The ministry is committed to ensuring that this right is protected.

In 2017-18, the ministry conducted 11,752 OHS inspections and 5,076 follow-up inspections. This resulted in 10,324 distinct workplaces being visited and 10,899 OHS orders being issued. In 2017-18, there was an increase of 35 per cent in

### Occupational Health and Safety

	2015-16	2016-17	2017-18
Inspections conducted	6,073	8,648	11,752
Follow-up inspections conducted	3,078	3,618	5,076
OHS orders written	7,335	7,848	10,899

the number of inspections conducted, a 40 per cent increase in the number of follow-up inspections conducted and a 39 per cent increase in the number of orders issued compared to the prior year. In 2016-17, there were 8,648 inspections and 3,618 follow-up inspections conducted, resulting in 7,848 OHS orders being written. Employers receive OHS orders when there is evidence that indicates non-compliance to workplace legislation in Alberta, as set out in the *Occupational Health and Safety Act*, Regulation and Code. OHS orders include Compliance Orders, Stop Work Orders and Stop Use Orders.

OHS officers can issue tickets to employers and workers for observed non-compliance with specific sections of OHS legislation. Examples include when an employer fails to ensure that workers are using or wearing required equipment or when an employee fails to have a valid entry permit when entering a confined space. In 2017-18, 67 tickets were issued; 38 to employers and 29 to workers. Since May 1, 2014, 394 tickets have been issued, with the largest monetary penalty of \$575 being issued to an employer.

An administrative penalty is a monetary penalty issued for non-compliance with OHS legislation. The purpose of the penalties are to improve workplace health and safety and compliance and create a deterrent to future non-compliance. From April 1, 2017 to March 31, 2018, six administrative penalties were issued to employers, with fines ranging from \$1,250 to \$7,500.

In 2017-18, 26 charges were laid, for the most serious OHS infractions, compared to 13 charges in 2016-17. This resulted in monetary fines totalling \$4,180,075 (compared to \$1,600,000 in 2016-17.) These fines ranged from \$40,000 to \$650,100. The number of charges laid is dependent on a number of factors, including the number of serious incidents that occur.

### What is a Serious Incident?

Section 18 of the *Occupational Health and Safety Act* defines a reportable incident as:

- an injury or accident that results in death;
- an injury or accident that results in a worker being admitted to a hospital for more than two days;
- an unplanned or uncontrolled explosion, fire or flood that causes a serious injury or that has the potential of causing a serious injury;
- the collapse or upset of a crane, derrick or hoist; or
- the collapse or failure of any component of a building or structure necessary for the structural integrity of the building or structure.

Corporate probation was introduced as a sentencing tool for OHS prosecutions in 2014. It is a court-imposed penalty which goes beyond monetary penalties and calls for action from employers that can have an effect on cultural change beyond paying fines. In 2017-18, corporate probations were issued 13 times. In 2017-18, examples of corporate probation, included but are not limited to, the requirement for employers to pay:

- \$100,000 for the purpose of funding the creation of safety programs targeted at small to mid-sized companies through an industry association;
- \$95,000 to fund training materials for safely working with propane; and
- \$285,000 for the purposes of funding a two-year research project to look into safety hazards relating to tailings storage facilities.

In 2017, the government worked with Alberta police forces to better coordinate the investigation of serious workplace health and safety incidents. As of January 31, 2018, the province and 11 police services, including the Royal Canadian Mounted Police, have signed a Memorandum of Understanding. The memorandums define protocols for investigating serious workplace incidents. This will help investigators determine if criminal charges may be warranted in addition to occupational health and safety violations. The ministry and police services have committed to reviewing the memorandums in 2018.

## Occupational Health and Safety Contact Centre

The OHS Contact Centre helps provide Albertans with information related to OHS legislation. The contact centre also receives complaints and incident notifications through telephone calls and emails from Albertans. In 2017-18, the ministry received 18,781 telephone inquiries and 4,637 email inquiries from both employees and employers seeking additional information and guidance. This reflected a 7.7 per cent increase compared to 2016-17 when 17,781 telephone inquiries and 3,964 email inquiries were addressed.

Albertans planning to conduct any work where asbestos may be disturbed must submit a Notification of Project to OHS 72 hours prior to the work beginning for work that includes:

- setting-up operations that may release asbestos fibres;
- removing asbestos; and
- demolishing or renovating buildings or equipment that contain asbestos.

In 2017-18, the contact centre received and processed 8,794 notifications which is nearly a 13 per cent increase from 2016-17 when 7,794 notifications were processed.

In 2018-19, the ministry expects to exceed the number of Notification of Projects received in 2017-18 due to infill and restoration projects occurring in Alberta.

### Did You Know?

Exposure to airborne asbestos fibres cause a number of diseases, such as asbestosis and cancer. Workers may be exposed to asbestos in the workplace when materials containing asbestos are disturbed.

## Employment Standards

Ensuring employee rights are protected and that employers are compliant with Alberta's *Employment Standards Code* is a priority the ministry is committed to. The *Employment Standards Code* provides minimum standards of employment that apply to the majority of employers and employees in the province, with the exception of those working in federally regulated industries. The *Employment Standards Code* applies to approximately 85 per cent of all employment relationships in Alberta. If an employee has concerns about employment standards at their workplace, and are unable to resolve the issue with their employer, they may file a complaint or anonymous tip.

In 2017-18, 4,679 employment standards complaints were received by the ministry (in comparison to 5,373 complaints in 2016-17) and 4,842 employment standards complaints were completed

Employment Standards			
	2015-16	2016-17	2017-18
Complaints received	5,382	5,373	4,679
Complaints completed	4,866	5,663	4,842
Money recovered for Albertans	\$4,687,733	\$4,617,142	\$3,241,448

(compared to 5,663 complaints in 2016-17), due to the limited resources available by the program for complaint completion. A complaint is considered completed when the investigation phase is over and the officer has collected money or has exhausted all available options for resolving the complaint, whether through voluntary resolution or issuing an order or decision in the case. For more information, see performance measure 1.3 of this annual report.

As of March 31, 2018, the employment standards backlog had 1,693 complaints in the queue. This compares to 1,553 complaints at the end of 2016-17. This year, 41 per cent of employment standards complaints were completed within 180 days (compared to 49 per cent in 2016-17.)

The ministry continued several initiatives to support timelier service delivery to Albertans including realignment and repurposing existing resources to support frontline client-service activities, as well as improvements through Operational Excellence to produce more efficient internal processes. In addition, a mediation initiative was launched in September 2017 to increase staff usage of informal resolution to complete complaints collaboratively with the parties, when appropriate. These efforts resulted in a decrease in the average days for officers to complete a file; 87 days compared to 93 days in 2016-17. This compares to 153 days in 2013-14.

However, improvements in efficiency and gains were offset this fiscal year by a redeployment of employment standards staff to support the implementation of the *Fair and Family-friendly Workplaces Act*. Employment standards legislation had not changed since 1988. By temporarily investing resources through re-deployment in 2017-18, employment standards is now positioned to significantly and sustainably improve service delivery to Albertans for years to come.

In 2018-19, timely service delivery will remain a priority for the ministry, one that will be realized through additional resources. After years of disproportionately higher demands and fewer resources than comparable provinces, employment standards will hire 38 additional staff in 2018-19; the majority being officers focused on resolving complaints from Alberta employees and conducting proactive inspections. Employment standards will also focus more on education and awareness of employee rights and employer responsibilities, informal resolution of complaints where appropriate, as well as stronger

enforcement through the use of new tools. Combined with improvements to internal processes and structures introduced in 2017-18, Albertans can expect to receive timelier complaint completion.

In addition to delivering timelier services, Labour will continue to focus on the recovery of money owed to Alberta employees. Unpaid earnings include wages, overtime pay, vacation pay, general holiday pay and termination pay. In 2017-18, over \$3.2 million in unpaid earnings were recovered for Alberta employees, compared to over \$4.6 million in 2016-17. While this 30 per cent decrease is attributable to fewer claims completed in 2017-18, and shifts in the economic climate in recent years, new legislation, combined with increased resources and tools, will result in more unpaid earnings recovered in the future.

## Employment Standards Inspections and Anonymous Tips

The Employment Standards Special Investigation Unit conducts inspections, special investigations and resolves complaints including anonymous tips. The employment standards inspection process identifies areas of non-compliance and requires employers to remedy violations for all affected employees.

Improving workplace compliance through a balanced approach of education and enforcement is an ongoing priority for Labour. In 2017-18, the work of this unit was temporarily re-prioritized to support the implementation of the *Fair and Family-friendly Workplaces Act*, resulting in completion of 356 inspections, significantly fewer than in 2016-17. Inspections identified overtime, payment of wages and general holiday pay as the most prevalent contraventions. In 2018-19, the unit will be fully restored and a dedicated proactive inspections unit will be established to conduct at least 600 inspections province-wide.

In 2014, the ministry began accepting anonymous tips concerning allegations of non-compliance with legislation. Anonymous tips provide an opportunity for Albertans to report violations but are not considered formal complaints under employment standards legislation. More than 80 per cent of anonymous tips merited action by ministry staff.

### Employment Standards Anonymous Tips and Inspections

	2015-16	2016-17	2017-18
Anonymous tips received	568	480	315
Anonymous tips completed	660	508 <sup>1</sup>	319
Inspections conducted	464	679	356
<sup>1</sup> Includes anonymous tips received in prior fiscal year and concluded in 2016-17.			

The anonymous tips platform provides Albertans with a means to raise concerns to employment standards without fear of retaliation. In 2017-18, anonymous tips were accepted for unpaid wages, overtime, vacation pay and/or general holiday pay; adolescents; young persons; and temporary foreign worker employment issues.

In 2016-17, the anonymous tips program was reviewed and re-focused to enhance voluntary employer compliance through education balanced with stronger enforcement in cases where non-compliance continued to occur. The results of this re-focus were reflected in the quality of anonymous tips received. In 2017-18, most tips were found to be legitimate compared to those received under the previous model. Changes to administrative processes allowed staff to be re-deployed to respond to Albertans concerns and conduct inspections. In 2017-18, the ministry received 315 anonymous tips and completed 319 cases, in comparison to 480 received and 508 completed in 2016-17.

## **Employment Standards Contact Centre**

Labour continues to improve workplace compliance by making information and education readily accessible through the Employment Standards Contact Centre. In 2017-18, the contact centre received 139,545 telephone inquiries and 15,556 email inquiries from employees and employers seeking information and guidance. This reflected a 4.6 per cent increase compared to 2016-17 when 148,292 enquiries (telephone and email) were addressed. As part of the ministry's commitment to ensuring Albertans understand the new employment standards legislation, contact centre responded to an unprecedented 15,000 telephone and email inquiries from Albertans in January 2018.

**Performance Measures**  
**1.a & 1.b**

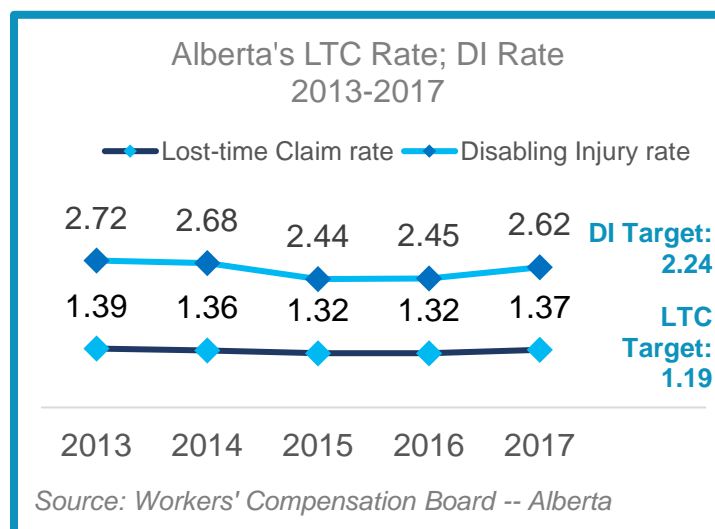
**Lost-time claim rate: Number of lost-time claims per 100 person-years worked**  
**Disabling injury rate: Number of disabling injuries per 100 person-years worked**

**LTC Target: 1.19    Result: 1.37**

**DIR Target: 2.24    Result: 2.62**

The lost-time claim (LTC) rate increased to 1.37 in 2017 from 1.32 in 2016 and was significantly above the target of 1.19. With the exception of 2011, the LTC rate has seen a definitive decrease since 2006. After the increase in the previous year, it is expected that the LTC Rate will resume its downward trend by a substantial amount and move from 1.37 to the expected rate in 2018.

The disabling injury (DI) rate in Alberta increased to 2.62 from 2.45 in 2016. The 2017 result was significantly higher than the target of 2.24. The 2017 rate was the third lowest observed in the past 10 years with 2015 and 2016 being the lowest years in this reporting period.



There are many factors that influence the LTC rate and DI rate, including, Workers' Compensation System processes, efforts by employers to implement safety programs and attitudes of employers and workers. External forces arising from the economic cycle affect injury rates as well. Alberta's economic recovery, especially increased activity in some high-risk industries, may have contributed to the increased rates in 2017.

Labour has many programs that promote safe practices in the workplace and influence these results, such as issuing Certificates of Recognition to employers who develop health and safety programs that meet established standards. The ministry has also raised public awareness to promote health and safety by providing educational materials on how to work safely and stay healthy on the job. Labour also works with employers who have high rates of injury and disease, helping them to improve their OHS management systems. Labour has also been enhancing its OHS compliance efforts through targeted inspections and implementing new service delivery models to achieve higher levels of consistency across the province.

The series of stakeholder engagements undertaken this past year may have increased awareness of OHS issues, and perhaps changed the injury-reporting practices of firms and workers. A higher claim volume, coupled with a slight increase in covered workers, results in higher injury rates.



**Performance Measures**  
**1.c**

**Percentage of employment standards complaints completed within 180 days of date complaint received**

**Target: 60%**

**Result: 41%**

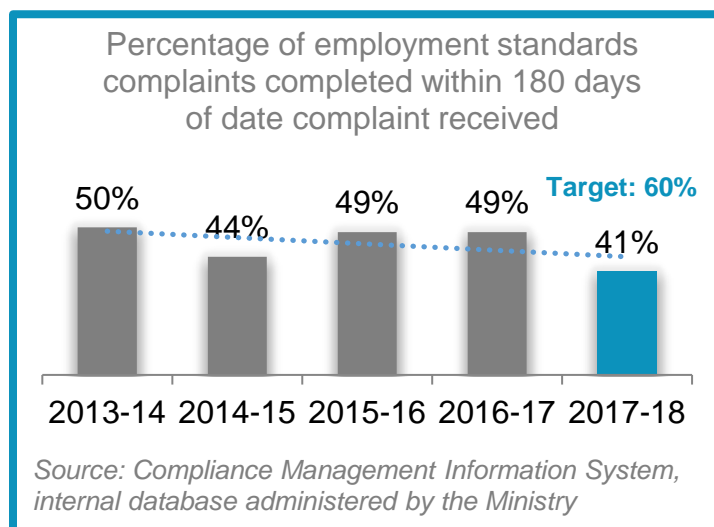
Albertans work hard to support themselves and their families and they rely on their employers to ensure they are paid what they are owed for their work and that they are being compensated in a fair manner. Unfortunately, this is not always the case and when this happens, they expect a timely resolution. In 2017-18, 41 per cent of employment standards complaints received were completed within 180 days of the date the complaint was received.

Each complaint is unique and complex. Very complex investigations take additional time and resources. While the ministry strives for timely completion, investigators must ensure in all cases that investigations are thorough, of high quality and fair to all parties. A completed employment standards claim means that the investigation phase is complete and results in one of the following outcomes: the employee is advised there are no earnings due, the employee has received an amount satisfactory to the employee or the employer has been ordered to pay the employee a sum of money and the claim may be forwarded to appeals or collections.

To support the implementation of the *Fair and Family-friendly Workplaces Act*, 12 per cent (equivalent) of front-line employment standards staff were redeployed, which attributed to the decrease and resulted in the missed target. Further, Alberta's economic conditions can influence the result for this measure as employers that owe money to employees may be less able to pay and employees who are owed earnings may be more eager to receive all to which they are entitled.

Initiatives introduced in 2017-18, combined with additional staff, are expected to result in timelier service in complaint completion. Initiatives implemented in 2017-18 included:

- a mediation initiative launched September 2017 to increase usage of informal resolution as a means to complete complaints in collaboration with parties involved. Informal resolution is expected to result in timelier completion of complaints; and
- through Operational Excellence, improvements were made to internal processes and structures to produce efficiencies. The effect of these changes will be realized when they are fully implemented in 2018-19.



**Performance Measures 1.d**

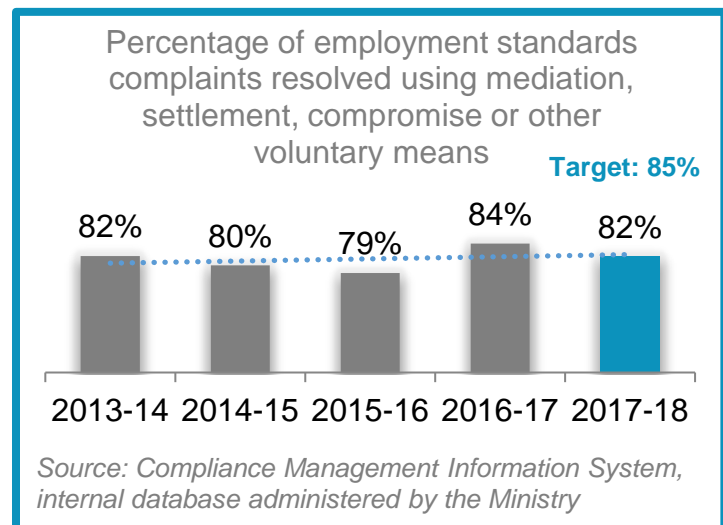
**Percentage of employment standards complaints resolved using mediation, settlement, compromise or other voluntary means**

**Target: 60%**

**Result: 41%**

The ministry works to ensure Alberta's workplaces are safe, fair and healthy, where workers' rights and employers' obligations are upheld. This includes ensuring compliance with the *Employment Standards Code* and ensuring that employees receive all to which they are entitled. Employment Standards Program Delivery receives and resolves an estimated 5,000 complaints annually, and promotes the voluntary resolution of complaints, where feasible.

Eighty-two per cent of employment standards complaints were resolved voluntarily in 2017-18. This represents a two percentage point decrease from 2016-17 and does not meet the target of 85 per cent. Each complaint is unique and not all situations lend themselves to voluntary resolution. Where a voluntary resolution cannot be achieved, the ministry takes appropriate investigation and enforcement steps.



The ministry actively promotes the voluntary resolution of employment standards complaints through a model of mediation. The voluntary resolution of an employment standards complaint means that the employer has paid the employee an amount the employee believes is satisfactory or the funds to which they are entitled and the complaint is concluded.

The decrease in the 2017-18 result is attributed to the fact that 12 per cent of employment standards staff were redeployed to support implementation of the *Fair and Family-friendly Workplaces Act*. In addition, as with measure 1.c, above, Alberta's economic conditions can influence the result for this measure as employers that owe money to employees may be less able to pay and employees who are owed earnings may be more eager to receive all to which they are entitled.

The government wants to resolve employment standards complaints in a timely manner. Alberta Labour is implementing new tools, streamlining processes and will be hiring more employment standards officers to complete claims as quickly as possible. Initiatives introduced in 2017-18, combined with additional staff are expected to result in greater voluntary compliance. (See performance measure 1.c for details.)

## Performance

### Measures

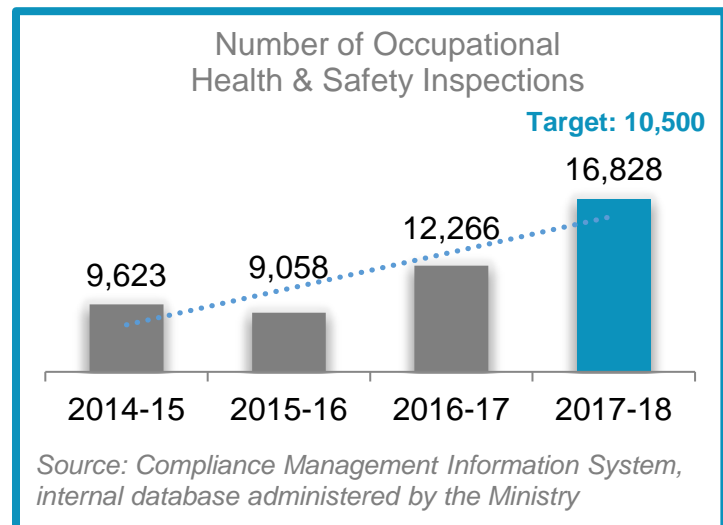
1.e

### Number of Occupational Health and Safety (OHS) inspections

**Target: 10,500 Actual: 16,828**

Every Albertan has a right to work in a healthy and safe environment, and to return home safe and healthy each and every day. OHS conducts inspections to determine if employers and workers are fulfilling their responsibilities under the *Occupational Health and Safety Act, Regulation and Code*.

Health and safety issues are identified by OHS officers who determine if the employer is meeting the intent of the legislation. If this is not the case, the officer has a number of compliance tools that can be used to achieve compliance. The compliance tool used depends on a number of factors which include the severity of the health and safety issue identified.



When an inspection identifies non-compliance, the officer conducts a follow-up inspection to determine if the employer has addressed the health and safety concern, ensuring that employees remain safe while at work.

In 2017-18, the ministry conducted 11,752 inspections and 5,076 follow-up inspections for a total of 16,828 inspections. This is an increase over 2016-17 results and significantly exceeds the target of 10,500 inspections. There is an upward trend in the number of inspections over the last several years, as the ministry has been implementing improvements to the province's OHS system. In 2017-18, OHS introduced a work service standard that determined how many inspections each officer is responsible to achieve. In addition, training demands in 2017-18 were not as high as in the previous year.

## Outcome Two: Workers have access to timely, fair and independent adjudication and dispute resolution services

The results presented under this outcome represent the collective work of the Alberta Labour Relations Board, the Appeals Commission for Alberta Workers' Compensation and Labour's Mediation Services to promote positive labour and management relations throughout Alberta.

A fair and balanced labour relations system that respects the collective bargaining rights of both employees and employers contributes to a strong economy. The Department of Labour seeks to resolve disputes in collective bargaining negotiations by providing mediation services to Albertans.

The Alberta Labour Relations Board (ALRB) is an independent and impartial tribunal responsible for the day-to-day application and interpretation of Alberta's labour laws. The ALRB's mission is to administer, interpret and enforce Alberta's collective bargaining laws in an impartial, knowledgeable, efficient, timely and consistent way. The ALRB actively encourages dispute resolution and makes major policy decisions. Governing legislation related to this program includes the *Labour Relations Code*, the *Public Service Employee Relations Act*, the *Police Officers Collective Bargaining Act* and certain matters under the *Public Education Collective Bargaining Act*. These acts apply to most unionized employees in the province, but exclude employers and employees in domestic work and in industries falling under federal jurisdiction such as airlines, railways, interprovincial trucking and shipping and telecommunications. The ALRB also administers essential services legislation and has recently taken on responsibility for OHS appeals and adjudicating remedies for reprisals under the *Public Interest Disclosure (Whistleblower Protection) Act*.

The Appeals Commission for Alberta Workers' Compensation is a quasi-judicial tribunal operating under the authority of the *Workers' Compensation Act* as the final level of appeals for workers' compensation matters in Alberta. The Appeals Commission for Alberta Workers' Compensation ensures impartial and unbiased adjudication. Legislation prohibits the appointment of WCB employees or members of the WCB Board of Directors as commissioners. The Appeals Commission is independent of the Workers' Compensation Board – Alberta and is accountable to the Minister of Labour.

Key results and highlights during 2017-18, which support this outcome, include:

- amendments to the *Labour Relations Code* imposed statutory timelines regarding ALRB's certification and revocation processes, which obligates the ALRB to process applications expeditiously; and
- the ALRB also took on responsibility for appeals under OHS legislation and remedies for reprisals under the *Public Interest Disclosure (Whistleblower Protection) Act*.

## Key Strategy 2.1

Provide effective labour relations dispute resolution services through ministry-appointed mediators and develop a Grievance Mediation program to provide an early, cost effective alternative to arbitration

### Mediation

Mediation is an important and valuable tool for unions and employers involved in collective bargaining and is a mandatory step prior to parties being able to strike or lockout. The ministry appoints independent mediators under the *Labour Relations Code*, *Police Officers Collective Bargaining Act*, *Public Service Employee Relations Act* and the *Post-secondary Learning Act*.

Mediation			
	2015-16	2016-17	2017-18
Number of mediations concluded where a ministry-appointed mediator was engaged to assist the parties in their negotiations	106	119 <sup>2</sup>	66
Number of mediations with a ministry-appointed mediator that were settled without a work stoppage	104	118 <sup>1,2</sup>	65
Percentage of collective bargaining agreements with the assistance of a ministry-appointed mediator settled without a work stoppage	98.1%	100% <sup>1,2</sup>	98.5%
<sup>1</sup> There was one work stoppage that year that ended with the loss of collective bargaining rights, i.e. no collective bargaining agreement was reached. <sup>2</sup> There was one work stoppage that began in 2016 that was not resolved until June 22, 2017 that involved a union seeking a first contract. For consistency in methodology in prior years, it will be included in the year in which it is resolved (2017-18.)			

In order to track the effectiveness of ministry-appointed mediators, Labour tracks the number of mediations concluded without a work stoppage. In 2017-18, of the 66 mediations concluded with the assistance of a ministry-appointed mediator, 65 were settled without a work stoppage.

In 2017-18, the number of mediation appointments was significantly lower than the average number of approximately 100 appointments in recent years. The decrease in appointments is due to the inclusion of the continuing care sector in the group of bargaining relationships that must meet the essential services requirement of the legislation before they can enter into formal mediation. With recent legislation, there are nearly 300 essential services bargaining relationships in Alberta.

In 2017-18, Labour formed a Stakeholder Working Group to provide input on the design of a Grievance Mediation Program. In February 2018, the Working Group consented to a plan to develop a Grievance Mediation Roster for the purpose of promoting grievance mediation and vetting grievance mediators in the interest of the labour relations community. The plan, which is now being implemented, includes the formulation of policy, stakeholder involvement in the vetting of grievance mediators and a plan for promoting the use of grievance mediation by the community.

## Key Strategy 2.2

**As mediators and arbitrators are replaced, increase diversity on mediator and arbitrator rosters**

The ministry's Mediation Services administers two rosters: the Grievance Arbitration Roster and the Designated Mediator Roster. In 2017-18, Mediation Services worked with stakeholders to recognize the need for greater diversity, including gender balance and began working with interested candidates to assist them in gaining greater exposure and experience in labour relations dispute resolutions. Intake processes for both rosters are expected to take place in 2018-19.

## Key Strategy 2.3

**Promote the use of alternative dispute resolution methods through the Alberta Labour Relations Board and provide efficient, timely, effective and consistent services to the Alberta labour relations community**

The Alberta Labour Relations Board (ALRB) is responsible for the day-to-day application and interpretation of Alberta's collective bargaining laws. The ALRB continues to provide efficient and effective services to Alberta's labour relations community.

The ALRB received 764 applications in 2017-18. The

overall number of applications received this fiscal year increased 44 per cent from the 530 received in 2016-17. In 2017-18, there were 154 certification applications received by the Board, a 66 per cent increase over the 93 received in 2016-17. An increase in certification applications often results in an increase in unfair labour practice complaints. The number of unfair labour practice complaints increased 48 per cent to 347 from the 235 received in 2016-17. For 2017-18, the average number of calendar days from receipt of application to hearing was 51 days compared to 66 days in 2016-17.

These increases may be attributed to amendments to the *Labour Relations Code* as a result of the *Fair and Family-friendly Workplaces Act*. In addition, the amendments expanded the ALRB's jurisdiction, resulting in an increase in both the number of applications that it must review and the number of hearings held. Additional applications types heard by the ALRB include Review of Arbitration Awards, Marshalling of Proceedings, Review of Union Appeal Processes and First Contract Arbitrations. With the passage of the *Post-secondary Learning Act*, collective bargaining for academic staff, graduate students and postdoctoral fellows now falls under the *Labour Relations Code*. The application of essential services provisions has also been expanded.

### Alberta Labour Relations Board

	2015-16	2016-17	2017-18
Number of hearings	423	394	513
Number of certification applications received by the Alberta Labour Relations Board	100	93	154
Number of duty of fair representation complaints received by the Alberta Labour Relations Board	87	74	72

## Informal Settlement Process

The *Labour Relations Code* encourages affected parties to settle disputes through open and honest communication. The ALRB offers informal settlement options to the parties but it also has inquiry and hearing powers to make binding rulings when necessary. The ALRB continues to be successful in assisting parties to resolve their disputes prior to the formal hearing process. In 2017-18, 323 of the 471

applications that were eligible for informal settlement were settled prior to reaching a formal hearing. The number of applications settled outside the formal adjudication process is affected by the type of matters received and the relationship between disputing parties.

Alberta Labour Relations Board			
	2015-16	2016-17	2017-18
Number of applications eligible for informal settlement	566	390	471
Number of applications informally settled	418	260	323

## Key Decisions of the Alberta Labour Relations Board

In 2017-18, the Alberta Labour Relations Board released a broad range of decisions interpreting different aspects of Alberta's labour legislation, including recent legislative amendments. Board decisions interpreting Alberta's labour legislation help provide certainty to stakeholders and ensure the fair and consistent application of that legislation. Important decisions from the Board included:

- recent changes to the *Labour Relations Code* allow the Board to approve the internal appeal procedures of unions. The Board discussed factors that make appeal procedures fair to members (*Re Health Sciences Association of Alberta*, [2017] Alta. L.R.B.R. LD-100);
- the Board reviewed the statutory bargaining units in health care, and found historical site-by-site exclusions from those bargaining units should now be removed (*AUPE and HSAA v. Alberta Health Services*, [2017] Alta. L.R.B.R. LD-102);
- recent changes to the *Labour Relations Code* require employers to prove an employee was not terminated because of union activity. The Board interpreted that new section and found an employer wrongfully terminated an employee for trying to start a union (*UFCW, Local No. 401 v. Widewaters Calgary Hotel Management Company*, [2018] Alta. L.R.B.R. 20);
- recent changes to the *Labour Relations Code* allow the Board to order arbitration where parties cannot reach a first collective agreement. The Board determined the section requires a two-stage process and the Board must attempt resolution before ordering first contract arbitration (*AUPE v. CBI Home Health (AB) Limited Partnership*, [2018] Alta. L.R.B.R. 54); and
- recent changes to the *Post-secondary Learning Act* bring bargaining by post-secondary academic staff under the *Labour Relations Code*. The Board found academic staff form a single bargaining unit and discussed how parties may structure their collective agreements (*University of Lethbridge Faculty Association v. Board of Governors of University of Lethbridge*, [2018] Alta. L.R.B.R. 155).



## Enhanced Information Technology Resources

In 2016-17, the Alberta Labour Relations Board commenced a major project to introduce a new case management system. To ensure smooth operations of the ALRB, the original implementation date of November 2017 was delayed to ensure the ALRB could devote sufficient resources to both the implementation of changes resulting from the *Fair and Family-friendly Workplaces Act* and the new case management system. The new system is expected to be in production in Fall 2018. The system will ensure continued access to current and historical collective bargaining information, provide more flexibility for future enhancements and provide an integrated environment for more efficient provision of services.

### Key Strategy 2.4

**Enhance access to justice by providing timely and fair appeal services through the Appeals Commission for Alberta Workers' Compensation and providing stakeholders with the assistance they require to be active participants in the appeals process**

The mission of the Appeals Commission for Alberta Workers' Compensation is to provide a timely, fair and independent appeals process consistent with legislation, policy and principles of natural justice. The Appeals Commission is a quasi-judicial tribunal that is independent from the Workers' Compensation Board – Alberta. Currently, the Appeals Commission has 46 adjudicators, which include the Chief Appeals Commissioner,

two Vice Chairs, 16 full-time hearing chairs and 27 part-time appeals commissioners. Commissioners are recruited through public competition and appointed by the Government of Alberta. Approximately 90 per cent of appeals are held in person by a three-person adjudication panel.

### Appeals Commission for Alberta Workers' Compensation

	2015-16	2016-17	2017-18
Number of appeals received	876	779	710
Average number of days from the date the appeal is filed to the first hearing date offered	145	131	127
Average number of days from the hearing to the decision issued date	28	30	37

The Appeals Commission received 710 appeals in 2017-18 compared to 779 in 2016-17. Throughout this year, the Appeals Commission continued its efforts to reduce the amount of time to complete an appeal. The average number of days was reduced by four days from 131 days in 2016-17 to 127 days in 2017-18 and is expected to decrease further in the coming years as efficiencies are gained through electronic appeals processing. The average number of days from the hearing date to the decision issued date increased from 30 days to 37 days, a seven-day increase from the prior year.

The Appeals Commission continues to strive to provide a timely and independent appeals process to better serve Albertans and workers in Alberta. Additionally, the Appeals Commission continues to be a leader in the utilization of technology during the appeals process and continues to work toward utilizing technology to allow witnesses the freedom and ability to attend a hearing remotely via video conferencing and to facilitate the exchange of electronic documents with appellants and interested parties.



The Appeals Commission is continuing to ensure appeals participants experience a fair and accessible process. The Appeals Commission works to provide parties with effective and impartial information, as well as tools and resources for appearances before the Appeals Commission. Over the past year, this included ongoing refinements of all publications, including a complete refresh of the Appeals Commission website.

## **Workers' Compensation Board – Alberta**

The Workers' Compensation Board – Alberta is the administrator of the *Workers' Compensation Act*. The workers' compensation program is 100 per cent employer funded and operates with oversight from a 10-member board of directors.

In their final report released June 2017, the WCB review panel issued a number of recommendations to strengthen the workers' compensation system. The Government of Alberta considered the report findings when determining what changes to make within Alberta's workers' compensation system in 2017. A number of changes were incorporated in *An Act to Protect the Health and Well-being of Working Albertans*, which received Royal Assent in December 2017.

These changes will ensure workers who are injured are better supported. Workers will see a workers' compensation system that treats them fairly and provides them with greater benefits to support their return to work and ensure they can care for their family. Employers will see an improved workers' compensation system that is effective, sustainable and remains among the most affordable in Canada. Additionally, the Office of the Appeals Advisor will report to the newly created Fair Practices Office and expand its scope to include small and medium sized employers. All system changes, including the ones mentioned above, will be in place no later than December 2018.

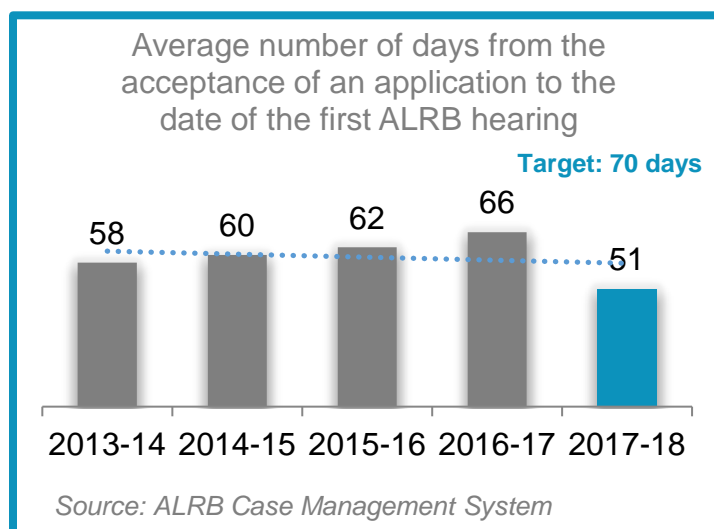
**Performance Measure 2.a**

**Average number of days from the acceptance of an application to the date of the first ALRB hearing**

**Target: 70 days     Result: 51 days**

This performance measure reflects the Alberta Labour Relations Board's commitment to schedule matters in a timely fashion. In 2017-18, the average number of days from the acceptance of an application to the date of the first hearing was 51 days, a significant improvement in timeliness from 2016-17 and well within the timeframe of 70 days. There were 511 hearings held in 2017-18.

On September 1, 2017, amendments to the *Labour Relations Code* came into force that made significant changes to certification and revocation applications, imposing statutory timelines for the processing of these types of files including investigation, votes, hearings and issuance of a decision. Files with an in-person vote are now required to be completed within 20 working days and files with a mail-in vote are required to be concluded within 25 working days. The statutory timelines, along with a 66 per cent increase in certification applications (93 to 154), has contributed to the overall reduction of time from application to first hearing.



For other types of applications, the Board schedules hearings and resolution conferences with parties at the beginning of the file, based on the type of applications received, the availability of adjudicators and procedural timelines. The Board continually works with parties to set matters down for hearing in a timely manner. In June 2017, the government passed amendments to the code as a result of the *Fair and Family-friendly Workplaces Act*. The amendments have resulted in the Board's jurisdiction being expanded and the ALRB taking on responsibility for processing additional applications types. This includes marshalling of disputes, appeals of arbitrator decisions, review of union appeal processes, first collective agreements, collective bargaining in post-secondary, remedies under whistleblower legislation and OHS appeals.

\*Note: The current performance measure is based on calendar days, not working days.

OHS appeal hearings are not included in this measure as they are currently tracked manually and the process is under review. In this fiscal period, there were two OHS Appeal hearings.

	2013-14	2014-15	2015-16	2016-17	2017-18
Number of hearings	386	491	423	394	511

**Performance Measure 2.b**

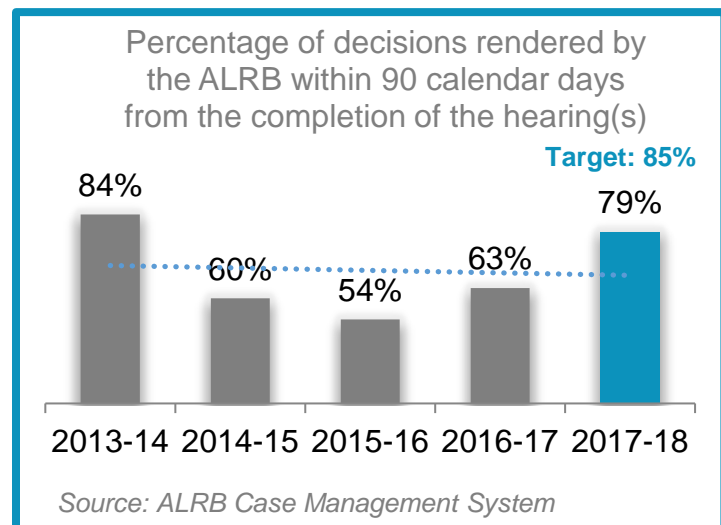
**Percentage of decisions rendered by the ALRB within 90 calendar days from the completion of the hearing(s)**

**Target: 85%**

**Result: 79%**

This performance measure reflects the Alberta Labour Relations Board's commitment to issue decisions in a timely fashion. In 2017-18, 79 per cent of decisions were rendered within 90 calendar days from the completion of the hearing. This result is a 16 per cent increase from the 2016-17 result of 63 per cent but below the target of 85 per cent.

Although the ALRB did not reach its target, it made considerable improvement in the percentage of decisions issued within the target of 90 days. This was accomplished without a full complement of adjudicators and an increase in workload, with hearings increasing from 394 in 2016-17 to 513 in 2017-18.



In June 2017, the government passed amendments to the *Labour Relations Code* as a result of the *Fair and Family-friendly Workplaces Act*. The amendments have resulted in the ALRB's jurisdiction being expanded and the ALRB taking on responsibility for processing additional application types. This includes marshalling of disputes, appeals of arbitrator decisions, review of union appeal processes, first contract arbitration, collective bargaining in post-secondary, remedies under whistleblower legislation and OHS appeals. Some of these application types will result in new jurisprudence in Alberta and have involved the invitation to stakeholders with a community of interest to participate in the hearings as an intervenor. This has resulted in increased complexity in the matters the adjudicators have dealt with for both hearing and decision writing.

The above factors resulted in a significant increase in workload for adjudicators, which resulted in the missed target.

**Performance Measure 2.c**

**Percentage of decisions not challenged, or if challenged, supported by the Appeals Commission's reconsideration process, the Court of Queen's Bench, the Court of Appeals or the Alberta Ombudsman**

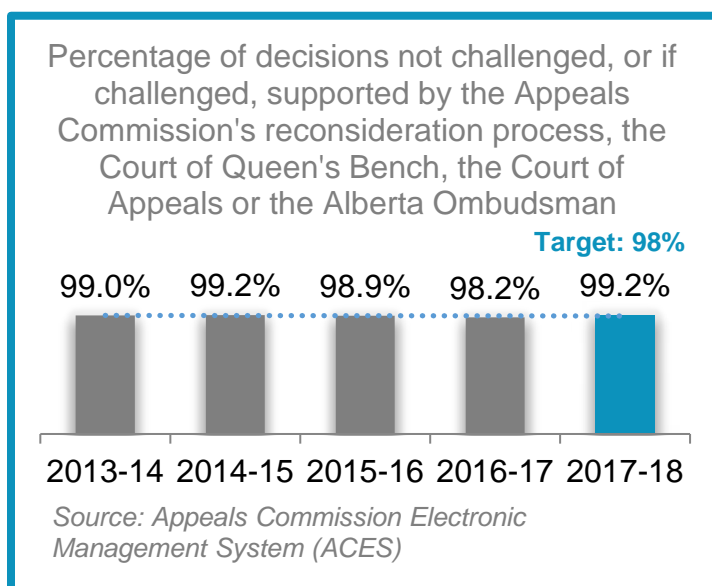
**Target: 98%**

**Result: 99.4%**

The Appeals Commission for Alberta Workers' Compensation is committed to excellence in the decision-making process.

In 2017-18, 99.2 per cent of decisions were not challenged, or if challenged, supported by the Appeals Commission's reconsideration process, the Court of Queen's Bench, the Court of Appeal or the Alberta Ombudsman. This result meets the target of 98 per cent and is consistent with the results achieved in prior years.

The Appeals Commission has consistently achieved a high result for this measure, reflecting its commitment to meet the high standards expected of administrative law tribunals. Stakeholders can expect an orderly and predictable appeals environment and that the decisions of the Appeals Commission will be consistent with policy and legislation and other decisions of the Appeals Commission.



Appeals are heard by a panel of three commissioners which are drawn from a diverse pool of expertise and recruited based on objective competencies and demonstrated leadership and achievement. Commissioners are supported by Appeals Commission staff, most of which have advanced training in administrative law which further contributes to the quality of the decisions rendered by the Appeals Commission. Given the nature and complexity of appeals received by the Appeals Commission is proud of its achievement for this measure and is committed to continuing to provide high quality decisions for Albertans.

	2013-14	2014-15	2015-16	2016-17	2017-18
Number of appeals concluded	997	897	830	650	499
Number of decisions challenged	10	7	9	12	4

**Performance Measure 2.d**

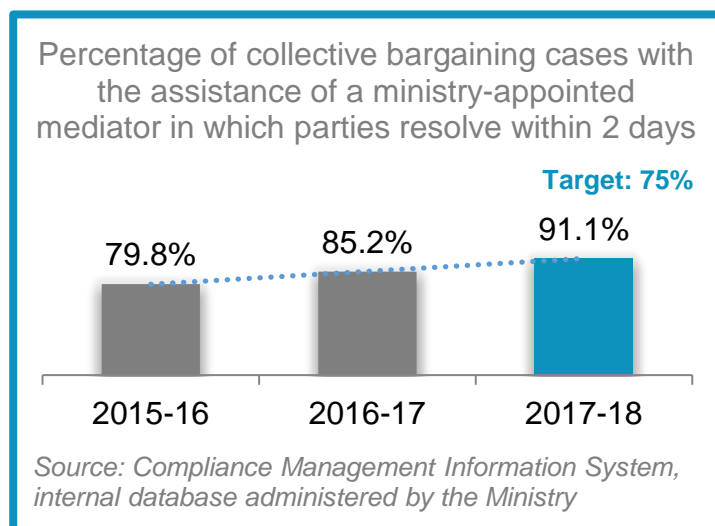
**Percentage of collective bargaining cases with the assistance of a ministry-appointed mediator in which parties resolved within two days**

**Target: 75%**

**Result: 91.1%**

This measure speaks to the ministry's ability to recruit and appoint appropriate and effective mediators. With the support of a ministry-appointed mediator, parties can come to timely resolution. In 2017-18, 91.1 per cent of mediation cases were resolved within two days. This is an increase over the prior year, and significantly exceeds the target of 75 per cent.

Overall in 2017-18 there were fewer appointments than average and fewer mediation cases completed. This was mainly due to changes in legislation that expanded the number of collective bargaining relationships that have to meet essential services requirements before coming into formal mediation. That factor may have weighed in favour of the settlement of cases within two days of mediation, leading to the higher than expected percentage.



	2015-16	2016-17	2017-18
Number of collective bargaining agreements with the assistance of a ministry-appointed mediator in which the parties resolved within two days	79/99	69/81	41/45

The strongest influence on results is the experience of the mediator and her or his ability to bring the parties together to work on the outstanding issues in an efficient and effective way. The Government of Alberta pays for the first two days of mediation costs (mediator's fees and expenses.) The complexity of individual mediation cases may cause variation in the result. General economic conditions influence, but do not necessarily predict, the result.

**Performance  
Indicator  
2.a**

**Person-days lost to strikes and lockouts per 1,000 employees: Work days not worked in the calendar year due to legal strikes and lockouts per 1,000 employees**

Government values the rights of workers and the rights of unions to collectively bargain. That's why government finally restored the constitutionally protected right to strike to those in the public service while ensuring that essential services that families rely on will not be interrupted.

Mediation is mandatory in Alberta before parties have the right to a legal strike or lockout. The ministry monitors all pertinent strike/lockout information and tracks labour disputes from the date that a mediation application is received until the dispute is finally settled and a new collective agreement is in place.

In calendar year 2017, there were two major strikes and lockouts that impacted workers. The largest began in June 2017, when there was a six-month lockout of workers at the Points West Living – Cold Lake facility.

The low 2017 rate (measured per 1,000 employees) may have been influenced by new legislation that requires nearly 300 collective bargaining relationships to meet essential services requirements before a strike or lockout can legally occur. In no case did collective bargaining between parties affected by essential services enter formal mediation, which is mandatory before parties can get to a strike or lockout position. New first contract arbitration may also have diverted some disputes away from strikes and lockouts.

	2013	2014	2015	2016	2017
Person-days lost to strikes and lockouts per 1,000 employees	24.4	2.1	0.3	0.4	3.2
Days lost	54,268	4,800	671	804	7,208
Persons employed (15 years and over) in thousands	2,226.2	2,274.6	2,301.1	2,263.8	2,286.9

**Source:** Ministry of Labour Administrative Data; Statistics Canada Table 282-0002 *Labour Force Survey estimates, by sex and detailed age group annual (persons x 1,000.)*

## Outcome Three: Workers and newcomers are well-prepared to participate in Alberta's dynamic labour market

The ministry continues to focus on supporting workers and newcomers to ensure they have the skills needed to be successful in Alberta's labour market. With a focus on getting Albertans into jobs, we work with employers and offer training and development programs to help workers obtain the skills they need to ensure Alberta has a strong, diversified workforce. This includes targeted programming towards under-represented groups in the labour force, such as Indigenous peoples and youth. While the Alberta government remains committed to ensuring Albertans are actively engaged in the workforce, it is important for the ministry to maintain labour attraction efforts so that the province is well positioned to respond to labour market demands as the economy recovers and more workers are needed for jobs.

Key results and highlights during 2017-18, which support this outcome, include:

- the development and release of labour market forecast tools to assist Albertans with making informed career decisions and to assist employers in finding the workers they need;
- a new approach to Transition to Employment Services focusing on career transition support and transferability of skills from one sector to another. This new approach provides enhanced job search supports for recently unemployed Albertans, including services targeted to unemployed skilled Albertans such as Engineers and Technologists;
- new and enhanced Labour Market Transfer Agreements were signed with the Government of Canada; and
- changes to the Canada-Alberta Job Grant, providing additional support for training to employers hiring unemployed Albertans and for travel costs for small and medium-sized businesses outside of Edmonton and Calgary.

### Key Strategy 3.1

**Connect Albertans to jobs by developing and administering training and employment programs that respond to Albertans' and employers' current and future needs**

The Government of Canada provides annual funding to Alberta to deliver a range of training and employment programming for Canadians through Labour Market Transfer Agreements. In March 2018, Alberta signed new and amended Labour Market Transfer Agreements with the Government of Canada. The new agreements include greater flexibility for participant eligibility and provide additional funding over the next five years that will provide significant benefits for Albertans and Alberta employers. The new agreements also focus on collecting an increased number of performance indicators to inform program and service improvements, improve the assessment of outcomes of employment services and programs and report to Albertans about the successes of labour market programming.

## Canada-Alberta Job Grant

The Canada-Alberta Job Grant is a federal-provincial partnership through which employers and government share the cost of training Alberta employees to increase their knowledge and skills to meet the needs of Alberta's changing economy.

The grant provides skills training to new and current employees to enhance their performance or improve their chances of finding jobs.

In 2017-18, approximately \$19.1 million in funding was committed to more than 6,000 Canada-Alberta Job Grant applications, resulting in 11,455 Albertans approved for training courses. Additional training incentives were introduced to the program this past year to make it more accessible. The incentives

include covering up to 100 per cent of training costs for eligible unemployed hires (up to \$15,000) and removing the incremental training requirement; as well as allowing sole proprietors to apply to train their employees through the Canada-Alberta Job Grant and providing financial assistance for travel costs for small and medium-sized organizations (outside of Edmonton and Calgary) for training that is over 100 kilometres one way.

An evaluation of the Canada-Alberta Job Grant is underway. The evaluation will be used to provide the Government of Canada with information on who is benefiting from the funding and the effectiveness of the program.

For information on the Canada-Alberta Job Grant, visit [albertacanada.com/jobgrant](http://albertacanada.com/jobgrant).

Canada-Alberta Job Grant		
	2016-17	2017-18
Applications Received	6,135	6,962
Applications Approved	4,511	6,035
Albertans Approved for Training	10,611 <sup>1</sup>	11,455
Funds Committed	\$17.9M	\$19.1M
<sup>1</sup> An individual Albertan may have participated in more than one training course.		

## Employer Liaison Service

As Alberta's economy continues to recover, government's priority remains focused on getting Albertans back to work and creating good jobs across the province. That's why government created the Employer Liaison Service, which helps employers find high-skilled Alberta workers in sectors with high rates of unemployment to fill their vacancies. The Employer Liaison Service provides direct assistance to employers, looking to hire in skilled occupations, to help connect with available local labour pools instead of requesting federal approval to hire a foreign worker. The pilot project was launched in April 2017 and is expected to run for two years. As of March 31, 2018, the service has reached out to 37 employers seeking to fill 74 job vacancies.

As part of the project, a "Refusal to Process" list of occupations with a sufficient supply of unemployed, skilled Albertans looking for work is posted online. Labour Market Impact Assessments, which are required to hire a foreign worker, will not be processed for occupations on the list. Government's plan is working, with 90,000 new jobs created last year and even more Albertans getting back to work every day.



## **Employment and Training Programs**

### ***Support for Unemployed Albertans***

In 2017-18, the ministry worked to enhance supports for recently unemployed Albertans to help them find work. Many of the 2017-18 programs, described under this key strategy, along with recent programs established in the 2016-17 fiscal year continue to experience increased Employment Insurance client participation. Since 2016-17, the number of Employment Insurance participants involved in programs and services has increased by 26 per cent.

### ***Indigenous Grants***

Aboriginal Training to Employment and First Nations Training to Employment programs support Indigenous members who are unemployed or marginally employed by helping them get the necessary skills and training they need to be successful in the workplace. For more information on Aboriginal Training to Employment and First Nations Training to Employment, please see key strategy 3.6.

### ***Training for Work***

In 2017-18, more than 6,100 Albertans received services through government-funded training programs, compared to 4,500 in 2016-17. Government-funded training programs assist Albertans in obtaining new skills and connecting to jobs, as well as creating their own employment opportunities through self-employment training. Training for Work programs provide occupationally-focused training opportunities enabling individuals to get a job and improve their employment situation, adapt to changing labour market conditions or gain skills to sustain employment.

### ***Transition to Employment***

Transition to Employment services enable individuals who are close to the labour market to acquire workplace and occupation related skills that will facilitate their rapid attachment or re-attachment to the labour market. New approaches to delivering these services were introduced through 13 new contracts in rural and urban communities in 2017-18. The services focused on career transition, transferrable skills and helping recently unemployed Albertans attach to available jobs. While most of these services support all eligible unemployed Albertans, some are targeted to older workers, new Canadians and skilled professionals including engineers and technologists. Over a two-year period, the \$12.5 million investment will see over 3,100 individuals being trained. Approximately 70 per cent of those trained are expected to be employed after training completion.

### ***Immigrant Bridging Training Programs***

In 2017-18, three new Immigrant Bridging training programs were added in Calgary, targeting newcomers with backgrounds in information technology and communications technology, administration, sales and marketing, community and social services and supply chain sector occupations. Immigrant Bridging training programs focus on training skilled immigrants with prior education and/or experience in a specific occupation, so they can bridge gaps in knowledge or skills in order to gain employment in that occupation or a related occupation. With the \$1.1 million in program spending, approximately 70 per cent of the 90 attendees (over a two-year period) are expected to be employed after training completion.

## **Forces@Work**

In December 2015, Prospect Human Services was provided with \$646,000 in grant funding to deliver the Forces@Work placement program. Grant funding ended on March 31, 2018. The program provided supports for ill and injured Canadian Armed Forces veterans, medical releases, reservists, retiring regular force members and family members of serving personnel to transition from military-to-civilian careers by delivering job placement and employment retention support to individuals and employers. Since December 2015, 244 employers have been engaged in the Forces@Work program and 302 individuals were connected to employment across a wide cross section of industries. The program had an 81 per cent placement rate, with 74 per cent of participants maintaining their employment for at least three months and 96 per cent of program participants meeting or exceeding their career or salary goal.

## **Labour Market Partnerships Program**

The Labour Market Partnerships program is designed to enhance workplace human resource development and labour market adjustment strategies through community partnerships. In 2017-18, 48 Labour Market Partnerships, totalling nearly \$2 million in grant funding, supported a variety of community driven initiatives. This included workforce development for specific industry sectors, career fairs, regional entrepreneurship, business support networks, workplace inclusivity and efforts to connect both employers and under-represented groups to the labour market.

Some of the projects supported by Labour Market Partnerships grants in 2017-18 include:

- Information and Communications Technology Council (Grant value: \$225,410): with its partner, Calgary Economic Development received funding to provide labour market data that will assist Albertans seeking information technology and/or digital jobs by identifying high-growth sectors, the in-demand digital occupations in each sector and the key skills needed to fill those occupations. Grant funding will end on April 1, 2019;
- Human Resource and OHS Training and Toolkits (Grant value: \$19,651): The Alberta Pork Producers Development Corporation partnered with the Canadian Agricultural Human Resources Council and Agriculture and Forestry to develop Human Resource Toolkits for pork producers throughout Alberta, as they continue to struggle with recruitment and retention. Grant funding will end on December 31, 2018; and
- Whitefish Lake First Nation #128 Solar Panel Installation and Maintenance (Grant value: \$111,890): The five week program on Whitefish Lake First Nation consisted of employment readiness training provided by New Beginnings, safety ticket training provided by Fast Labour Solutions and Solar Panel Installation training provided by Tectonic Energy Consulting Inc. Grant funding ended on October 31, 2017.

## **Women Building Futures**

In 2017-18, Labour provided about \$1.1 million to Women Building Futures through two grant programs, to support and encourage women to enter the trades. This funding helped Women Building Futures reach over 82,000 Albertans through its awareness campaign and help about 1,800 women access Women Building Futures training in 2017-18.

The program helps women to learn about careers in the trades and provides them with skills to enter the construction industry. Women Building Futures also provides supports for women in workforce attraction, assessment and essential skills training, workforce training, workforce coaching and job search training and job retention support.

## **CAREERS: The Next Generation**

In 2017-18, Labour partnered with Advanced Education, Education, Health and Indigenous Relations to provide CAREERS: The Next Generation with funding to raise awareness among youth regarding career options and helping students earn while they learn through internship. The CAREERS program also partners with employers, educational institutions, communities and industries across Alberta to assist youth in planning for employment in the trades, health services and industrial technology sectors. In 2017-18, government ministries funded a total of \$1.76 million to the program. Labour contributed \$300,000 in funding with one third of those dollars directly supporting programs for Indigenous youth. For the 2017-18 school year, CAREERS engaged 35,000 youth throughout the province. Thirty-five per cent of the youth engaged were Indigenous youth. The 2017-18 results are expected to be released by October 30, 2018.

## **GenA**

The GenA program was developed to address the significantly higher unemployment rate that Alberta's youth face. In partnership with Prospect Human Services, the program launched in Calgary and Edmonton in June 2016, with a focus on preparing youth for success in Alberta's job market and in a diversified economy. The GenA initiative assists Albertans between the ages of 18 to 30 years in securing employment while highlighting the benefits of hiring youth to employers. From June 2016 to December 2017, 815 youth accessed GenA services, with 286 young Albertans being placed and retaining employment. GenA has connected with 341 Alberta employers and plans to complete 13 tailored Youth Engagement Strategies by the end of the project. The grant funding ends in June 2018.

**Key  
Strategy  
3.2**

**Support Albertans to obtain meaningful labour market experiences and active participation in the labour force through the Summer Temporary Employment Program (STEP)**

STEP provides funding to eligible Alberta employers to hire high school or post-secondary students into summer jobs between May and August. In 2017, 3,110 students gained valuable work experience with more than 1,406 employers across the province including: non-profit organizations, public libraries, school boards, small businesses, publicly funded post-secondary institutions, municipalities and First Nations and Métis Settlements. The 2017 program saw over \$9.4 million in grants issued to employers, with 410 more students and 231 more employers being funded than in the 2016 program.

In 2017, the program encouraged participation by First Nations communities and Métis Settlements, resulting in 27 First Nations and Métis employers being approved for 52 students.

In 2018, STEP launched two weeks earlier than in 2017 and is expected to support between 2,500 and 3,000 students across the province to access summer employment opportunities through an investment of \$10 million in program funding. In 2018, the program application period closed on February 9, 2018, and saw over 3,000 applications from prospective employers.

An evaluation of STEP was completed in 2017. The results indicated that STEP enabled employers to hire students that they would not have hired without support provided by the program. Many employers also hired the students to their businesses following the completion of STEP grant funding. Most students and employers were satisfied with the program and the majority of STEP students reported improved skills and awareness of career opportunities. Ninety-five per cent of employers re-applied for STEP funding for the following year.

For more information on STEP, visit [www.albertacanada.com/STEP](http://www.albertacanada.com/STEP).

Development of the Advanced Labour Market Analytics system, which provides new insights and evidence by collecting labour market intelligence from businesses throughout the province, was completed on March 31, 2018. The system assists government and employers in understanding and addressing current and future workforce challenges.

Labour also regularly updates the Sector Intelligence Model and Labour Market Information to support employers and industry in further understanding the labour market in Alberta. In 2017-18, data for a revised Forestry Sector Intelligence Model was collected. This will provide insight into the demand for a forestry workforce, for the next five years and provide government and industry stakeholders with the ability to target training programs for occupations that have been identified as being in demand.

### **Alberta's Short-Term Employment Forecast 2017-19**

The Short-Term Employment Forecast provides a three-year overview of occupations expected to be in-demand during that time period and is used by a variety of organizations, governments, businesses and the general public to learn about where there are expected to be more jobs available. In 2017-18, the 2017-19 Short-Term Employment Forecast was released; this is the sixth consecutive release of the forecast. It is complementary to the government's 10-year long-term labour forecast, Alberta's Occupational Demand and Supply Outlook 2015-2025.

### **2016 Labour Mobility Survey**

In 2017-18, results from the 2016 Labour Mobility Survey were released. This annual report provides a snapshot of the domestic labour mobility rates of certified workers to Alberta. Data from this survey supports and informs labour force planning across government, with industry and other partners and is used to target Foreign Qualification Recognition improvement efforts. In 2016, over 9,000 workers certified in other provinces applied for certification in Alberta. This included many workers in occupations in high demand in Alberta, such as physiotherapists and insurance adjustors.

### **2017 Alberta Wage and Salary Survey**

Results from the 2017 Alberta Wage and Salary Survey were released in 2017-18. The survey is conducted every two years with the next survey scheduled for 2019. The survey provides information on wages and salaries for full-time and part-time employees by occupation, region, and industry. The survey is intended to help Albertans make career choices; help career counsellors support trainees; help students considering post-secondary education or other training; and help organizations determine pay scales. Additionally, the results of the survey provide valuable wage and salary information to employers, labour organizations and government. More than 6,700 employers employing more than 436,000 Albertans participated in the survey. Employers with 10 or more employees were surveyed in the Calgary and Edmonton economic regions and those with five or more employees were surveyed in other regions in the province. For more information on the 2017 Wage and Salary Survey, please visit [www.alis.alberta.ca/wageinfo](http://www.alis.alberta.ca/wageinfo).

**Key  
Strategy  
3.4**

**Help address current and future skills shortages by attracting skilled newcomers through effective labour mobility provisions and the recognition of qualifications for workers coming from outside Alberta and Canada**

## **Alberta Immigrant Nominee Program**

The Alberta Immigrant Nominee Program (AINP) is an economic immigration program designed to nominate individuals, who are filling a labour market need, for permanent residence. The AINP supports Alberta's economic growth by nominating foreign workers and international graduate students who are already living and working in Alberta and can demonstrate a permanent labour market attachment.

In 2017, the Government of Canada provided the AINP with an annual allocation of 5,500 certificates to issue. This allocation follows the calendar year. The AINP issued 5,511 nominee certificates resulting in 9,271 individuals (including the applicant, their spouse/common law partner, and dependant children) having the opportunity to apply to become permanent residents of Canada. In 2017, the number of certificates exceeded 5,500, because 11 applicants withdrew their application from the AINP after being issued a certificate enabling the certificates to be re-issued under a new certificate number. The number of nominee certificates will increase to 5,600 in 2018. Although the number of temporary foreign workers in Alberta has fallen over the last two years, the AINP continues to see greater demand than can be satisfied with the current allocation.

<b>Alberta Immigrant Nominee Program</b>			
	<b>2015</b>	<b>2016</b>	<b>2017</b>
Number of Applications Received <sup>4</sup>	4,223	7,352	8,640
Number of Applications Assessed <sup>1</sup>	8,895	9,516	7,029
Number of Certificates Issued	5,501 <sup>3</sup>	5,501 <sup>3</sup>	5,511 <sup>3</sup>
Number of Individuals	11,366	9,694	9,271
Number of Nominees Landed <sup>2</sup>	4,699	3,255	3,447
Number of Individuals Landed <sup>2</sup>	10,004	7,394	6,996
<sup>1</sup> Applications are not always assessed in the same year they are received. <sup>2</sup> Nominees (and their families) do not always land in Alberta the same year the certificate was issued. <sup>3</sup> Includes certificates that were re-used and re-allocated to another nominee under a new certificate number. <sup>4</sup> The number of applications received and assessed in a given year varies due to several factors including: the number of temporary foreign workers working in the province, changes to federal immigration programs which affect their decision on whether and when to apply to the AINP and the quality of applications.			

## Domestic Labour Mobility

In 2017, Alberta was a signatory to two agreements that help to support labour mobility: the Canadian Free Trade Agreement (CFTA) and the New West Partnership Trade Agreement (NWPTA.) Domestic trade agreements ensure that out-of-province certified workers are able to practice their occupation in Alberta without any unnecessary barriers or restrictions. The ability of individuals to access employment opportunities and pursue their chosen career across Canada is critical to building healthy families and communities. Labour mobility allows Alberta to fill labour market needs in regulated occupations to ensure that Albertans have access to services they need.

In 2017, the Minister of Labour approved the transfer of Alberta labour mobility exceptions under the Agreement on Internal Trade to the CFTA. Alberta has begun the process of reviewing and updating the labour mobility exceptions that it maintains under the CFTA to ensure they are current and accurate. Exceptions to full labour mobility are implemented to protect the public when there is a significant difference in the way the occupation is practiced in Alberta and other provinces or territories.

## Foreign Qualifications Recognition

From 2014 to 2017, Albertans benefited from an agreement between Employment and Social Development Canada (ESDC) and Labour through the Alberta Foreign Qualification Recognition Contribution Agreement. Over the course of the agreement, the province and the Government of Canada together invested \$4.3 million into foreign qualification recognition projects to ensure the out-of-country qualifications of newcomers to Alberta are efficiently and fairly recognized. The agreement ended on March 31, 2017.

During 2017-18, Labour continued to guide and manage 12 multi-year projects that had been funded by the agreement with ESDC. The projects were aimed at improving labour market success of internationally trained individuals. These projects included building capacity within community organizations leveraging positive experiences of successful immigrants to train and encourage more recently arrived immigrants and funding an online client management and job matching service to help connect qualified immigrants with available job opportunities.

## International Qualifications Assessment Service

The ministry's International Qualifications Assessment Service provides services for existing and future newcomers to help with the recognition of their international educational credentials from other countries by matching them to educational standards in Canada. International Qualifications Assessment Service assessments support the recognition of international education, helping newcomers access Alberta's job market, educational institutions and professional regulatory organizations. In 2017-18, International Qualifications Assessment Service issued a total of 14,897 assessment certificates, representing a 13 per cent increase from the 13,160 certificates issued in 2016-17.

### Did You Know?

Alberta is the only province in Canada that has its own assessment agency designated by the Government of Canada to provide international educational credential assessments for immigration purposes.

**Key  
Strategy  
3.5**

**Collaborate with federal and provincial partners to enhance the province's capacity to efficiently and effectively settle newcomers and refugees, supporting their attachment to the labour market**

## **Language and Settlement Supports**

### ***Settlement Supports***

The ministry works closely with non-profit organizations and community partners to ensure the successful settlement and integration of newcomers.

In 2017-18, 20 new Supports for Newcomer Integration projects were provided with a total of \$2.8 million in grant funding to deliver services in communities across Alberta. Settlement organizations were also provided with \$868,000 in interim funding, resulting in continued service to over 3,000 newcomers as Alberta transitioned away from a federal funding agreement. Additionally, a new Settlement and Integration Program to guide the future of newcomer support was approved in 2017. The new program will allow Alberta to direct funding to achieve the greatest benefit for newcomers, address major barriers, fund projects that do not duplicate existing services and promote innovative approaches.

In 2018-19, the ministry will focus on ensuring provincial settlement priorities provide the greatest benefit for Alberta newcomers by focusing on addressing the major settlement barriers identified through program evaluation and stakeholder dialogue.

To help newcomers transition to life in Alberta, Labour also provides pre-arrival information on living and working in Alberta and the pathways to applying and obtaining permanent residency to potential newcomers and foreign workers. This service is delivered through the Immigrate to Alberta Information Service via email, telephone, in-person, and online through [www.AlbertaCanada.com/opportunity](http://www.AlbertaCanada.com/opportunity) or by virtual presentations in cooperation with our partners. In 2017-18, the website was visited just over one million times and the service responded to 20,672 telephone and 14,304 email inquiries.

### ***Language Supports***

The Language Assessment Services program assesses and evaluates English language skills of newcomers, providing information, supports, resources, and language counselling including referrals for training to assist newcomers in finding and securing employment in Alberta. Funding for these services totaled \$1.8 million resulting in an estimated 8,989 new Albertans receiving language assessment services in 2017-18, in comparison to 9,976 in 2016-17. The decrease in new Albertans utilizing language assessment services was partly due to fewer newcomers to Alberta and lower inter-provincial migration to Alberta in 2017 than in 2016.

The ministry also provided three English as a Second Language (ESL) Drop-In Centres in Alberta with \$586,000 in funding in 2017-18 to support language services for newcomers who, for various reasons, cannot access scheduled ESL programming. Over 1,400 learners accessed these services in 2017-18.



Innovative language grants were awarded to organizations to explore innovative approaches to helping newcomers attach to the labour market. One of these innovative language grants supports the development and delivery of workplace-specific language and essential skills training, including workplace experience, for low English proficiency learners who have minimal Canadian work experience and are interested in pursuing employment in the near future. The project runs from January 2017 to March 2019.

**Key  
Strategy  
3.6**

**Contribute to the implementation of recommendations outlined by the Truth and Reconciliation Commission and the *United Nations Declaration on the Rights of Indigenous Peoples***

Labour funds a number of projects and organizations that provide employment and training services that support the participation of Indigenous people in the workforce. In partnership with Indigenous communities, Labour delivers two skills-training programs, First Nations Training to Employment and Aboriginal Training to Employment. In 2017-18, over \$11 million in grant funding was provided through First Nations Training to Employment and Aboriginal Training to Employment through 85 grant agreements. These programs supported over 3,700 Indigenous Albertans in receiving training in a variety of occupations including construction/pre-trades, hospitality/tourism, solar panel installation, health care aide, emergency medical responder and wildland firefighter, among others. Approximately 70 per cent of those trained are expected to be employed after training completion.

First Nations Training to Employment and Aboriginal Training to Employment are partnerships designed to create training and work experience projects that lead to employment. These employment and training opportunities support unemployed or marginally employed Indigenous Albertans in gaining the necessary skills, training and experience to be successful in the workplace and maintain long-term employment. These programs support the development of partnerships with First Nations communities, bands, treaty councils, tribal organizations, Métis Settlements, Indigenous organizations, industry partners (such as employers, associations or unions) and government to create training and work experience programs. Some grants also include improved cultural supports for participants such as the inclusion of community Elders in programming to support the completion of training.

The Summer Temporary Employment Program also provides funding for First Nations communities and Métis Settlements to help students gain valuable work experience and to participate in Alberta's workforce. For additional information, see key strategy 3.2 of this annual report. Under the Canada-Alberta Job Grant Aboriginal governments are eligible to access funds for training purposes. In 2017-18, 221 trainees self-identified as Indigenous under the Canada-Alberta Job Grant.

In addition, part of Labour's funding for CAREERS: The Next Generation is directed towards Indigenous youth. For more information, see key strategy 3.1 of this annual report.

The ministry's Indigenous partnership coordinators provide direct relational support to Indigenous communities throughout Alberta. The work of the Indigenous partnership coordinators supports Article 21(1) of the *United Nations Declaration on the Rights of Indigenous Peoples* which states: "Indigenous peoples have the right, without discrimination, to the improvement of their economic and social conditions, including inter alia, in the areas of education, employment, vocational training and retraining, housing, sanitation, health and social security." In support of this article, Indigenous partnership coordinators provide culturally-respectful, engaging support in their respective communities. The work of Indigenous partnership coordinators will lead to collaborative and constructive working relationships between Indigenous communities, stakeholders and industry, as well as with cross-provincial ministries

and federal partners. This includes ensuring Indigenous communities are aware of internal and external programs and services that support their labour market needs, including programming, such as First Nations Training to Employment, Aboriginal Training to Employment and relevant Labour Market Partnerships programs, to support Indigenous peoples' workforce participation.

Labour is also supporting the implementation of the Alberta – Blackfoot Confederacy Protocol Agreement, by leading the Economic Development and Employment Table along with senior official counterparts from the Blackfoot Confederacy. The table will seek to address mutually agreed to issues related to economic development and employment.

## **Internal Department Actions**

Additionally, Labour launched a pilot training initiative, the KAIROS Blanket Exercise to support ministry staff to understand the historic challenges Indigenous peoples have faced, learning about the current situation of Indigenous peoples in the province and increasing cultural awareness. In 2017-18, four training sessions were held with 125 staff from across the ministry. This training was also provided to all Labour Assistant Deputy Ministers. Labour is committed to supporting the implementation of recommendations outlined by the *United Nations Declaration of the Rights of Indigenous Peoples* and the Truth and Reconciliation Commission of Canada, specifically Recommendation #57 of the Truth and Reconciliation Commission's Calls to Action. The recommendation states, "We call upon federal, provincial, territorial, and municipal governments to provide education to public servants on the history of Aboriginal peoples, including the history and legacy of residential schools, the UNDRIP, Treaties and Aboriginal rights, Indigenous law, and Aboriginal–Crown relations. This will require skills-based training in intercultural competency, conflict resolution, human rights, and anti-racism."

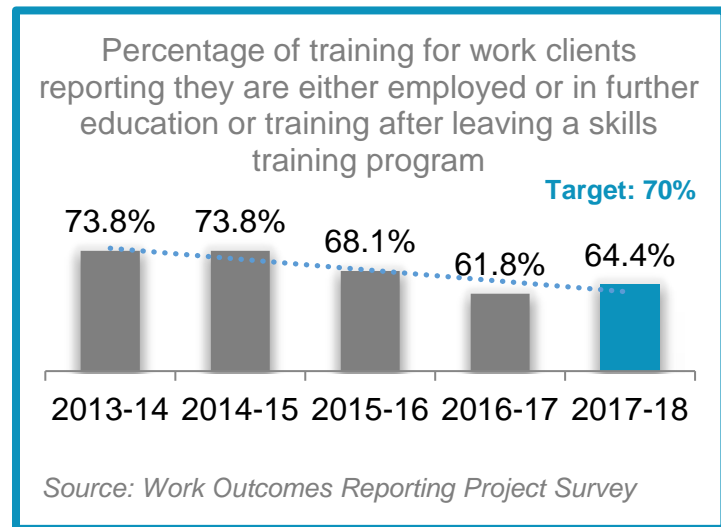
**Performance  
Measure  
3.a**

**Percentage of training for work clients reporting they are either employed or in further education or training after leaving a skills training program**

**Target: 70%**

**Result: 64.4%**

The percentage of Training for Work and Work Foundations clients who report they are either employed, self-employed or in further education or training after leaving a skills training program assesses the effectiveness of these programs in helping participants meet these goals. Success is based on the engagement of individuals, business and industry, training providers, communities, and other levels of government. Employment/training programs encourage attachment to the labour market.



In 2017-18, 64.4 per cent of clients reported they were either employed or in further education or training after leaving a skills training program. This result is 2.6 percentage points higher than the 2016-17 result of 61.8 per cent and 5.6 percentage points below the 70 per cent target. This continues to represent a significant variance from previous years, though a decline was expected, given economic conditions.

The most significant effect on this measure is the downturn seen in Alberta's economy since 2015. The unemployment rate grew from six per cent in 2015 to 8.1 per cent in 2016. While the unemployment rate was sixth lowest in the country at 7.8 per cent in 2017, the unemployment rate remained above the five-year average. There is also a lag between economic conditions and its effect on the ability of training for work clients to meet their labour attachment goals. Therefore, while the availability of post-training employment opportunities improved, it was still significantly affected.

**Performance  
Measure  
3.b**

**Number of immigrants to Canada through the Provincial Nominee Program who choose Alberta as their destination**

**Target: 9,600**

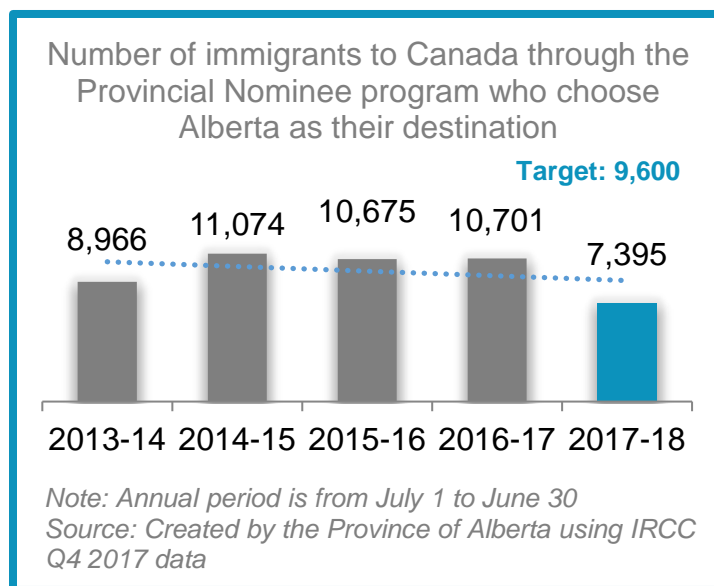
**Result: 7,395 (2016-17)**

As the province recovers from the recession, Alberta continues to rely on immigration to help address skills gaps and labour shortages. Although unemployment in Alberta remains high relative to previous years, some Alberta employers continue to face ongoing challenges in finding workers with the required skills for high-demand occupations in sectors such as Health Services and Information Technology. Immigration helps address labour shortages in specific sectors and add diversity, innovation and entrepreneurship to Alberta's labour force.

This performance measure reflects the number of immigrants coming to Canada through the Provincial Nominee Program (PNP) who choose Alberta as their intended destination to work and live and helps shed light on the ministry's ability to directly influence the attraction and retention of a skilled and productive workforce.

Between July 2016 and June 2017, the number of immigrants entering Canada through the PNP who chose Alberta as their destination decreased from the same period in the previous year, which was likely due in part to lagging effects of the economic downturn. The number of immigrants with an intended destination of Alberta was lower than the ministry's target of 9,600.

The number of immigrants granted permanent resident status and who choose Alberta as their final intended destination in a given period is dependent on a number of factors, some of which are out of the province's control, including annual PNP allocations, family size of principal applicants and approval processing times for permanent residency. From 2013 to 2017, Alberta's PNP nomination allocation was 5,500 principal applicants. The Government of Canada increased Alberta's allocation to 5,600 for 2018. Alberta's PNP estimates the average family size of nominees has decreased over time (for example, due to more international graduate nominees, who tend to have smaller families), which could also help explain the decrease in this performance measure.



To attract immigrants, the provincial government promotes Alberta communities as safe and prosperous places to live, work and raise a family. For example, Alberta has been working with both federal and community partners to improve settlement services to immigrants and their families. Ensuring immigrants have the ability to fully participate in Alberta's economy increases the likelihood that they will choose to remain in the province.

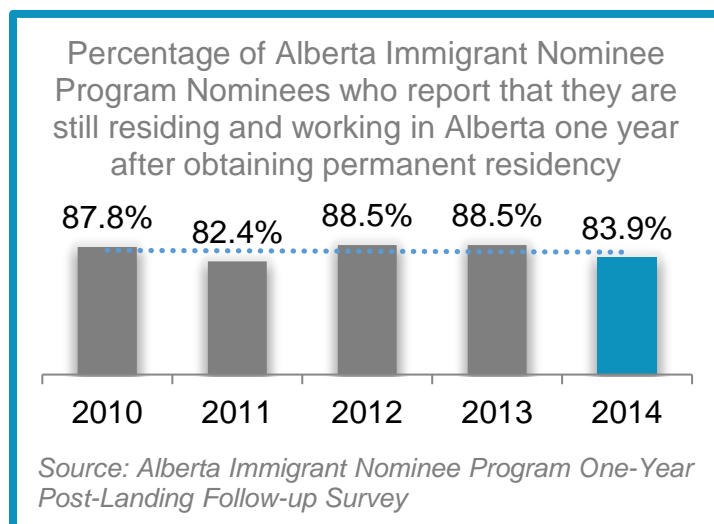
2012-13	2013-14	2014-15	2015-16	2016-17
8,966	11,074	10,675	10,701	7,395
<p>Note: Immigrants include the principal applicant, spouse and dependants. Non-economic immigrants, for example, individuals migrating under the family class (e.g. parents and grandparents) and those migrating for humanitarian reasons (e.g. refugees) are not included in this measure.</p> <p>Data for this measure are collected by Immigration, Refugees and Citizenship Canada and provided to Labour on a quarterly basis. Labour adds the quarterly data points by Census year (i.e. the period 2016-17 refers to July 1, 2016 to June 30, 2017.) The results for 2012-13 and 2013-14 differ slightly from those published in the previous annual report because Immigration, Refugees and Citizenship Canada continually updates their data. The data from the most recent (Q4 2017) data cube is the most accurate.</p>				

**Performance  
Indicator  
3.a**

**Percentage of Alberta Immigrant Nominee Program nominees surveyed who report that they are still residing and working in Alberta one year after obtaining permanent residency**

The number of Alberta Immigrant Nominee Program (AINP) nominees who are still residing and working in Alberta one year after obtaining permanent residency is one indicator of Alberta's ability to retain a skilled, resilient and productive workforce. It demonstrates the program's success in retaining work-ready people in Alberta to help meet the province's unique labour market needs.

The ministry conducts a one-year post-landing survey of AINP nominees. AINP nominees that landed (obtained permanent residency) in 2014 were surveyed in 2016 to allow one year to have passed from the date the nominee obtained permanent residency and to allow time for the survey to be conducted.



In the 2016 survey (the most recent year for which data are available), 4,411 of the 4,908 nominees who landed in Alberta in 2014 were sent the survey and 3,032 nominees responded to the survey. 83.9 per cent of nominees (2,543) who responded to the survey reported that they were still residing and working in Alberta. The survey response rate was 62 per cent and the results are considered accurate to +/- 1.1 percentage points, 19 times out of 20.

The number of individuals who land in Alberta is not the same as the number of AINP certificates issued as not every nominee completes the immigration process for a variety of reasons including, the applicant decides not to immigrate to Canada, their immigration application is denied by the Government of Canada or they apply to immigrate to Canada through an alternate immigration stream.

The 2014 result of 83.9 per cent is consistent with the results achieved in previous years, albeit slightly lower. Given the economic climate in Alberta in 2016, when the survey was conducted, a lower retention rate was anticipated. Nominees who have remained working in Alberta at least one year after landing are more likely to be economically and socially established in Alberta, be integrated into their communities, and become long-term contributors to the economy. The results from the post-landing survey are used to inform programming decisions for the AINP to ensure it contributes to the development of a skilled, resilient and productive labour force that supports a diversified economy for Alberta. For example, the data is used to update AINP nomination streams and to confirm that the individuals nominated address Alberta's labour force requirements.

	2010	2011	2012	2013	2014
Total Number of Nominees Landed	2,923	3,483	3,531	3,314	4,908

<b>Performance Indicator 3.b</b>	<b>Labour force participation rate of:</b>
	- <b>All Albertans (aged 25-64)</b>
	- <b>Aboriginal Albertans living off-reserve (aged 25-64)</b>
	- <b>Alberta's immigrant population (aged 25-64)</b>
	- <b>Alberta youth (aged 15-24)</b>

A strong economy requires an active labour force. The labour force participation rate provides an indication of the relative size of the supply of labour available for the production of goods and services. This indicator helps to show areas where Alberta's labour force may not be as strong and can be used to formulate employment policies, determine potential training needs and inform the development of targeted programs.

The participation rate represents the percentage of the working age population (aged 25-64) who are either employed or actively seeking employment (unemployed.)

<b>Labour Force Participation Rate</b>					
<b>Reporting Year</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Albertans (aged 25-64)</b>	84.6%	84.2%	84.3%	84.2%	84.5%
<b>Aboriginal Albertans living off-reserve (aged 25-64)</b>	79.6%	78.5%	76.6%	78.9%	76.6%
<b>Alberta's immigrant population (aged 25-64)</b>	83.3%	83.6%	83.6%	83.6%	84.1%
<b>Alberta youth (aged 15-24)</b>	67.9%	67.4%	68.6%	67.6%	66.4%

#### **Albertans (aged 25-64):**

Alberta's labour force participation rate for those aged 25-64 increased slightly in 2017 to 84.5 per cent from 84.2 per cent in 2016. This reverses a mild declining trend that had occurred over the past few years. Alberta continues to rank number one among all Canadian provinces, with a participation rate at 84.5 per cent and significantly higher than the national labour force participation rate of 81.6 per cent.

While labour force participation has experienced a declining trend in the past years, it does have the potential to rise in future as Alberta's economy continues to grow. Targeted strategies to increase the labour force participation of under-represented groups such as Aboriginal people and persons with disabilities may also contribute to positive growth in labour force participation.

**Aboriginal Albertans living off-reserve (aged 25-64):**

The labour force participation rate for First Nations, Métis and Inuit Albertans living off-reserve aged 25-64 decreased in 2017, moving from 78.9 per cent in 2016 to 76.6 per cent in 2017. Alberta compared positively to other Canadian provinces and ranked number three in 2017, behind Prince Edward Island at 80.9 per cent and British Columbia, at 78.8 per cent.

Labour monitors the labour market participation of First Nations, Métis and Inuit Albertans living off-reserve through Statistics Canada's Labour Force Survey. Government programs have been established to support populations both on and off-reserve. The Government of Alberta provides a wide range of programs and services that include collaboration with industry, partners and other levels of government.

**Alberta's landed immigrant population (aged 25-64):**

The labour force participation rate for landed immigrants (aged 25-64) in Alberta increased to 84.1 per cent in 2017 from 83.6 per cent in 2016.

Alberta compared positively to other Canadian provinces and ranked number two in 2017 behind number one ranked Manitoba (84.8 per cent).

The labour force participation of Alberta's immigrant population has the potential to rise in the future as Alberta's economy continues to grow. Targeted strategies to increase the labour force participation of under-represented groups including immigrants may contribute to a positive growth in labour force participation in the future.

**Alberta youth (aged 15-24):**

The labour force participation rate for Alberta youth aged 15-24 decreased in 2017 to 66.4 per cent from 67.6 per cent in 2016. Alberta ranked number four in 2017 behind Prince Edward Island (69.4 per cent), Québec (68.4 per cent) and British Columbia (66.6 per cent).

Though the labour force participation of Alberta youth has experienced a declining trend, it does have the potential to rise in the future as Alberta's economy continues to grow. Targeted strategies to increase the labour force participation of under-represented groups including Alberta youth may contribute to a positive growth in labour force participation in the future.



# Performance Measures and Indicators Methodology

<b>Performance Measure 1.a and 1.b</b>	<b>Lost-time claim rate: Number of lost-time claims per 100 person-years worked</b> <b>Disabling injury rate: Number of disabling injuries per 100 person-years worked</b>
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The lost-time claim (LTC) rate and disabling injury (DI) rate represent the probability, or risk, of injury or disease to a worker during a period of one year's work. The disabling injury rate is similar to the lost-time claim rate, although it covers a broader range of injuries, including those that are less severe in nature (do not require time away from work.) The measures indicate the number of lost-time claims or disabling injuries per 100 person-years worked to indicate increases or decreases in this risk. One person-year is equivalent to one full-time worker working for one year or 2,000 hours worked.

The Workers' Compensation Board – Alberta records a lost-time or disabling injury claim when a worker, his/her physician or his/her employer submits an injury report form. A claim is considered lost-time when the worker is on compensation for one or more days subsequent to the day of injury. A claim is considered DI claim when the worker is on compensation for one or more days subsequent to the day of injury or performs modified work duties. The Workers' Compensation Board – Alberta collects this information, calculates the estimated person-years worked and provides the data files to Labour for analysis. The lost-time claim rate and disabling injury rate are reported by calendar year and are calculated by dividing the number of lost-time claims or disabling injuries by the number of estimated person-years worked.

$$\text{LTC Rate} = \frac{\text{Number of LTCs}}{\text{Estimated person-years}} \times 100$$

$$\text{DI Rate} = \frac{\text{Number of DI claims}}{\text{Estimated person-years}} \times 100$$

Each year, new data is sent to Labour that includes the most recent injury data for the last five years. The previous four years of results are re-calculated with the updated data provided by the Workers' Compensation Board – Alberta. Re-calculating historical results provides the reader the most accurate and up-to-date injury information. There is no change in how the result is calculated.

**Performance  
Measure  
1.c**

**Percentage of employment standards complaints completed within 180 days  
of date complaint received**

The ministry aims to have safe, fair and healthy workplaces where workers receive their basic entitlements as prescribed by the legislation. When workers file a complaint with the ministry alleging this has not occurred, they expect a timely resolution. This measure assesses the processing time for employment standards complaints that is within the ministry's control (i.e. it excludes the time it takes to process appeals and collections.)

The Compliance Management Information System tracks all data related to employment standards complaints. For this performance measure, a report is created from Compliance Management Information System that identifies those complaints that were concluded within the reporting period and the duration of time between the date the complaint was received and the date the complaint is concluded.

A completed employment standards claim means that the investigation phase is complete and results in one of the following outcomes: the employee is advised there are no earnings due, the employee has received an amount satisfactory to the employee, or the employer has been ordered to pay the employee a sum of money and the claim may be forwarded to appeals or collections. This means that complaints transferred to Post Investigations (appeals and/or collections) are considered completed and the completion of an employment standards complaint does not necessarily mean that a person has been paid.

$$\frac{\text{Number of complaints concluded within 180 days}}{\text{Total number of complaints concluded}} \times 100 = \text{Percentage Rate}$$

**Performance  
Measure  
1.d**

**Percentage of employment standards complaints resolved using mediation, settlement, compromise or other voluntary means**

The ministry aims to have safe, fair and healthy workplaces where workers receive their basic entitlements as prescribed by the legislation, working to promote the voluntary resolution of employment standards complaints through mediation, settlement or compromise. Each complaint is unique and not all situations lend themselves to voluntary resolution.

The Compliance Management Information System tracks all data related to employment standards complaints. For this performance measure, a report is created from the Compliance Management Information System that identifies those complaints that were concluded within the reporting period and the resolution type. A complaint is marked concluded when the investigation is concluded or there is no further work to do on the file.

The voluntary resolution of an employment standards complaint can include full payment of earnings, an amount the employee believes is satisfactory or advising the employee there are no earnings due, which results in concluding the complaint.

This measure considers only those complaints that are eligible for voluntary resolution. Instances where a voluntary resolution is not possible (i.e. the employer is bankrupt, the business has failed, the employer is in receivership or the claim is abandoned) are excluded from the measure.

$$\frac{\text{Number of complaints resolved voluntarily}}{\text{Total number of complaints concluded that were eligible for voluntary resolution}} \times 100 = \text{Percentage Rate}$$

**Performance  
Measure  
1.e**

**Number of Occupational Health and Safety (OHS) inspections**

Every Albertan has a right to work in a healthy and safe environment and to return home safe and healthy each and every day. OHS conducts inspections to determine if employers and workers are fulfilling their responsibilities under the *Occupational Health and Safety Act*, Regulation and Code.

The Compliance Management Information System tracks all data related to OHS work processes. For this performance measure, a report is created from the Compliance Management Information System that identifies all client contact activity with a type of "Inspection" and "Re-inspection".

**Performance  
Measure  
2.a**

**Average number of days from the acceptance of an application to the date of the first ALRB hearing**

This performance measure reflects the Alberta Labour Relation Board's commitment to schedule matters in a timely fashion. The Board books hearings and resolution conferences with parties at the beginning of the file.

The Alberta Labour Relations Board Case Management System tracks all data related to hearings and decision timelines. For this performance measure, a report is created from the Case Management System that identifies those decisions that have met the reporting period requirements and the number of days it takes a matter from the application date to the first Board hearing.

Telephone and Resolution Conferences are excluded from this calculation as they deal with procedural or dispute resolution prior to a formal hearing. Sine Die (a written request, normally made by both parties, to hold an application in abeyance or adjourn) and party delay adjournments (a request by an affected party to adjourn an application) are also excluded from the calculation of the overall days.

Using the report, the average number of days from the acceptance of an application to the date of the first formal hearing is calculated. In the event that an application is received in one fiscal year and the first hearing date is in a subsequent fiscal year, the case is included in the year in which the first formal hearing is conducted.

**Performance  
Measures  
2.b**

**Percentage of decisions rendered by the ALRB within 90 calendar days from the completion of the hearing(s)**

This performance measure reflects the Alberta Labour Relations Board's commitment to issue decisions in a timely fashion. It was developed to ensure timeliness of decisions recognizing justice delayed is justice denied.

The Alberta Labour Relations Board Case Management System tracks all data related to hearings and decision timelines. For this performance measure, a report is created from the Case Management System that identifies those decisions that have met the reporting period requirements and the duration of the time from the commitment date (usually the date of the last completed hearing related to the matter(s) applicable to the decision) to the date that the decision was rendered (written decision was issued.) Sometimes the commitment date may differ from the hearing date if further submissions are accepted by the presiding Chair or Vice Chair at a later time.

Using the report, the percentage of decisions completed within 90 days or less is calculated. Hearings are generally included in the calculation for the year in which the decision was rendered (the written decision is issued.) However, in the event that a decision is reserved (hearing is completed) in one fiscal year but rendered (the written decision is issued) in a subsequent fiscal year, the case will be included in either the fiscal year in which the 90-day threshold occurs, or the fiscal year in which the decision is rendered, whichever date occurs first.

$$\frac{\text{Decisions rendered within 90 days or less}}{\text{Total number of decisions rendered}} \times 100 = \text{Percentage Rate}$$

**Performance  
Measure  
2.c**

**Percentage of decisions not challenged, or if challenged, supported by the Appeals Commission's reconsideration process, the Court of Queen's Bench, the Court of Appeals or the Alberta Ombudsman**

This performance measure reflects the Appeals Commission's commitment to excellence in the decision-making process.

The Appeals Commission Electronic System contains all claim file data for the Appeals Commission for Alberta Workers' Compensation. For this performance measure, a variety of reports are generated from the Appeals Commission Electronic System to identify the closed files that have met the reporting period requirements.

Using the reports, the percentage of decisions issued that are either not challenged or are not overturned upon review by the Courts, the Ombudsman or by the Appeals Commission on reconsideration is calculated. An appellant may submit more than one appeal. An appeal is considered closed when the decision has been issued to the parties regarding the issue(s) being appealed. An appellant may choose to submit an application for judicial review or for reconsideration as outlined by the Appeals Commission's Appeal Rules 2017, which may be found on the Appeals Commission website. The application for judicial review or for reconsideration will be included in the measure in the year in which the decision is rendered and the file is closed.

$$\frac{\text{Number of decisions not challenged or not overturned upon review by the Courts, the Ombudsman or the Appeals Commission's reconsideration process}}{\text{Total number of decisions closed}} \times 100 = \text{Percentage Rate}$$

**Performance  
Measure  
2.d**

**Percentage of collective bargaining cases with the assistance of a ministry-appointed mediator in which parties resolved within two days**

This measure speaks to the ministry's ability to recruit and appoint appropriate and effective mediators.

The Compliance Management Information System tracks all data related to collective bargaining agreements filed with the ministry and mediation appointments. For this performance measure, a report is created that identifies the costs associated with each mediation case, including an indication of whether the fees were paid by government or the parties to the mediation. Government pays for the first two days of mediation plus the mediator's expenses. Only those cases that have been settled, indicating there can be no further dates of mediation, are included in the measure. Cases that do not result in a collective bargaining agreement are excluded from the calculation.

Using the report, the number of collective bargaining agreements with the assistance of a ministry-appointed mediator resolved within zero, one or two days is calculated as a percentage of all resolved collective bargaining agreements with an application date within the year.

$$\frac{\text{Number of mediations resolved within zero, one or two days}}{\text{Total number of resolved mediations with an application date within the year}} \times 100 = \text{Percentage Rate}$$

**Performance  
Indicator  
2.a**

**Person-days lost to strikes and lockouts per 1,000 employees: Work days not worked in the calendar year due to legal strikes and lockouts per 1,000 employees**

The rate provides an indication of the stability of the labour relations system and environment in Alberta and the capacity of unions and employers to reach mutually acceptable agreements without having to resort to job action.

The Compliance Management Information System tracks all data related to collective bargaining agreements filed with the ministry. For this performance indicator, a report is created that identifies all legal work stoppages in a calendar year and includes the number of employees affected and lost work days. The report calculates the number of person-days lost using the following formula:

$$\text{Number of employees} \times \text{Number of Work Days Modifier} \times \text{Work Days} = \text{Person-days Lost}$$

The number of work days modifier represents the proportion of a week the work site is in operation. For example, a work site that operates seven days a week has a 1.0 modifier. A work site that operates five days a week has a modifier of 0.7142 or 5/7.

The source for the number of employees in Alberta is Statistics Canada's Labour Force Survey.

The number of person-days lost due to strikes and lockouts per 1,000 employees is calculated as:

$$\frac{\text{Person-days Lost}}{\text{Average number of employees}} = \text{Person-days Lost per 1,000 employees}$$

Where a strike and lockout occur at the same time in a particular dispute, e.g., either starting or ending on the same day or with overlapping start and end dates, the report only calculates based on the earliest start date and the latest end date. Strikes/lockouts often begin in one calendar year and end in another.

For the purpose of this measure, person-days lost are attributed to the calendar year in which the strike or lockout ends.

**Performance  
Measure  
3.a**

**Percentage of training for work clients reporting they are either employed or in further education or training after leaving a skills training program**

The results for this measure are obtained through the Work Outcomes Reporting Project (WORP) Survey. WORP relies on administrative data from Labour's Client Relationship Management system to identify the survey population. The programs included are Work Foundations programs and Training for Work programs. An independent consultant is contracted to contact former program participants three months after they have left a Work Foundations or Training for Work program.

WORP uses a census approach for Labour clients who have attended skills training programs, meaning all clients having taken these programs will be contacted for inclusion in the survey, to be completed by phone or online. The same question wording is used for both the phone and the online questionnaires. Both phone and online responses are captured in the result calculation.

The results for this measure are calculated based on the clients who have participated in Labour's Skills Training programs and were surveyed between January and December 2017. As surveys are conducted three months after an individual leaves their program, this survey period corresponds to those who left their program between September 1, 2016 and August 31, 2017.

The number of Skills Training participants who identified as employed, self-employed or in school/training is determined using the following question: *"What is your current main activity? Are you Employed, Self-employed, In School/Training, Unemployed, Retired?"* Responses that indicate that the participant is employed, self-employed or in school/training are used to determine the performance measure result.

Post-survey weighting (population and non-response) are employed to ensure the representativeness of the results. Non-responders are filtered out of the final dataset. The percentage is obtained by dividing the weighted sum of respondents employed, self-employed or in further education/training for all programs divided by the weighted sum of all respondents.

**Calculation (weighted frequencies):**

$$\text{Percentage} = \frac{\sum (\text{employed} + \text{self-employed} + \text{in school/training})}{\sum (\text{all responses})^*} \times 100$$

\*Note that the calculation does not include the "don't know" or "no response" categories.

The sample size for the 2017-18 result is 1,540. The margin of error is 2.50, at the 95 per cent level of confidence. With a result of 64.4 per cent (rounded to 64 per cent), we are confident that the population percentage lies between 61.9 per cent and 66.9 per cent, 19 times out of 20.

**Performance  
Measure  
3.b**

**Number of immigrants to Canada through the Provincial Nominee Program who choose Alberta as their destination**

Data for this measure is based on the Provincial Nominee Program stream of Immigration, Refugees and Citizenship Canada's publicly released immigration data. Data for this measure is based on Census Year (i.e. July to June.)

Immigrants include the principal applicant, spouse and dependants. Non-economic immigrants, for example, individuals migrating under the family class (e.g. parents and grandparents) and those migrating for humanitarian reasons (e.g. refugees) are not included in this measure.

For more information on determining eligibility for each immigration category, please visit Immigration, Refugees and Citizenship Canada at [www.cic.gc.ca/english/immigrate/index.asp](http://www.cic.gc.ca/english/immigrate/index.asp).

**Performance  
Indicator  
3.a**

**Percentage of Alberta Immigrant Nominee Program nominees surveyed who report that they are still residing and working in Alberta one year after obtaining permanent residency**

The ministry surveys Alberta Immigrant Nominee Program (AINP) nominees to determine if they are still living and working in Alberta, one year after obtaining permanent residency. To allow for one year to have passed from the date the nominee obtained permanent residency and to allow time for the survey to be conducted, AINP nominees who landed in 2014 were surveyed in 2016.

The survey is conducted by the ministry through an online survey. AINP nominees are contacted by email to complete the online survey.

A nominee is considered to be working and residing in Alberta if they responded that they currently reside in Alberta and that they are currently employed (including working and performing their job duties, on paid maternity leave, on a paid leave of absence or on vacation.)

The retention rate is calculated as:

$$\frac{\text{Number of nominees who responded they are still residing and working in Alberta}}{\text{Total number of nominees who responded to the survey}} \times 100$$

In 2016, the last year for which data are available, 4,411 of the 4,908 nominees who landed in Alberta in 2014 were sent the survey and 3,032 nominees responded to the survey. The survey response rate was 62 per cent and the results are considered accurate to +/- 1.1 percentage points, 19 times out of 20.



<b>Performance Indicator 3.b</b>	<b>Labour force participation rate of:</b>
	- <b>All Albertans (aged 25-64)</b>
	- <b>Aboriginal Albertans living off-reserve (aged 25-64)</b>
	- <b>Alberta's immigrant population (aged 25-64)</b>
	- <b>Alberta youth (aged 15-24)</b>

Statistics Canada's Labour Force Survey is the primary source of statistics on employment and unemployment in Canada and the provinces. The Labour Force Survey is conducted by Statistics Canada across the country. The survey sample size for Canada for the reporting period was 56,027. Alberta's sample size corresponds to its share of the national population. An average of 5,690 Alberta households were surveyed each month. The coefficient of variation (the standard error as a percentage of the reported result) for the estimated 2,449,200 Albertans in the labour force is 1.0 per cent.

The Labour Force Survey provides information on the work activities of survey respondents during the week containing the 15th day of the month, known as the reference week. The target population covered by the survey corresponds to all persons aged 15 years and over residing in Canada, with the exception of the following: persons living on reserves and other Aboriginal settlements, full-time members of the Canadian Armed Forces and the institutionalized population. The labour force is the sum of the number of persons employed and the number of persons actively seeking employment (unemployed). This is calculated as a 12-month average for the calendar year.

For more information on the methodology of the Labour Force Survey, please see Guide to the Labour Force Survey, Statistics Canada:

<http://www5.statcan.gc.ca/olc-cel/olc.action?objId=71-543-G&objType=2&lang=en&limit=0>

### **All Albertans (aged 25-64)**

The participation rate for all Albertans represents the percentage of the working age population (aged 25-64) who are either employed or actively seeking employment (unemployed).

### **Aboriginal Albertans living off-reserve (aged 25-64)**

The Labour Force Survey includes a question that asks respondents if they identify themselves with at least one Aboriginal group, for example, North American Indian, Métis or Inuit. The First Nations, Métis and Inuit labour force (off-reserve) represents the number of people in the working age population (aged 25-64) who are either employed or actively seeking employment (unemployed).

### **Alberta's immigrant population (aged 25-64)**

A landed immigrant is a person who has been granted the right to live in Canada permanently by immigration authorities. Canadian citizens by birth and non-permanent residents (persons from another country who live in Canada and have a work or study permit, or are claiming refugee status, as well as family members living here with them) are not landed immigrants. The landed immigrant labour force represents the number of people in the working age population (aged 25-64) who are either employed or actively seeking employment (unemployed).

### **Alberta youth (aged 15-24)**

Alberta youth (aged 15-24) represents the number of people in that age cohort who are either employed or actively seeking employment (unemployed).

## **Financial Information**

### **Independent Auditor's Report**

### **Financial Statements**

### **Financial Statements: Workers' Compensation Board – Alberta**

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## Independent Auditor's Report

To the Members of the Legislative Assembly

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the Ministry of Labour, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ministry of Labour as at March 31, 2018, and the results of its operations, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]  
Auditor General

June 5, 2018  
Edmonton, Alberta

**MINISTRY OF LABOUR**  
**STATEMENT OF OPERATIONS**  
Year ended March 31, 2018

	<b>2018</b>		<b>2017</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
			<b>(Restated - Note 3)</b>
	<i>(in thousands)</i>		
<b>Revenues (Schedule 1)</b>			
Government Transfers			
Canada Alberta Job Fund	\$ 34,493	\$ 35,947	\$ 36,004
Labour Market Development Agreement	13,573	16,393	32,837
Other Transfers	-	-	413
Premiums, Fees and Licences	2,185	3,988	2,480
Other Revenue	64,492	65,594	57,909
	<u>114,743</u>	<u>121,922</u>	<u>129,643</u>
<b>Expenses – Directly Incurred (Notes 2(a) and Schedules 3, 4, 7 and 8)</b>			
<b>Programs</b>			
Ministry Support Services	12,734	11,004	14,319
Workforce Strategies	108,574	109,538	104,228
Safe, Fair and Healthy Workplaces	66,480	62,890	61,616
Labour Relations Board	3,586	3,302	3,772
Appeals Commission for Alberta Workers' Compensation	13,668	12,011	11,756
Climate Leadership Plan	-	474	-
	<u>205,042</u>	<u>199,219</u>	<u>195,691</u>
<b>Annual Deficit</b>	<u>\$ (90,299)</u>	<u>\$ (77,297)</u>	<u>\$ (66,048)</u>

The accompanying notes and schedules are part of these financial statements.

**MINISTRY OF LABOUR**  
**STATEMENT OF FINANCIAL POSITION**  
**As at March 31, 2018**

	<b>2018</b>	<b>2017</b> (Restated - Note 3)
	<b>(in thousands)</b>	
<b>Financial Assets</b>		
Cash	\$ 29	\$ 60
Accounts Receivable (Note 4)	20,528	3,824
	<u>20,557</u>	<u>3,884</u>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities (Note 6)	35,417	35,226
Deferred Contributions (Note 7)	6,140	6,771
	<u>41,557</u>	<u>41,997</u>
<b>Net Debt</b>	<u>(21,000)</u>	<u>(38,113)</u>
<b>Non-Financial Assets</b>		
Tangible Capital Assets (Note 8)	12,118	7,505
Prepaid Expenses	-	3
	<u>12,118</u>	<u>7,508</u>
<b>Net Liabilities</b>	<u>\$ (8,882)</u>	<u>\$ (30,605)</u>
<b>Net Liabilities at Beginning of Year</b>	\$ (30,605)	\$ (24,489)
Adjustment to Net Liabilities	-	1,600
Annual Deficit	(77,297)	(66,048)
Net Financing Provided from General Revenues	<u>99,020</u>	<u>58,332</u>
<b>Net Liabilities at End of Year</b>	<u>\$ (8,882)</u>	<u>\$ (30,605)</u>

Contingent Assets (Note 5)

Contingent Liabilities and Contractual Obligations (Notes 9 and 10)

The accompanying notes and schedules are part of these financial statements.

**MINISTRY OF LABOUR**  
**STATEMENT OF CHANGE IN NET DEBT**  
Year ended March 31, 2018

	<b>2018</b>		<b>2017</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
			<b>(Restated - Note 3)</b>
	<b>(in thousands)</b>		
<b>Annual Deficit</b>	\$ (90,299)	\$ (77,297)	\$ (66,048)
Acquisition of Tangible Capital Assets	(900)	(3,232)	(1,819)
Amortization of Tangible Capital Assets (Note 8)	903	1,252	1,046
Write-downs of Tangible Capital Assets		3	-
Transfer in of Tangible Capital Assets		(2,636)	-
Decrease / (Increase) in Prepaid Expenses		3	(2)
Net Financing Provided from General Revenue		99,020	58,332
<b>Decrease / (Increase) in Net Debt</b>		17,113	(8,491)
<b>Net Debt at Beginning of Year</b>		(38,113)	(29,622)
<b>Net Debt at End of Year</b>		<u>\$ (21,000)</u>	<u>\$ (38,113)</u>

The accompanying notes and schedules are part of these financial statements.

**MINISTRY OF LABOUR**  
**STATEMENT OF CASH FLOWS**  
Year ended March 31, 2018

	<b>2018</b>	<b>2017</b> (Restated - Note 3)
	<b>(in thousands)</b>	
<b>Operating Transactions</b>		
Annual Deficit	\$ (77,297)	\$ (66,048)
Non-cash Items Included in Annual Deficit		
Amortization of Tangible Capital Assets (Note 8)	1,252	1,046
Deferred Contributions Recognized as Revenue (Note 7)	(631)	(212)
Write-downs of Tangible Capital Assets	3	-
Transfer of Tangible Capital Assets from Other Ministries	(2,636)	-
	<u>(79,309)</u>	<u>(65,214)</u>
 (Increase) Decrease in Accounts Receivable	(16,704)	11,338
(Increase) Decrease in Prepaid Expenses	3	(2)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	<u>191</u>	<u>(2,590)</u>
 Cash Applied to Operating Transactions	<u>(95,819)</u>	<u>(56,468)</u>
<b>Capital Transactions</b>		
Acquisition of Tangible Capital Assets (Note 8)	<u>(3,232)</u>	<u>(1,819)</u>
<b>Financing Transactions</b>		
Net Financing Provided from General Revenues	<u>99,020</u>	<u>58,332</u>
 <b>(Decrease) / Increase in Cash</b>	(31)	45
 <b>Cash at Beginning of Year</b>	<u>60</u>	<u>15</u>
 <b>Cash at End of Year</b>	<u><u>\$ 29</u></u>	<u><u>\$ 60</u></u>

The accompanying notes and schedules are part of these financial statements.



**MINISTRY OF LABOUR  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2018**

**NOTE 1 AUTHORITY AND PURPOSE**

The Ministry of Labour (the ministry) operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The ministry protects workers' rights by ensuring fair and modern legislation and regulating Alberta's workplaces. The ministry also works to ensure that Alberta has a skilled workforce and an efficient labour market to support a thriving and diverse economy.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

**(a) Basis of Financial Reporting**

**Revenue**

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year-end is recognized as unearned revenue.

Government Transfers

Transfers from all levels of governments are referred to as government transfers.

Government transfers are recognized as deferred capital contributions and deferred revenue if the eligibility criteria of the transfer or the stipulations together with the ministry's actions and communications as to the use of transfers create a liability. These transfers are recognized as revenues as the stipulations are met and, when applicable, the ministry complies with its communicated uses of these transfers.

All other government transfers, without stipulations for the use of the transfer, are recognized as revenue when the transfer is authorized and the ministry meets the eligibility criteria (if any).

Credit or Recovery

Credit or recovery initiatives provide a basis for authorizing spending. Credits or recoveries are shown in the details of the Government Estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual credit or recovery amounts exceed budget, the ministry may, with the approval of the Treasury Board Committee, use the excess to fund additional expenses of the program. Schedule 2 discloses information on the ministry's credit or recovery initiatives.

Transfer of Tangible Capital Assets from Other Government Departments

Transfers of tangible capital assets from other government departments are recognized as revenue.

**MINISTRY OF LABOUR  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Cont'd)**

**(a) Basis of Financial Reporting (Cont'd)**

**Expenses**

Directly Incurred

Directly incurred expenses are those costs the ministry has primary responsibility and accountability for, as reflected in the government's budget documents.

Grant Expense

Grants are recognized as expenses when authorized, eligibility criteria, if any, are met by the recipients and a reasonable estimate of the amounts can be made.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets;
- pension costs, which comprise the cost of employer contributions for current service of employees during the year;
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay; and
- transfer of tangible capital assets to other ministries.

Incurred by Others

Services contributed by other related entities in support of the department's operations are not recognized but disclosed in Schedule 8.

**Valuation of Financial Assets and Liabilities**

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments. Fair values of loans are not reported due to there being no organized financial market for the instruments and it is not practicable within constraints of timelines or cost to estimate the fair value with sufficient reliability.

**MINISTRY OF LABOUR  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Cont'd)**

**(a) Basis of Financial Reporting (Cont'd)**

**Financial Assets**

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Financial assets of the ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Cash

Cash includes deposits in the Consolidated Cash Control Account of the Province of Alberta. Interest on these deposits does not accrue to the ministry.

Accounts Receivable

Accounts receivable are recognized at the lower of cost or net recoverable value. A valuation allowance is recognized when recovery is uncertain.

**Liabilities**

Liabilities are present obligations of the ministry to external organizations and individuals arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefits. They are recognized when there is an appropriate basis of measurement and management can reasonably estimate the amounts.

**Non-Financial Assets**

Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities, but instead:

- (a) are normally employed to deliver government services;
- (b) may be consumed in the normal course of operations; and
- (c) are not for sale in the normal course of operations.

Non-financial assets of the ministry are limited to tangible capital assets and prepaid expenses.

MINISTRY OF LABOUR  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2018

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES  
(Cont'd)**

**(a) Basis of Financial Reporting (Cont'd)**

**Non-Financial Assets (Cont'd)**

Tangible Capital Assets

Tangible capital assets of the ministry are recognized at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is \$250,000 and the threshold for major systems enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000. All land, with the exception of Crown lands, is capitalized.

Contributed tangible capital assets from non-related entities are recognized at their fair value at the time of contribution.

Amortization is only charged if tangible capital asset is put into service.

When physical assets (tangible capital assets) are gifted or sold for a nominal sum, the net book value of these physical assets less any nominal proceeds are recognized as grants in kind.

**(b) Change in Accounting Policy**

The Ministry has prospectively adopted the following standards from April 1, 2017: PS 2200 Related Party Disclosures, PS 3420 Inter-Entity Transactions, PS 3210 Assets, PS 3320 Contingent Assets and PS 3380 Contractual Rights which are reflected in Note 2, Note 5, Note 6, Schedule 3, Schedule 7 and Schedule 8.

**(c) Future Accounting Changes**

The Public Sector Accounting Board has approved the following accounting standards:

- **PS 3430 Restructuring Transactions (effective April 1, 2018)**

This standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities.

- **PS 3280 Asset Retirement Obligations (effective April 1, 2021)**

Effective April 1, 2021, this standard provides guidance on how to account for and report a liability for retirement of a tangible capital asset.

**MINISTRY OF LABOUR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES**  
**(Cont'd)**

**(c) Future Accounting Changes (Cont'd)**

• **PS 3450 Financial Instruments (effective April 1, 2021)**

Adoption of this standard requires corresponding adoption of PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Presentation, and PS 3041 Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement and disclosure of financial instruments; standards on how to account for and report transactions that are denominated in a foreign currency; general reporting principles and standards for the disclosure of information in financial statements; and how to account for and report portfolio investments.

Management is currently assessing the impact of these standards on the financial statements.

**NOTE 3 PROGRAM TRANSFER**

*(in thousands)*

Effective September 1, 2017, Communications and Public Engagement branches were transferred from each department to the Department of Treasury Board and Finance. Comparatives for 2017 have been restated as if the current organization structure had always been the same. The opening net debt and net liabilities as at April 1, 2016 are restated as follows:

Net Debt as previously reported	\$ (29,730)
Transfer to Treasury Board and Finance	108
Net Debt at April 1, 2016	<u>\$ (29,622)</u>
Net Liabilities as previously reported	\$ (24,597)
Transfer to Treasury Board and Finance	108
Net Liabilities at April 1, 2016	<u>\$ (24,489)</u>

**NOTE 4 ACCOUNTS RECEIVABLE**

*(in thousands)*

Accounts receivable are unsecured and non-interest bearing.

	<b>2018</b>			<b>2017</b>
	<b>Gross Amount</b>	<b>Allowance for Doubtful Accounts</b>	<b>Net Realizable Value</b>	<b>Net Realizable Value</b>
Accounts Receivable	\$ 20,528	\$ -	\$ 20,528	\$ 3,493
Refunds from Suppliers	-	-	-	331
	<u>\$ 20,528</u>	<u>\$ -</u>	<u>\$ 20,528</u>	<u>\$ 3,824</u>

**MINISTRY OF LABOUR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

**NOTE 5 CONTINGENT ASSETS**

*(in thousands)*

The contingent assets include outstanding automobile insurance claims which are managed by the Alberta Risk Management Fund amounting to \$16 (2017: nil).

These amounts have not been recognized in the financial statements.

**NOTE 6 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

*(in thousands)*

	<b>2018</b>	<b>2017</b>
		<b>(Restated – Note 3)</b>
Accounts Payable	\$ 1,219	\$ 898
Other Accrued Liabilities	34,198	34,328
	<u>\$ 35,417</u>	<u>\$ 35,226</u>

**NOTE 7 DEFERRED CONTRIBUTIONS**

*(in thousands)*

	<b>2018</b>	<b>2017</b>
Balance at Beginning of Year	\$ 6,771	\$ 6,983
Cash Contributions Received/Receivable during Year	-	2,705
Less Amounts Recognized as Revenue	(631)	(2,917)
Balance at End of Year	<u>\$ 6,140</u>	<u>\$ 6,771</u>

**MINISTRY OF LABOUR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

**NOTE 8 TANGIBLE CAPITAL ASSETS**  
*(in thousands)*

	<b>Equipment <sup>(1)</sup></b>	<b>Computer Hardware and Software</b>	<b>2018 Total</b>	<b>2017 Total</b>
<b>Estimated Useful Life</b>	3-40 years	3-10 years		
<b>Historical Cost<sup>(2)</sup></b>				
Beginning of Year	\$ 1,009	\$ 15,513	\$ 16,522	\$ 13,110
Additions	104	3,128	3,232	1,819
Disposals, including Write-downs	-	(3)	(3)	
Transfer In (Out)	(14)	2,647	2,633	1,593
	<u>1,099</u>	<u>21,285</u>	<u>22,384</u>	<u>16,522</u>
<b>Accumulated Amortization</b>				
Beginning of Year	228	8,789	9,017	7,978
Amortization Expense	112	1,140	1,252	1,046
Transfer In (Out)	(3)	-	(3)	(7)
	<u>337</u>	<u>9,929</u>	<u>10,266</u>	<u>9,017</u>
<b>Net Book Value at March 31, 2018</b>	<u>\$ 762</u>	<u>\$ 11,356</u>	<u>\$ 12,118</u>	
<b>Net Book Value at March 31, 2017</b>	<u>\$ 781</u>	<u>\$ 6,724</u>		<u>\$ 7,505</u>

(1) Equipment includes office equipment and furniture, and other equipment.

(2) Historical cost includes computer hardware and software work-in-progress at March 31, 2018 totalling \$8,251 (2017- 5,111).

**NOTE 9 CONTINGENT LIABILITIES**  
*(in thousands)*

The ministry is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

The ministry has been named in ten (2017: eight) claims of which the outcome is not determinable. Of these claims, six (2017: five) has a specified amounts totalling \$36,290 (2017: \$36,725). The remaining four (2017: three) claims have no amount specified. Included in the total claims, four claims totalling \$21,000 (2017: five claims totalling \$36,500) are covered in whole by the Alberta Risk Management Fund.

The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

**MINISTRY OF LABOUR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

**NOTE 10 CONTRACTUAL OBLIGATIONS**  
*(in thousands)*

Contractual obligations are obligations of the ministry to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	<u>2018</u>	<u>2017</u>
Obligations under Contracts and Programs	\$ 30,647	\$ 40,446

Estimated payment requirements for each of the next five years and thereafter are as follows:

**Obligations under Contracts and Programs**

	<u>Total</u>
2018-19	\$ 23,372
2019-20	6,996
2020-21	279
2021-22	-
2022-23	-
Thereafter	-
	<u>\$ 30,647</u>

**NOTE 11 BENEFIT PLANS**  
*(in thousands)*

The ministry participates in the multi-employer pension plans: Management Employees Pension Plan (MEPP), Public Service Pension Plan (PSPP) and Supplementary Retirement Plan for Public Service Managers (SRP). The expense for these pension plans is equivalent to the annual contributions of \$10,984 for the year ended March 31, 2018 (2017 – \$12,009). Ministries are not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2017, the MEPP reported a surplus of \$866,006 (2016 – surplus \$402,033), the PSPP reported a surplus of \$1,275,843 (2016 – surplus \$302,975) and the SRP reported a deficiency of \$54,984 (2016 – deficiency \$50,020).

The ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2018, the Bargaining Unit Plan reported a surplus of \$111,983 (2017 – surplus \$101,515) and the Management, Opted Out and Excluded Plan a surplus of \$29,805 (2017 – surplus \$31,439). The expense for these two plans is limited to the employer's annual contributions for the year.



**MINISTRY OF LABOUR  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2018**

**NOTE 12 TRUST FUND UNDER ADMINISTRATION**  
*(in thousands)*

The ministry administers a trust fund that is a regulated fund consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the fund and administers it for the purposes described below, it is not included in the ministry's financial statements.

At March 31, 2018, the trust fund under administration was as follows:

	<b>2018</b>	<b>2017</b>
Employment Standards Trust Fund	\$ 1,268	\$ 921

**NOTE 13 SUBSEQUENT EVENTS**

Effective (1) April 1, 2018, the government consolidated human resource functions under the Public Service Commission within the Ministry of Treasury Board and Finance; (2) April 1, 2018, the government consolidated the *Freedom of Information and Protection of Privacy* (FOIP) delivery services under the Ministry of Service Alberta; (3) April 1, 2018, the government consolidated information management and technology services under the Ministry of Service Alberta.

**NOTE 14 COMPARATIVE FIGURES**

Certain 2017 figures have been reclassified to conform to the 2018 presentation.

**NOTE 15 APPROVAL OF FINANCIAL STATEMENTS**

The deputy minister and the senior financial officer approved these financial statements.

**MINISTRY OF LABOUR**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**REVENUES**  
**Year ended March 31, 2018**

	<b>2018</b>		<b>2017</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	<i>(in thousands)</i>		
Government Transfers			
Canada Alberta Job Fund	\$ 34,493	\$ 35,947	\$ 36,004
Labour Market Development Agreement	13,573	16,393	32,837
Other Transfers		-	413
	<u>48,066</u>	<u>52,340</u>	<u>69,254</u>
Premiums, Fees and Licences	<u>2,185</u>	<u>3,988</u>	<u>2,480</u>
Other Revenue			
Occupational Health and Safety	49,934	48,637	45,273
Appeals Commission for Alberta Workers' Compensation	13,503	11,902	11,501
Workers' Compensation Medical Panels	355	335	326
Transfer of Tangible Capital Assets from other Government Departments	700	2,647	-
Other		2,073	809
	<u>64,492</u>	<u>65,594</u>	<u>57,909</u>
Total Revenues	<u>\$ 114,743</u>	<u>\$ 121,922</u>	<u>\$ 129,643</u>

**MINISTRY OF LABOUR**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**CREDIT OR RECOVERY**  
**Year ended March 31, 2018**

	2018				
	<u>Authorized</u>	<u>Actual Revenue Recognized</u>	<u>Deferred Revenue</u>	<u>Total Revenue Received/ Receivable</u>	<u>(Shortfall)/ Excess</u>
	<i>(in thousands)</i>				
Occupational Health and Safety	\$ 49,484	\$ 48,007	\$ -	\$ 48,007	\$ (1,477)
International Educational Assessment Services	2,125	3,679	-	3,679	1,554
	<u>\$ 51,609</u>	<u>\$ 51,686</u>	<u>\$ -</u>	<u>\$ 51,686</u>	<u>\$ 77</u> <sup>(1)</sup>

<sup>(1)</sup> Shortfall is deducted from current year's authorized spending, as disclosed in Schedule 4 to the financial statements.

Occupational Health and Safety recovery, under the agreement with the Workers' Compensation Board (WCB), is for the purpose of defraying part of the costs of administering the Occupational Health and Safety Act.

International Educational Assessment Services recovery is for the provision of international educational assessment services for immigrants seeking employment and/or education in Alberta. In addition, other jurisdictions contract with Alberta to provide these services to immigrants in their jurisdictions on a fee for service basis.

**MINISTRY OF LABOUR**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**EXPENSES – DIRECTLY INCURRED DETAILED BY OBJECT**  
**Year ended March 31, 2018**

	<b>2018</b>		<b>2017</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
			<b>(Restated – Note 3)</b>
	<b>(in thousands)</b>		
Salaries, Wages and Employee Benefits	\$ 101,514	\$ 98,278	\$ 98,643
Supplies and Services	46,435	38,939	38,459
Grants	56,120	60,675	57,479
Amortization of Tangible Capital Assets (Note 8)	903	1,252	1,046
Other	70	75	64
<b>Total Expenses</b>	<b>\$ 205,042</b>	<b>\$ 199,219</b>	<b>\$ 195,691</b>

**MINISTRY OF LABOUR  
SCHEDULE TO FINANCIAL STATEMENTS  
LAPSE/ENCUMBRANCE  
Year ended March 31, 2018**

	<b>Voted Estimate<sup>(1)</sup></b>	<b>Supplementary Estimate<sup>(2)</sup></b>	<b>Adjust- ments<sup>(3)</sup></b>	<b>Adjusted Voted Estimate</b>	<b>Voted Actuals<sup>(4)</sup></b>	<b>Unexpended (Over Expended)</b>
	<i>(in thousands)</i>					
<b>Program – Operating Expense</b>						
<b>Ministry Support Services</b>						
1.1 Minister's Office	\$ 621	\$ -	\$ -	\$ 621	\$ 555	\$ 66
1.2 Deputy Minister's Office	597	-	-	597	611	(14)
1.3 Human Resources	1,441	-	-	1,441	1,423	18
1.4 Corporate Services	9,080	-	-	9,080	8,266	814
1.5 Communications	995	-	(995)	-	2	(2)
	12,734	-	(995)	11,739	10,857	882
<b>Workforce Strategies</b>						
2.1 Program Support	3,280	-	(286)	2,994	3,046	(52)
2.2 Settlement and Integration	8,725	-	-	8,725	9,066	(341)
2.3 Workforce Development Partnerships	2,971	-	-	2,971	4,082	(1,111)
2.4 Policy and Labour Market Information	5,833	-	-	5,833	8,474	(2,641)
2.5 Labour Attraction and Retention	10,447	-	(1,081)	9,366	7,819	1,547
2.6 Labour Qualifications and Mobility	6,945	-	970	7,915	6,362	1,553
2.7 Labour Market Programs	28,629	-	(3,694)	24,935	22,003	2,932
2.8 Summer Temporary Employment Program	10,000	-	-	10,000	10,292	(292)
2.9 Skills and Training Support	31,605	3,300	3,000	37,905	37,898	7
	108,435	3,300	(1,091)	110,644	109,042	1,602

**MINISTRY LABOUR**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**LAPSE/ENCUMBRANCE**  
**Year ended March 31, 2018**

	Voted Estimate <sup>(1)</sup>	Supplementary Estimate <sup>(2)</sup>	Adjustments <sup>(3)</sup>	Adjusted Voted Estimate	Voted Actuals <sup>(4)</sup>	Unexpended (Over Expended)
	<i>(in thousands)</i>					
<b>Safe, Fair and Healthy Workplaces</b>						
3.1 Medical Panels for Alberta Workers' Compensation	\$ 355	\$ -	-	\$ 355	\$ 340	\$ 15
3.2 Labour Relations	1,879	-	-	1,879	1,518	361
3.3 Occupational Health and Safety	49,034	-	-	49,034	46,784	2,250
3.4 Employment Standards	14,613	-	(180)	14,433	13,264	1,169
	65,881	-	(180)	65,701	61,906	3,795
<b>4. Labour Relations Board</b>	3,586	-	-	3,586	3,253	333
<b>5. Appeals Commission for Alberta Workers' Compensation</b>	13,503	-	(48)	13,455	11,824	1,631
<b>6. Climate Leadership Plan</b>	-	-	960	960	474	486
Credit or Recovery (Shortfall) (Schedule 2)	-	-	-	-	-	-
<b>Total</b>	<b>\$ 204,139</b>	<b>\$ 3,300</b>	<b>\$ (1,354)</b>	<b>\$ 206,085</b>	<b>\$ 197,356</b>	<b>\$ 8,729</b>
<b>Lapse</b>						<b>\$ 8,729</b>

MINISTRY OF LABOUR  
 SCHEDULE TO FINANCIAL STATEMENTS  
 LAPSE/ENCUMBRANCE  
 Year ended March 31, 2018

	Voted Estimate <sup>(1)</sup>	Supplementary Estimate <sup>(2)</sup>	Adjust- ments <sup>(3)</sup>	Adjusted Voted Estimate	Voted Actuals <sup>(4)</sup>	Unexpended (Over Expended)
	<i>(in thousands)</i>					
<b>Program – Capital Investment</b>						
1 Ministry Support Services	\$ -	\$ -	\$ -	\$ -	\$ 52	\$ (52)
2 Workforce Strategies	-	-	1,296	1,296	1,058	238
3 Safe, Fair and Healthy Workplaces	900	-	2,080	2,980	2,044	936
5 Appeals Commission for Alberta Workers' Compensation	-	-	48	48	78	(30)
<b>Total</b>	<b>\$ 900</b>	<b>\$ -</b>	<b>\$ 3,424</b>	<b>\$ 4,324</b>	<b>\$ 3,232</b>	<b>\$ 1,092</b>
<b>Lapse</b>						<b>\$ 1,092</b>

(1) As per "Expense Vote by Program" and "Capital Investment Vote by Program" page 204 and 205 of 2017-18 Government Estimates.

(2) Per the Supplementary Supply Estimates approved on March 28, 2018 of Royal Assent of the Appropriations Acts.

(3) Adjustments include encumbrances, transfers between votes and credit or recovery increases approved by Treasury Board. An encumbrance is incurred when, on a vote by vote basis, the total of actual disbursements in the prior year exceed the total adjusted estimate. All calculated encumbrances from the prior year are reflected as an adjustment to reduce the corresponding Voted Estimate in the current year.

(4) Actuals exclude non-voted amounts such as amortization and valuation adjustments.

**MINISTRY OF LABOUR**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**LOTTERY FUND ESTIMATES**  
**Year ended March 31, 2018**

	2018		
	<b>Lottery Fund Estimates</b>	<b>Actual (in thousands)</b>	<b>Unexpended (Over Expended)</b>
Workforce Strategies			
2.2 Settlement and Integration	\$ 4,574	\$ 4,574	\$ -
2.9 Skills and Training Support	400	400	-
	<u>\$ 4,974</u>	<u>\$ 4,974</u>	<u>\$ -</u>

This table shows details of the initiatives within the ministry that are funded by the lottery fund and compares it to the actual results.



**MINISTRY OF LABOUR**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**SALARY AND BENEFITS DISCLOSURE - DEPARTMENT**  
**Year ended March 31, 2018**

	2018			2017	
	Base Salary <sup>(1)</sup>	Other Cash Benefits <sup>(2)</sup>	Other Non-cash Benefits <sup>(3)</sup>	Total	Total
Deputy Minister <sup>(4) (5)</sup>	\$ 326,929	-	6,523	\$ 333,452	\$ 334,110
<b>Executives</b>					
Assistant Deputy Minister, <sup>(6)</sup> Safe, Fair and Healthy Workplace	191,696	-	44,558	236,254	243,458
Assistant Deputy Minister, Workforce Strategies	200,405	-	46,676	247,081	251,874
Assistant Deputy Minister, <sup>(7)</sup> Strategy and Policy	175,967	-	32,954	208,921	219,782
Assistant Deputy Minister, <sup>(8)</sup> Corporate Services and Information	109,518	-	24,045	133,563	235,006
Assistant Deputy Minister, <sup>(9)</sup> WCB Review Secretariat	84,242	-	19,400	103,642	239,843
Executive Director, Human Resources	133,764	-	31,239	165,003	167,741

(1) Base salary includes regular salary and earnings such as acting pay.

(2) Other cash benefits include vacation payouts and lump sum payments. There were no bonuses paid in 2018.

(3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships, tuition fees and parking benefits.

(4) Automobile provided, no dollar amount included in other non-cash benefits.

(5) Base salary includes pay in lieu of benefits.

(6) The position was occupied by three individuals during the year: April 1, 2017 to September 9, 2017; September 10, 2017 to February 11, 2018; February 12, 2018 to March 31, 2018.

(7) The position was occupied by three individuals during the year: April 1, 2017 to October 27, 2017; October 28, 2017 to February 11, 2018; February 12, 2018 to March 31, 2018.

(8) The position was occupied by three individuals during the year: April 1, 2017 to October 29, 2017; October 30, 2017 to January 31, 2018; February 1, 2018 to March 31, 2018. Individuals who occupied the position from October 30, 2017 to March 31, 2018 were acting and only the incremental portion of their salary and benefits have been included in the disclosure.

(9) The position was occupied from April 1, 2017 to September 9, 2017.

**MINISTRY OF LABOUR**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**SALARY AND BENEFITS DISCLOSURE – LABOUR RELATIONS BOARD**  
**Year ended March 31, 2018**

	2018			2017	
	Base Salary <sup>(1)</sup>	Other Cash Benefits <sup>(2)</sup>	Other Non-cash Benefits <sup>(3)</sup>	Total	Total
<b>Senior Officials</b>					
Chair <sup>(4) (5) (6)</sup>	\$ 247,881	\$ -	\$ 5,605	\$ 253,486	\$ 652,309
<b>Executives</b>					
Vice Chair <sup>(5) (7)</sup>	-	-	-	-	86,522
Vice Chair	169,156	-	39,729	208,885	212,915
Vice Chair	169,156	-	39,611	208,767	211,550
Vice Chair <sup>(5) (8)</sup>	195,477	-	5,084	200,561	171,643
Executive Director	158,327	-	38,659	196,986	199,707

(1) Base salary includes regular salary and earnings such as acting pay.

(2) Other cash benefits include vacation payouts and lump sum payments. There were no bonuses paid in 2018.

(3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships, tuition fees and parking benefits.

(4) Automobile provided, no dollar amount included in other non-cash benefits.

(5) Base salary includes pay in lieu of benefits.

(6) The 2017 total included the \$355,872 in severance benefits paid as a result of a termination agreement.

(7) The position was vacant during the year. The 2017 total was for period from June 1, 2016 to October 31, 2016.

(8) The 2017 total was for the period from June 1, 2016 to March 31, 2017.

**MINISTRY OF LABOUR**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**SALARY AND BENEFITS DISCLOSURE – APPEALS COMMISSION FOR ALBERTA WORKERS’**  
**COMPENSATION**  
**Year ended March 31, 2018**

	<b>2018</b>			<b>2017</b>	
	<b>Base Salary<sup>(1)</sup></b>	<b>Other Cash Benefits<sup>(2)</sup></b>	<b>Other Non-cash Benefits<sup>(3)</sup></b>	<b>Total</b>	<b>Total</b>
<b>Senior Officials</b>					
Chief Appeals Commissioner <sup>(4)</sup>	\$ 216,755	\$ -	\$ 48,071	\$ 264,826	\$ 263,416
<b>Executives</b>					
Vice Chair <sup>(5)</sup>	121,946	4,443	24,855	151,244	204,984
Vice Chair <sup>(6)</sup>	162,594	-	36,255	198,849	152,102
Executive Director	128,238	-	31,354	159,592	149,828

(1) Base salary includes regular salary and earnings such as acting pay.

(2) Other cash benefits include vacation payouts and lump sum payments. There were no bonuses paid in 2018.

(3) Other non-cash benefits include government’s share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships, tuition fees and parking benefits.

(4) Automobile provided, no dollar amount included in other non-cash benefits.

(5) The position was occupied from April 1, 2017 to December 31, 2017.

(6) The 2017 total was for the periods: April 1 to August 31, 2016; January 1 to March 31, 2017.

**MINISTRY OF LABOUR**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**RELATED PARTY TRANSACTIONS**  
**Year ended March 31, 2018**  
*(in thousands)*

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta Consolidated Financial Statements. Related parties also include key management personnel in the Ministry and their close family members.

The ministry and its employees paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The ministry had the following transactions with related parties reported on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	<b>Other Entities</b>	
	<b>2018</b>	<b>2017 (Restated)</b>
Revenues		
Transfer of Tangible Capital Assets	\$ 2,647	\$ 2,053
Expenses – Directly Incurred		
Grants	\$ 3,624	\$ 3,991
Support Service Arrangements	142	492
Transfers of Administration Arrangement	1,427	1,497
Transfer of Tangible Capital Assets	11	453
Other Services	5,395	4,981
	<u>\$ 10,599</u>	<u>\$ 11,414</u>
Payable to	<u>\$ (376)</u>	<u>\$ (88)</u>
Contractual Obligations	<u>\$ 376</u>	<u>\$ 458</u>

**MINISTRY OF LABOUR**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**RELATED PARTY TRANSACTIONS**  
**Year ended March 31, 2018**  
*(in thousands)*

The ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not reported in the financial statements. They are included in Schedule 8.

	<b>Other Entities</b>	
	<b>2018</b>	<b>2017</b>
Expenses – Incurred by Others		
Accommodation	\$ 5,775	\$ 5,538
Legal Services	1,561	1,270
Business Services	1,331	1,293
	<u>\$ 8,667</u>	<u>\$ 8,101</u>

**MINISTRY OF LABOUR**  
**SCHEDULE TO FINANCIAL STATEMENTS**  
**ALLOCATED COSTS**  
Year ended March 31, 2018  
*(in thousands)*

Program	Expenses <sup>(1)</sup>	2018			2017	
		Expenses – Incurred by Others			(Restated)	
		Accommodation Costs <sup>(2)</sup>	Legal Services <sup>(3)</sup>	Business Services <sup>(4)</sup>	Total Expenses	Total Expenses
Ministry Support Services	\$ 11,004	\$ 660	\$ 253	\$ 141	\$ 12,058	\$ 15,591
Workforce Strategies	109,538	1,973	118	423	112,052	106,664
Safe, Fair and Healthy Workplaces	62,890	2,964	1,190	634	67,678	65,726
Labour Relations Board	3,302	178	-	38	3,518	3,969
Appeals Commission for Alberta	12,011	-	-	95	12,106	11,842
Worker's Compensation	474	-	-	-	474	-
Climate Leadership Plan						
	<u>\$ 199,219</u>	<u>\$ 5,775</u>	<u>\$ 1,561</u>	<u>\$ 1,331</u>	<u>\$ 207,886</u>	<u>\$ 203,792</u>

<sup>(1)</sup> Expenses – Directly Incurred as per Statement of Operations.

<sup>(2)</sup> Accommodation Costs are allocated by the number of employees per program.

<sup>(3)</sup> Legal Services Costs are allocated by estimated costs incurred by each program.

<sup>(4)</sup> Business Services Costs, including charges for IT support, vehicles, internal audit services, finance services, and learning centre, are allocated by the number of employees per program.

WCB-Alberta

# Consolidated Financial Statements and Notes

For the year ended December 31, 2017

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## Consolidated Financial Statements

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## Responsibility for Financial Reporting

The consolidated financial statements of the Workers' Compensation Board - Alberta were prepared by management, which is responsible for the integrity and fairness of the data presented, including significant accounting judgements and estimates. This responsibility includes selecting appropriate accounting principles consistent with International Financial Reporting Standards.

In discharging its responsibility for the integrity and fairness of the consolidated financial statements, management maintains the necessary internal controls designed to provide reasonable assurance that relevant and reliable financial information is produced and that assets are properly safeguarded. The effectiveness of controls over financial reporting was assessed and found to provide reasonable assurance that internal controls at December 31, 2017 operated effectively with no material weaknesses in the design or operation of the controls.

The Board of Directors is responsible for overseeing management in the performance of financial reporting responsibilities and has approved the consolidated financial statements included in the annual report.

The Board of Directors is assisted in its responsibilities by its Audit Committee. This committee reviews and recommends approval of the consolidated financial statements and meets periodically with management, internal and external auditors, and actuaries concerning internal controls and all other matters relating to financial reporting.

Eckler Ltd. has been appointed as the independent consulting actuary to the WCB. Their role is to complete an independent actuarial valuation of the claim benefit liabilities included in the consolidated financial statements of the WCB and to report thereon in accordance with generally accepted actuarial practice.

The Office of the Auditor General, the independent auditor of the WCB, has performed an independent audit of the consolidated financial statements of the WCB in accordance with Canadian generally accepted auditing standards. The Independent Auditor's Report outlines the scope of this independent audit and the opinion expressed.

[Original signed by]

**E. James Kindrake**

Chair, Board of Directors  
Workers' Compensation Board – Alberta

[Original signed by]

**Guy R. Kerr**

President & Chief Executive Officer  
Workers' Compensation Board – Alberta

[Original signed by]

**Ron J. Helmhold, FCPA, FCA**

Chief Financial Officer  
Workers' Compensation Board – Alberta

## Independent Auditor's Report



To the Board of Directors of the Workers' Compensation Board – Alberta

### Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Workers' Compensation Board – Alberta, which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of comprehensive income, changes in funded position and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility 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.

### Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Workers' Compensation Board – Alberta as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

[Original signed by Merwan N. Saher FCPA, FCA]

**Auditor General**

April 17, 2018  
Edmonton, Alberta

## Actuarial Statement of Opinion

### on the valuation of the claim benefit liabilities of the Workers' Compensation Board – Alberta as at December 31, 2017

I have completed the actuarial valuation of the claim benefit liabilities of the Workers' Compensation Board – Alberta (WCB) for the consolidated financial statements of the WCB as at December 31, 2017 (the "valuation date").

In my opinion, the actuarial liabilities of \$8,381.7 million make reasonable provision for future payments for short term disability, vocational rehabilitation, long term disability, survivor and health care benefits with respect to claims which occurred on or before the valuation date, and for all occupational disease claims expected to arise after the valuation date as a result of exposures incurred in the workplace on or before the valuation date in respect of occupational diseases with a long latency period that are recognized by the WCB. This amount provides for future claim administration costs, but does not include a provision for benefits and payments that are on a self-insured basis.

The valuation was based on the provisions of the *Workers' Compensation Act* of Alberta and on the WCB's policies and administrative practices in effect at the time of the valuation. Benefit changes resulting from amendments included in *An Act to Protect the Health & Well-Being of Working Albertans* have been considered and resulted in an increase to the claim benefit liabilities of \$314.6 million.

The data on which the valuation is based were provided by the WCB; I applied such checks of reasonableness of the data as I considered appropriate, and have concluded that the data are sufficiently reliable to permit a realistic valuation of the liabilities and that the data are consistent with WCB's consolidated financial statements. In my opinion, the data on which the valuation is based are sufficient and reliable for the purpose of the valuation.

The economic assumptions adopted for purposes of computing the liabilities are consistent with the WCB's funding and investment policies. For this valuation, a real rate of return of 2.50% per annum was used to discount expected payments subject to inflation. Other economic assumptions underlying the calculations include annual changes in the Consumer Price Index (CPI) of 2.00%, as well as health care costs and vocational rehabilitation benefits assumed to grow at annual rates of 2.50% and 1.00% respectively in excess of CPI. The annual increase for benefits subject to the cost of living adjustments (COLA) is assumed at CPI plus 0.02%, following the legislative change; previously, it was assumed at CPI minus 0.47%. In my opinion, the assumptions are appropriate for the purpose of the valuation.

The assumptions and methods employed in the valuation were consistent with those used in the previous valuation, after taking account of changes in claim patterns. Projections of future claim payments and awards have been made using factors developed from the WCB's claims experience, mortality and other assumptions. In my opinion, the methods employed in the valuation are appropriate for the purpose of the valuation.

There has been no change made to the actuarial methods and assumptions since the previous valuation, other than the aforementioned change to the COLA assumption. Details of the data, actuarial assumptions, valuation methods and analysis of results are set out in my actuarial report as at the valuation date, of which this statement of opinion forms part.

In my opinion, the amount of the claim benefit liabilities makes appropriate provision for all personal injury compensation obligations and the consolidated financial statements fairly represent the results of the valuation. This report has been prepared, and my opinions given, in accordance with accepted actuarial practice in Canada.

[Original signed by]

**Richard Larouche**, FSA, FCIA

Actuary

Eckler Ltd.

April 16, 2018

## Workers' Compensation Board – Alberta

### Consolidated Statement of Financial Position

As at December 31

(\$ thousands)	Notes	2017	2016
<b>ASSETS</b>			
Cash and cash equivalents	19(a)	\$ 495,210	\$ 321,992
Trade and other receivables	19(b)	33,038	65,187
Investments	5	10,781,370	10,052,375
Property, plant and equipment	8	70,027	58,664
Intangible assets	9	37,472	31,079
		<u>\$ 11,417,117</u>	<u>\$ 10,529,297</u>
<b>LIABILITIES</b>			
Trade and other liabilities	19(c)	\$ 64,349	\$ 53,012
Investment liabilities	5	14,104	743
Employer liabilities	19(d)	303,979	64,792
Safety rebates	19(e)	79,228	78,628
Employee benefits	11	125,202	121,325
Claim benefits	12	8,381,700	7,553,000
		<u>8,968,562</u>	<u>7,871,500</u>
<b>FUNDED POSITION</b>			
Fund Balance	4	1,945,655	2,204,597
Occupational Disease Reserve	4	502,900	453,200
		<u>2,448,555</u>	<u>2,657,797</u>
		<u>\$ 11,417,117</u>	<u>\$ 10,529,297</u>
<b>LEASE AND OTHER COMMITMENTS</b>	10		
<b>CONTINGENCIES AND INDEMNIFICATION</b>	18		

Approved by the Board of Directors on April 17, 2018:

[Original signed by]

**E. James Kindrake**

Chair, Board of Directors  
Workers' Compensation Board – Alberta

[Original signed by]

**Guy R. Kerr**

President and Chief Executive Officer  
Workers' Compensation Board – Alberta

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

## Workers' Compensation Board – Alberta

# Consolidated Statement of Comprehensive Income

Year ended December 31

(\$ thousands)	Notes	2017		2016
		Budget	Actual	Actual
<b>REVENUE</b>				
Premium revenue	15	\$ 1,068,793	\$ 1,039,544	\$ 994,527
Investment income	6(a)	417,340	1,077,966	750,760
		1,486,133	2,117,510	1,745,287
<b>EXPENSES</b>				
Claims expense	13	790,404	857,613	781,607
Claims management	13	126,499	121,489	118,064
Interest expense on claim benefit liabilities	12	336,300	328,200	348,900
Remeasurement of claim benefit liabilities	12	-	469,758	321,583
Corporate administration	16	85,089	85,018	91,303
Injury reduction	19(f)	66,801	67,246	67,737
Investment management expense	6(b)	40,305	38,858	36,959
Interest on employee benefit liabilities	11	5,387	4,393	5,136
		1,450,785	1,972,575	1,771,289
<b>OPERATING SURPLUS (DEFICIT)</b>		35,348	144,935	(26,002)
<b>Funding policy distributions</b>	4	-	(356,047)	9,400
<b>NET FUNDING SURPLUS (DEFICIT)</b>		35,348	(211,112)	(16,602)
<b>OTHER COMPREHENSIVE INCOME</b>				
Remeasurement of employee benefit liabilities	11	-	1,870	18,308
<b>TOTAL COMPREHENSIVE INCOME</b>		\$ 35,348	\$ (209,242)	\$ 1,706

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

## Workers' Compensation Board – Alberta

### Consolidated Statement of Changes in Funded Position

Year ended December 31

(\$ thousands)	Notes	2017	2016
<b>FUND BALANCE</b>			
<b>Accumulated surplus</b>			
Balance, beginning of year		\$ 2,232,896	\$ 2,290,698
Net funding deficit		(211,112)	(16,602)
Transfer to Occupational Disease Reserve		(49,700)	(41,200)
		<u>1,972,084</u>	<u>2,232,896</u>
<b>Accumulated other comprehensive income</b>			
Balance, beginning of year		(28,299)	(46,607)
Other comprehensive gain		1,870	18,308
		<u>(26,429)</u>	<u>(28,299)</u>
<b>Fund Balance, end of year</b>		<u>1,945,655</u>	<u>2,204,597</u>
<b>OCCUPATIONAL DISEASE RESERVE</b>	4		
Balance, beginning of year		453,200	412,000
Transfer from Fund Balance		49,700	41,200
		<u>502,900</u>	<u>453,200</u>
<b>Occupational Disease Reserve, end of year</b>		<u>\$ 2,448,555</u>	<u>\$ 2,657,797</u>

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

## Workers' Compensation Board – Alberta

### Consolidated Statement of Cash Flows

Year ended December 31

(\$ thousands)	2017	2016
<b>OPERATING ACTIVITIES</b>		
<b>Cash inflows (outflows) related to business operations</b>		
Employer premiums	\$ 998,409	\$ 1,021,270
Benefits to claimants and/or third parties on their behalf	(817,574)	(758,602)
Administrative and other goods and services	(228,891)	(214,287)
Injury reduction program	(67,246)	(67,737)
<b>Net cash used for operating activities</b>	<b>(115,302)</b>	<b>(19,356)</b>
<b>INVESTING ACTIVITIES</b>		
<b>Cash inflows (outflows) related to investment assets</b>		
Interest income received	77,121	80,133
Dividend income received	53,260	51,022
Fund distributions received	215,754	166,789
Settlement of derivatives	66,410	(15,053)
Investment management expenses	(38,697)	(36,695)
Proceeds from sale of investments, net of cash purchases	205,643	516,007
Purchase of investments through reinvestment of income received	(262,036)	(236,343)
<b>Cash outflows related to operating assets</b>		
Purchase of property, plant and equipment	(5,207)	(11,039)
Purchase of computer software	(12,418)	(9,608)
<b>Net cash from investing activities</b>	<b>299,830</b>	<b>505,213</b>
<b>FUNDING ACTIVITIES</b>		
<b>Cash outflows related to funding activities</b>		
Funding policy distributions	(11,310)	(457,559)
<b>Net cash used for funding activities</b>	<b>(11,310)</b>	<b>(457,559)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>173,218</b>	<b>28,298</b>
Cash and cash equivalents, beginning of year	321,992	293,694
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 495,210</b>	<b>\$ 321,992</b>

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

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2017 with comparatives for the year ended December 31, 2016

(thousands of dollars unless stated otherwise).

### 1. REPORTING ENTITY

The Workers' Compensation Board - Alberta (WCB) is a provincial board created by legislation in 1918. As a statutory corporation, WCB administers the workers' compensation system for the province of Alberta under the authority of the *Workers' Compensation Act* (the Act). WCB's corporate head office is located in Edmonton, Alberta, with operations exclusively within the province of Alberta. WCB's legislated mandate is to provide disability benefits to workers who sustain injuries in the course of employment.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied in the preparation of the consolidated financial statements for all years presented, unless otherwise indicated.

#### GENERAL ACCOUNTING POLICIES

##### **Basis of preparation**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). They comply, in all material respects, with IFRS as issued by the International Accounting Standards Board (IASB) as set out in Part I of the *Chartered Professional Accountants of Canada Handbook* as at and applicable on December 31, 2017.

These consolidated financial statements have been prepared on an historic cost basis except for investments reported at fair value. The principal accounting policies applied in the preparation of the consolidated financial statements on an IFRS basis are set out below.

##### **Basis of consolidation**

The consolidated financial statements include the assets, liabilities, and results of operations of WCB and its wholly owned subsidiaries, both of which are Alberta registered corporations:

- **WCB Real Assets Ltd.** – holds portfolio investments in infrastructure and timberlands.
- **WCB Global Real Assets Ltd.** – holds portfolio investments in commercial real estate.

All intercompany transactions and balances have been eliminated on consolidation.

##### **Financial statement presentation**

WCB presents its consolidated statement of financial position in order of liquidity.

A financial asset and financial liability may be offset only when an entity currently has a legally enforceable and unconditional right of set-off and intends either to settle the asset and liability on a net basis, or to realize the asset and settle the liability simultaneously. Because WCB receivables with credit balances and derivative contracts in a payable position do not satisfy the critical condition of a legally enforceable right of set-off, they are reclassified and presented as employer liabilities and investment liabilities respectively.

The consolidated statement of comprehensive income reports operating results arising from WCB's primary activities: core business operations including risk underwriting, premium assessment and collection, benefit processing, injury treatment and vocational rehabilitation, and financial management including investment portfolio management and claim benefit liability valuation. Administration expense is presented in the consolidated statement of comprehensive income by function. Other comprehensive income consists of net changes in remeasurement of post-employment defined benefit plan liabilities, which is an item that will not be subsequently reclassified to income or expenses.

In addition to performance reporting, the consolidated statement of comprehensive income also reports funding actions arising from the application of the Funding Policy as established by the Board of Directors. Such actions may include appropriations of excess surplus for distribution back to employers, or collection of special levies required to replenish funding deficits.



**Critical judgements and accounting estimates**

Management incorporates critical judgements and accounting estimates in developing and applying accounting policies for recognition and measurement. Such judgements and estimates, which reflect best information at a point in time, affect the carrying amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting periods presented. Actual results in subsequent periods could differ from the judgements and estimates used by management in these consolidated financial statements. These differences, which may be material, could require adjustment in those subsequent periods.

Some accounting measurements require management's best estimates for those transactions for which sufficient information may not be available to record a precise amount. Investments (Note 5), Employee benefit liabilities (Note 11), Claim benefit liabilities (Note 12), Premium revenue and the Partnerships in Injury Reduction rebates accrual (Note 15) are the most significant items that are based on accounting estimates.

The areas where judgements affect the consolidated financial statements are described below.

**Control over an investee**

In preparing consolidated financial statements, WCB must apply judgement to determine whether it has control or significant influence with respect to the activities of its investees. Control arises from WCB holding voting or contractual rights to direct the activities of the investees affecting returns, and the ability to exercise its voting and/or contractual rights to affect those returns materially. Substantive voting power with respect to relevant activities confers control and results in consolidation of an investee.

For structured entities, such as limited partnerships and similar entities where control stems from contractual or other rights rather than voting power, significant use of judgement is required to evaluate the determinants of control. From its analysis, WCB has concluded that it does not control or have significant influence over its structured entities. As passive portfolio investments, such interests would apply financial instruments accounting.

For further details, see the section *Interests in unconsolidated structured entities* at the end of Note 5.

**Fair value measurement**

Certain externally managed investments are measured at fair value using valuation models based on discounted future cash flows, rather than directly from observable market prices. Judgement is required to design and build the valuation model(s) using appropriate quantitative methodologies and to select and/or customize the key input assumptions from observable inputs. This includes such factors as the expected yield (i.e., discount rate), revenue and expense growth rates, effect of future inflation, terminal value of assets, income taxes and estimates of the timing and amount of the relevant cash flows.

For further details, see the section *Valuation of financial instruments* in Note 5.

**Foreign currency translation**

WCB's consolidated financial statements are presented in Canadian dollars, which is also the functional currency. All financial information presented is rounded to the nearest thousand, unless otherwise stated. Monetary assets and liabilities denominated in foreign currency are translated into Canadian dollars at the exchange rate in effect at the date of the consolidated statement of financial position. Exchange differences arising from settlement of monetary items are included in income in the period in which they arise. Non-monetary assets and liabilities denominated in foreign currency are translated at the exchange rate in effect when those transactions occurred.

**Cash equivalents**

Cash equivalents include short-term, liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. Cash and short-term investments held by custodians are not available for general use, and are accordingly included in investments.

**Finance expense**

Finance expense comprises primarily recognition of interest (i.e., time value of money) inherent in discounted liabilities. Significant discounted liabilities include claim benefit liabilities, employee benefit plans and lease obligations.

## SPECIFIC ACCOUNTING POLICIES

To facilitate a better understanding of WCB's consolidated financial statements, specific accounting policies are disclosed in the related notes:

Note	Topic	Page
5	Investments	59
6	Investment income and expense	63
8	Property, plant and equipment	67
9	Intangible assets	68
10	Lease and other commitments	69
11	Employee benefits	70
12	Claim benefit liabilities	73
15	Premium revenue	78

## 3. ACCOUNTING POLICY CHANGES

### STANDARDS, AMENDMENTS, AND INTERPRETATIONS EFFECTIVE IN THE CURRENT YEAR

#### **IFRS 9 *Financial Instruments***

In 2017, WCB adopted IFRS 9 (2014) on a retrospective basis. IFRS 9 retains but simplifies the classification and measurement model for financial assets and financial liabilities: amortized cost, fair value through other comprehensive income (FVOCI) and fair value through income (FVTI). In applying IFRS 9, WCB concluded that its business model for portfolio investments does not qualify for the revised amortized cost or FVOCI classifications, with FVTI remaining the appropriate designation. A new expected credit loss (ECL) model supersedes the incurred loss impairment model for financial assets measured at amortized cost. A simplified approach, rather than the multi-stage impairment model prescribed by IFRS 9, has been applied for trade receivables, resulting in recognition of a loss allowance for lifetime ECL at origination of the receivable. The revised pronouncements on hedge accounting are not applicable to hedges of WCB's foreign currency risk.

Application of IFRS 9 did not have a material impact on results of operations or financial position and no adjustments were recorded on transition.

#### **IFRS 15 *Revenue from Contracts with Customers***

WCB early adopted IFRS 15 in 2017 rather than at its mandatorily effective date of January 1, 2018. IFRS 15 introduces new principles for revenue recognition. The core principle is that revenue reflects the expected consideration that the entity is entitled to receive in exchange for transferring goods or services to a customer. IFRS 15 requires an entity to measure and allocate contract consideration to performance obligations, and recognize revenue as performance obligations are fulfilled. WCB's primary revenue from insurance contracts is expressly scoped out of the standard, but IFRS 15 applies to service contracts for claims and disability management of self-insured plans, and industry services related to safety education, occupational and vocational rehabilitation, sale of materials, and so on.

Application of IFRS 15 to these service contracts did not have material impact on results of operations or financial position and no adjustments were recorded on transition.

## STANDARDS, AMENDMENTS, AND INTERPRETATIONS ISSUED AS OF YEAR END BUT NOT YET EFFECTIVE

### **IFRS 16 Leases**

IFRS 16 *Leases*, issued in January 2016, will require lessees to apply a single 'on-balance sheet' model, similar to finance leases, for all qualifying contractual arrangements except short-term leases of 12 months or less and leases of low-value assets. In addition to the single accounting model, a key principle of IFRS 16 is whether the lessee acquires control over the use of an underlying asset. Where such control exists, the requirements of the standard would apply. Absent such control, the arrangement is not a lease (i.e., the right to use the asset), but a contract for services only (i.e., delivered using an asset controlled by the vendor). If an in-scope leasing relationship has been established, at the lease commencement date, a lessee will recognize a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognize interest expense on the lease liability and depreciation expense on the right-of-use asset separately.

Although implementation activities are underway, WCB has not yet determined the impact of applying IFRS 16 on its financial results. IFRS 16 is mandatorily effective for annual reporting periods beginning on or after January 1, 2019, with early adoption permitted.

### **IFRS 17 Insurance Contracts**

In May 2017, the IASB released the new insurance contracts standard, which prescribes a new measurement model for contracts that involve the transfer of insurance risk from an insured to an insurer for consideration, which would include statutory workplace injury compensation systems such as WCB.

#### ***Key features of the measurement model***

For WCB, the proposed approach for valuation of insurance liabilities is expected to be based on the general measurement model (also called the building block approach) prescribed in IFRS 17:

- Expected present value of future fulfilment cash flows
- A current discount rate (i.e., updated at the end of each reporting period), which reflects the cash flows and risk characteristics of the insurance contract liability
- A risk adjustment (explicit risk margin) for measurement uncertainty of future fulfilment cash flows
- A contractual service margin that would defer any future profit recognized at inception of the contract. This margin is not expected to apply to WCB as it is not a for-profit insurer.

Changes to current actuarial practices are also expected in order to align with IFRS 17 requirements.

#### ***Financial reporting impacts***

Insurance revenue will be reported using a new presentation format in the statement of comprehensive income, with separate subtotals for results from insurance underwriting and asset-liability management activities (i.e., investment returns and interest on the claim benefit liabilities). Enhanced disclosure must be provided on insurance risks, actuarial judgments, methods and assumptions, and sensitivity of key valuation inputs.

As WCB is still in the early stages of assessing the requirements and expected impacts of IFRS 17, no determination can be made of its effects on WCB's financial position and operating results.

#### ***Transition and effective date***

IFRS 17 is mandatorily effective for annual reporting periods beginning on or after January 1, 2021, with early adoption permitted. The new standard must be applied on a retrospective basis subject to certain transitional relief.

#### 4. FUNDING

##### **Accident Fund**

The Act stipulates the creation of an Accident Fund (the Fund) to support a sustainable workers' compensation system for the benefit of workers and employers. Sufficient funds must be available in the Accident Fund for the payment of present and future compensation. WCB must therefore maintain a minimum 100% Funded Ratio at all times. This Funded Ratio represents the current funding status of the Fund.

The Funded Position is maintained through two reserves within the Accident Fund: the Fund Balance and the Occupational Disease Reserve (ODR). The Fund Balance represents accumulated net operating surpluses retained against financial uncertainty. The ODR was established through an appropriation from the Fund Balance to provide for costs arising from latent occupational injury or disease where a causal link to the workplace has not been established, but may be established in the future. The ODR is maintained at 6% of claim benefit liabilities in each year through a transfer from or to the Fund Balance.

##### **FUNDING POLICY AND CAPITAL MANAGEMENT**

Since the Act does not provide for an ownership-based capital structure, WCB views its available capital resources as synonymous with its Funded Position. The primary objective in managing the Funded Position is to mitigate the risk of being unfunded, while a secondary objective is to minimize premium rate volatility caused by investment and claim benefit liability risk. WCB manages the financial status of the Accident Fund by monitoring the Funded Position and making funding decisions in accordance with the Funding Policy.

The Funding Policy sets a target zone of 114–128% for the Funded Ratio (total assets divided by total liabilities) to guide funding decisions. When the Funded Ratio falls below the target zone, special funding requirements are included in premium rates. When the Funded Ratio is above the target zone, funding policy distributions may be paid. There were no changes to the described Funding Policy or capital management practices during the year.

(\$ thousands)

##### **Accident Fund**

Total assets

Less:

Total liabilities

Funded Position

Funded Ratio

	2017	2016
Total assets	\$ 11,417,117	\$ 10,529,297
Total liabilities	8,968,562	7,871,500
Funded Position	\$ 2,448,555	\$ 2,657,797
Funded Ratio	127.3%	133.8%

The funded position is net of funding policy credits of \$356.0 million issued against employer accounts in December 2017.

## 5. INVESTMENTS

### ACCOUNTING POLICY

WCB's portfolio investments are classified at fair value through income and are managed in accordance with portfolio management objectives and the Investment Policy. WCB utilizes trade-date accounting (date when transactions are entered into, rather than when they are settled) for purchases and sales of financial instruments.

Upon initial recognition, debt and equity securities, which include unit interests in pooled investments, are recognized at their fair value plus costs relating to trade settlement, if applicable. Changes in the carrying value of all portfolio investments arising from subsequent remeasurement are recognized in investment income in the period in which they occur, including the immediate expensing of transaction costs.

Derivatives are recognized at inception, and subsequently remeasured as at the reporting date, at their fair value. Gains and losses resulting from remeasurement are recognized in investment income in the respective periods in which they arise. Derivatives are not used for trading, but to manage economic and asset risk exposures. WCB does not apply hedge accounting with respect to such use of derivatives.

Cash, net receivables and payables held within the investment portfolio are carried at amortized cost.

### ***Valuation of financial instruments***

The fair value of financial instruments as at the reporting date is determined as follows:

#### ***Debt and equity securities***

- Publicly traded equity securities are based on their closing prices. Debt securities traded over-the-counter are based on the average of the latest bid/ask prices provided by independent third party securities valuation companies.
- Non-publicly traded pooled funds are valued at the net asset value of the funds, which reflect the fair values of fund assets less fund liabilities.
  - The fair value of the underlying loans in the commercial mortgage fund is based on the market interest rate spread over Bank of Canada bonds with a similar term to maturity.
- Structured entities such as limited partnerships and similar private equity funds are also valued at the net asset value of the funds.
  - The fair value of the underlying real assets in real estate, infrastructure, and timberlands funds are based on independent annual appraisals in accordance with generally accepted valuation standards, net of any financing liabilities against specific fund assets.

Further discussion of the valuation of structured entities is provided in the Level 3 fair value hierarchy disclosure in the following section.

#### **Derivative contracts**

- Foreign-exchange forward contracts are valued based on the change in the foreign-exchange forward rate of the underlying currency pairing specified in the forward contract.
- Equity index futures are valued based on their closing prices on the exchange in which they trade. These prices reflect changes in the equity market index specified in the futures contract.
- Currency futures are valued based on quoted prices on the exchange in which they trade. These prices reflect changes in the foreign-exchange forward rate of the underlying currency pairing specified in the futures contract.
- Bond futures are valued based on settlement prices on the exchange in which they trade. These prices reflect changes in the bid/ask prices of the underlying bonds in dealer markets

#### **INVESTMENT PORTFOLIO HOLDINGS**

WCB's portfolio investments are all classified at fair value through income. The table in this section presents the fair value of WCB's investments as at December 31, together with their classifications under the fair value measurement hierarchy. Note 6 *Investment Income and Expense* provides a breakdown of investment income by type.

#### **Fair value classification hierarchy**

The fair value of WCB's investments recorded on the consolidated statement of financial position was determined using one of the following valuation techniques:

- Level 1** The fair value is based on quoted prices in active markets for identical assets or liabilities. This level includes equity securities and derivative contracts that are traded in an active exchange market.
- Level 2** The fair value is based on inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs based on observable market data. It includes pooled funds invested in traded securities, as well as derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.
- Level 3** The fair value is based on unobservable inputs that are significant to the fair value of the assets or liabilities and have little or no market activity. This level includes financial instruments whose value is determined using pricing models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgement or estimation. The most significant inputs affecting the fair value calculations include the projected operating and capital-related cash flows and the associated discount rate. The discount rate is responsive to changes in macroeconomic factors affecting the risk profile of invested assets such as demand, market conditions, financial risks, future inflation, and so on. This level includes pooled funds invested in debt securities, private equity, real estate, infrastructure and timberlands.

The table below summarizes the basis of fair value measurements for financial assets held in WCB's investment portfolio:

(\$ thousands)	Fair value through income			Amortized			2016
	Level 1	Level 2	Level 3	Fair Value	Cost <sup>5</sup>	2017	
<b>Fixed income</b>							
Nominal bonds	\$ 2,532	\$ 1,953,678	\$ 419,475	\$ 2,375,685	\$ 20,615	\$ 2,396,300	\$ 2,249,373
Mortgages <sup>1</sup>	-	-	442,894	442,894	-	442,894	425,593
	2,532	1,953,678	862,369	2,818,579	20,615	2,839,194	2,674,966
<b>Equities</b>							
Domestic	577,249	524,841	-	1,102,090	2,903	1,104,993	1,074,943
Foreign <sup>2</sup>	1,907,313	1,124,079	-	3,031,392	28,351	3,059,743	2,716,777
	2,484,562	1,648,920	-	4,133,482	31,254	4,164,736	3,791,720
<b>Inflation-sensitive</b>							
Real estate <sup>3</sup>	242,049	-	1,190,939	1,432,988	892	1,433,880	1,399,246
Infrastructure <sup>4</sup>	497,711	-	976,292	1,474,003	23,295	1,497,298	1,359,955
Timberlands	-	-	99,267	99,267	-	99,267	97,738
Real-return bonds	-	737,129	-	737,129	1,998	739,127	702,026
	739,760	737,129	2,266,498	3,743,387	26,185	3,769,572	3,558,965
	3,226,854	4,339,727	3,128,867	10,695,448	78,054	10,773,502	10,025,651
<b>Derivative assets</b>	-	1,046	-	1,046	6,822	7,868	26,724
<b>Derivative liabilities <sup>6</sup></b>	(1,080)	(13,024)	-	(14,104)	-	(14,104)	(743)
<b>Investments (net of derivatives)</b>	<b>\$ 3,225,774</b>	<b>\$ 4,327,749</b>	<b>\$ 3,128,867</b>	<b>\$ 10,682,390</b>	<b>\$ 84,876</b>	<b>\$ 10,767,266</b>	<b>\$ 10,051,632</b>
<i>Presented as:</i>							
<b>Investments</b>	\$ 3,226,854	\$ 4,340,773	\$ 3,128,867	\$ 10,696,494	\$ 84,876	\$ 10,781,370	\$ 10,052,375
<b>Derivative liabilities <sup>6</sup></b>	(1,080)	(13,024)	-	(14,104)	-	(14,104)	(743)
<b>Investments (net of derivatives)</b>	<b>\$ 3,225,774</b>	<b>\$ 4,327,749</b>	<b>\$ 3,128,867</b>	<b>\$ 10,682,390</b>	<b>\$ 84,876</b>	<b>\$ 10,767,266</b>	<b>\$ 10,051,632</b>

<sup>1</sup> Mortgages include commercial mortgages and multi-unit mortgages, excluding single-dwelling residential mortgages.

<sup>2</sup> Foreign equities comprise U.S., EAFE (Europe, Australasia, and Far East), and Emerging Markets mandates.

<sup>3</sup> Real estate investments consist of pooled funds invested in commercial properties.

<sup>4</sup> Infrastructure consists of pooled funds invested in infrastructure projects.

<sup>5</sup> Includes portfolio cash, receivables, and payables whose cost approximates fair value.

<sup>6</sup> Derivative liabilities are presented as investment liabilities in the consolidated statement of financial position.

#### Transfers between levels

There were no material transfers between levels during 2017 or 2016.

#### Reconciliation of Level 3 activity

(\$ thousands)						2017	2016
	Fixed Income	Equities	Real Estate	Infrastructure	Timberlands	Total	Total
<b>Balance, beginning of year</b>	\$ 836,777	\$ 120	\$ 1,175,156	\$ 904,043	\$ 97,738	\$ 3,013,834	\$ 3,176,382
Income distributions	17,552	-	-	-	-	17,552	22,323
Fair value change	11,008	-	55,882	27,452	1,529	95,871	131,693
Purchases (capital returns) of Level 3 investments	3,176	-	14,884	49,559	-	67,619	411,901
Sale/settlement of Level 3 investments	(6,144)	(120)	(54,983)	(4,762)	-	(66,009)	(728,465)
<b>Balance, end of year</b>	<b>\$ 862,369</b>	<b>\$ -</b>	<b>\$ 1,190,939</b>	<b>\$ 976,292</b>	<b>\$ 99,267</b>	<b>\$ 3,128,867</b>	<b>\$ 3,013,834</b>

## INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

Through its investment program, WCB is involved with structured entities which comprise structured vehicles (i.e., limited partnerships and structured equity) invested in operating property assets, as well as pooled funds invested in financial instruments of property-based issuers. The following discusses some unique characteristics of such entities and the nature of the risks attached to them.

Relevant activities of the structured entities that affect returns include identification, selection and/or development and operation of established properties with stable cash flows and strong capital appreciation potential. Development and execution of an exit strategy is another important activity.

Significant constraints are imposed on funds invested in structured entities, by virtue of their legal agreements, regulatory environment and the nature and economics of the underlying assets. Once committed, an investor is expected to fund the entire subscribed amount over the term of the agreement (typically over the next five to ten years), unless the investment agreement provides otherwise. Once invested, funds are no longer available to the investor, and withdrawal through sale or transfer of interests is permitted only after a certain period as stipulated in the agreement.

The primary risk to WCB, relating to these structured entities, is lack of liquidity due to the size of the positions and the limited number of qualifying investors; and, these entities are invested in specialized or long-term assets that are difficult to liquidate due to the nature of their markets. WCB is also exposed to market and operating risks based on the underlying assets held by these entities.

WCB's financial exposure is limited to the net carrying amount of the investment.

The following table provides information about WCB's interests in unconsolidated structured entities:

Structured Entity Type by Mandate	2017		2016	
	Carrying Value	Undrawn Funding Commitments	Carrying Value	Undrawn Funding Commitments
<b>Limited partnerships</b>				
Nominal bonds	\$ 11,391	\$ -	\$ 18,066	\$ -
Real estate	180,983	26,030	224,727	11,475
Infrastructure	976,292	194,717	904,043	293,935
Timberlands	99,267	40,327	97,738	217,500
	<u>1,267,933</u>	<u>261,074</u>	<u>1,244,574</u>	<u>522,910</u>
<b>Structured equity</b>				
Real estate	603,418	-	545,408	-
	<u>\$ 1,871,351</u>	<u>\$ 261,074</u>	<u>\$ 1,789,982</u>	<u>\$ 522,910</u>



## 6. INVESTMENT INCOME AND EXPENSE

### ACCOUNTING POLICY

The primary components of investment income include:

- (a) Gains and losses from investments classified at fair value through income (including gains and losses from remeasurement and from disposition of assets) recognized in income in the period in which they arise;
- (b) Interest revenue accrued using the effective interest method, net of amortization of any premium or discount recognized at date of purchase;
- (c) Dividend income when a right to payment has been established based on the ex-dividend date for quoted securities; and
- (d) Pooled fund distributions (fund income received as cash or reinvested in the fund) when a right to distributable income has been established. Fund distributions do not attribute underlying income by nature.

Investment expense is composed primarily of investment management expenses, for both external and internal portfolio managers. Fund management expenses of pooled investments, excluding investment management fees, are netted against the revenues of those respective funds.

### (a) Investment Income

(\$ thousands)

						2017	2016
	Interest	Dividends	Fund Distributions <sup>1</sup>	Gains (Losses) on Investments <sup>2</sup>	Gains (Losses) on Derivatives <sup>3</sup>	Total	Total
<b>Fixed income</b>							
Bonds	\$ 71,973	\$ -	\$ 6,180	\$ (2,933)	\$ 3,225	\$ 78,445	\$ 91,259
Mortgages	-	-	17,552	(251)	-	17,301	13,544
Short-term investments	4,616	-	-	-	-	4,616	3,243
	<u>76,589</u>	<u>-</u>	<u>23,732</u>	<u>(3,184)</u>	<u>3,225</u>	<u>100,362</u>	<u>108,046</u>
<b>Equities</b>							
Domestic equities	-	15,570	30,622	33,859	-	80,051	210,342
Foreign equities	-	37,829	56,008	469,191	21,741	584,769	101,846
	<u>-</u>	<u>53,399</u>	<u>86,630</u>	<u>503,050</u>	<u>21,741</u>	<u>664,820</u>	<u>312,188</u>
<b>Inflation-sensitive</b>							
Real estate	-	-	20,843	63,894	-	84,737	108,928
Infrastructure	-	-	84,576	128,221	6,993	219,790	210,265
Timberlands	-	-	6,293	1,528	436	8,257	11,333
	<u>-</u>	<u>-</u>	<u>111,712</u>	<u>193,643</u>	<u>7,429</u>	<u>312,784</u>	<u>330,526</u>
	<u>\$ 76,589</u>	<u>\$ 53,399</u>	<u>\$ 222,074</u>	<u>\$ 693,509</u>	<u>\$ 32,395</u>	<u>\$1,077,966</u>	<u>\$ 750,760</u>

### (b) Investment Management Expense

(\$ thousands)

	2017	2016
Fund management fees	\$ 35,255	\$ 33,188
Custody fees	432	400
Investment administration <sup>4</sup>	3,171	3,371
	<u>\$ 38,858</u>	<u>\$ 36,959</u>

<sup>1</sup> Fund Distributions include distributions received from fund managers, irrespective of the type of underlying income within the fund.

<sup>2</sup> Gains (Losses) on Investments include realized amounts from disposition and fair value remeasurement.

<sup>3</sup> Gains (Losses) on Derivatives include fair value measurement and settlement gains and losses, as well as adjustments for counterparty default risk, if any.

<sup>4</sup> Investment administration represents internal investment management expenses, see Note 16 Administration Expense.

## 7. INVESTMENT RISK MANAGEMENT

### INVESTMENT GOVERNANCE

The Board of Directors is ultimately responsible for overall strategic direction and governance of the investment portfolio through its review and approval of the Investment Policy and ongoing monitoring of investment risks, performance, and compliance.

WCB management is responsible for monitoring investment performance, recommending changes to the Investment Policy, and selecting fund managers. WCB retains independent consultants to benchmark the performance of its fund managers, and to advise on the appropriateness and effectiveness of its Investment Policy and practices.

### KEY FINANCIAL RISKS

The primary financial risk for WCB is the risk that, in the long term, returns from its investments will not be sufficient to discharge all obligations arising from its claim benefit liabilities. In order to manage this funding risk, risk management for investments has been integrated with risk management of liabilities. WCB's primary risk mitigation strategy is effective execution of its Investment Policy. The Investment Policy target asset mix, and associated risk and return characteristics, have been established to provide guidelines for a broad investment strategy, as well as specific approaches to portfolio management. The Investment Policy also calls for maintaining a well-diversified portfolio, both across and within asset classes, as well as engaging fund managers who represent a broad range of investment philosophies and styles, operating within a rigorous compliance framework.

WCB has identified key areas of investment risk that directly affect the sufficiency of its investments to fund current and future claim obligations:

- Market risks** • These risks include movements in equity market prices, interest rates, credit spreads, and foreign currency exchange rates.
- Portfolio risks** • These risks relate to specific composition and management of WCB's portfolio and include liquidity risk, securities lending risk, counterparty default risk and derivatives risk.

The following sections describe these risks, WCB's exposures, and their respective mitigation strategies.

### MARKET RISKS

#### Equity market risk

WCB is exposed to equity market risk, which is the risk that the fair value of its investments in publicly traded shares will fluctuate in the future because of price changes. WCB's mitigation strategy for equity market risk is to apply disciplined oversight of investment activities within a formal investment control framework that has been reviewed and validated by independent experts to ensure continuous compliance with approved policies and practices.

The table below presents the effect on WCB's equity mandates of a significant adverse change<sup>1</sup> in the key risk variable - the amount of portfolio volatility:

(\$ thousands)

	2017		2016	
	1 std dev	2 std dev	1 std dev	2 std dev
<b>Equities</b>				
% change in portfolio	(8.0%)	(16.1%)	(8.6%)	(17.1%)
Canadian	\$ (88,893)	\$ (177,787)	\$ (92,000)	\$ (184,000)
% change in portfolio	(9.6%)	(19.2%)	(9.3%)	(18.6%)
Global	\$ (234,551)	\$ (469,103)	\$ (210,057)	\$ (420,114)
% change in portfolio	(13.5%)	(26.9%)	(14.3%)	(28.5%)
Emerging markets	\$ (82,638)	\$ (165,276)	\$ (64,896)	\$ (129,792)

<sup>1</sup> A change is considered to be material when it exceeds the standard deviation (std dev), which measures the variance in a normal probability distribution. One standard deviation covers 68% of all probable outcomes; two standard deviations include 95% of outcomes. The benchmark deviations are based on 2017 data.

**Fixed income pricing risk**

Fixed income pricing risk related to financial securities arises from changes in general financial market or economic conditions that may change the pricing of the entire non-government bond market, specific sectors, or individual issuers. This risk is generally manifested through changes in the security's credit spread. WCB's investment portfolio is exposed to fixed income pricing risk through participation in a Canadian mortgage pool and through direct holdings of Canadian and foreign fixed income securities.

The table below presents the effects of a change in the credit spreads of 50 and 100 bps<sup>1</sup> on the mortgage portfolio and non-government portion of the bond portfolio:

(\$ thousands)	2017		2016	
	+50 bps	+100 bps	+50 bps	+100 bps
Change in credit spreads				
Nominal bonds	\$ (22,878)	\$ (45,756)	\$ (21,821)	\$ (43,642)
Mortgages	\$ (5,758)	\$ (11,515)	\$ (5,533)	\$ (11,065)

**Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The table below presents the effects of a nominal interest rate change of 50 and 100 bps on the respective bond and mortgage portfolios:

(\$ thousands)	2017		2016	
	+50 bps	+100 bps	+50 bps	+100 bps
Change in nominal interest rate				
Nominal bonds	\$ (74,800)	\$ (149,600)	\$ (68,714)	\$ (137,427)
Real return bonds	\$ (57,024)	\$ (114,047)	\$ (54,969)	\$ (109,937)
Mortgages	\$ (5,758)	\$ (11,515)	\$ (5,533)	\$ (11,065)

**Foreign currency risk**

Currency risk is the risk that the value of financial assets and liabilities denominated in foreign currencies will fluctuate due to changes in their respective exchange rates.

WCB is exposed to currency risk through foreign investments in fixed income, equities, infrastructure and timberlands. The exposures are economically hedged to the Canadian dollar by utilizing futures and forward contracts. The target hedge ratio (percentage of the exposure hedged to Canadian dollars) varies by asset class and currency. The target for fixed income, infrastructure and timberlands is 100%. For foreign equities, the target is 25% for the U.S. dollar and 50% for other major currencies.

WCB's largest foreign currency exposure is to the U.S. dollar, with unhedged holdings of \$1,690,113 (2016 – \$1,210,018); euro exposure is next, with unhedged holdings of \$209,570 (2016 – \$182,868); all other currencies have unhedged holdings of \$364,250 (2016 – \$389,387). For the current reporting period, the net gain from the currency overlay was \$34,917 (2016 – \$104,596).

The table below presents the effects of a material change in the Canadian/U.S. dollar and Canadian/Euro exchange rate on the investments denominated in foreign currencies:

(\$ thousands)	2017		2016	
	CAD/USD	CAD/EUR	CAD/USD	CAD/EUR
December 31 spot rate	0.7981	0.6647	0.7457	0.7070
10% appreciation in the Canadian dollar	0.8779	0.7312	0.8203	0.7777
Global	\$ (153,647)	\$ (19,052)	\$ (109,978)	\$ (16,619)

<sup>1</sup> One basis point (bp) equals 1/100 of 1%; 50 bps = 50/100 of 1% or 0.5%.

## PORTFOLIO RISKS

### Derivatives risk

Derivatives represent an important component of WCB's risk management strategy and the portfolio does not contain any derivatives intended for speculative or trading purposes. An example of derivatives used for risk mitigation is the currency overlay described in the currency risk section, which is a partial economic hedge of the currency exposure. From time to time, derivatives are also utilized as a portfolio management technique to replicate a target asset mix or achieve certain asset exposures when it is not possible or cost-effective to hold or sell securities directly.

The notional value of a derivative contract used in an economic hedging arrangement, represents the exposure that is being hedged, and is the amount to which a rate or price is applied in order to calculate the exchange of cash flows. Notional amounts are not indicative of the credit risk associated with such derivative contracts. WCB's credit exposure is represented by the replacement cost of all outstanding contracts in a receivable (positive fair value) position.

The table below summarizes the fair value of WCB's derivative portfolio of open contract positions in segregated funds as at December 31. Derivative contracts in a gain position (financial assets) have been presented separately from contracts in a loss position (financial liabilities) and are presented with their remaining terms to maturity.

(\$ thousands)		2017			2016		
	Term to Maturity	Notional Principal	Derivative Contract Assets	Derivative Contract Liabilities	Notional Principal	Derivative Contract Assets	Derivative Contract Liabilities
<b>Asset replication contracts</b>	Within 1 year	\$ 147,384	\$ -	\$ (1,335)	\$ 40,957	\$ -	\$ (238)
<b>Foreign-exchange contracts</b>	Within 1 year	1,976,626	1,301	(13,024)	2,236,249	26,724	(505)
		<u>\$2,124,010</u>	<u>\$ 1,301</u>	<u>\$ (14,359)</u>	<u>\$2,277,206</u>	<u>\$ 26,724</u>	<u>\$ (743)</u>

The table above presents gross derivative exposures by type of contract, whereas the derivative liabilities presented in the statement of financial position represent net obligations by counterparty. WCB also has indirect exposure to derivatives risk through its pooled investments.

### Liquidity risk

Liquidity risk is the risk that WCB will encounter difficulty in meeting obligations associated with its liabilities, particularly claim benefit liabilities, which are funded from cash and cash equivalents, as well as investments where necessary. This risk stems from the lack of marketability of a security that cannot be bought or sold quickly enough to prevent or minimize a loss.

Through a proactive cash management process that entails continuous forecasting of expected cash flows, WCB mitigates liquidity risk by minimizing the need for forced liquidations of portfolio assets in volatile markets and by holding a number of investments in readily marketable instruments (publicly traded equity and fixed income securities). Some investments, particularly those in structured entities, are not readily marketable or liquid, as discussed in the section *Interests in unconsolidated structured entities* in Note 5.

To cover unanticipated cash requirements when market conditions are unfavourable, WCB also has an available standby line of credit of up to \$20 million, which has not been drawn down as at December 31, 2017.

### Counterparty default risk

Counterparty default risk arises from the possibility that the issuer of a debt security, or the counterparty to a derivatives contract, fails to discharge its contractual obligations to WCB.

To mitigate counterparty default risk, WCB requires that credit ratings for counterparties not fall below an acceptable threshold. The Investment Policy permits bond issuers to have lower than a BBB- (or equivalent)

score from a recognized credit-rating agency, but such holdings may not exceed 10% of total fixed income assets in the portfolio. Counterparties for derivative contracts will have at least an A- credit rating or equivalent from a recognized credit-rating agency. Each fund is closely monitored for compliance to ensure that aggregate exposures do not exceed those specified investment constraints.

As at December 31, 2017, the aggregate amount of fixed income securities in segregated funds with counterparty ratings below BBB- was \$62,651 (2016 – \$120,495). WCB also has indirect exposure to counterparty default risk through its pooled investments.

#### **Securities lending risk**

WCB participates in a securities-lending program sponsored by its custodian. Under IFRS 9, securities lending arrangements are considered transfers of assets that are not derecognized because the transferor retains substantively the risks and rewards of ownership, notwithstanding the transferee's right to sell or pledge those assets. WCB is protected against loss of the transferred securities by requiring the borrower to provide collateral in the form of marketable securities having a minimum fair value of 102% of the loan. Such collateral is not recognized because it is available to the transferor only upon failure of the transferee to fulfil its commitments. In any event, the custodian is also contractually obligated to indemnify WCB for any losses resulting from inadequate collateral.

At December 31, 2017, securities on loan through the custodian totalled \$2,061,199 (2016 – \$1,296,229), secured by \$2,242,225 (2016 – \$1,391,200) of posted collateral. During 2017, the securities-lending program generated income of \$3,607 (2016 – \$4,705).

## **8. PROPERTY, PLANT AND EQUIPMENT**

### **ACCOUNTING POLICY**

Property, plant and equipment (PPE) are recognized as an asset if it is probable that WCB will realize future economic benefits. Items are initially measured at acquisition cost, and subsequently at amortized cost.

After initial recognition, property, plant and equipment is stated at historical cost less accumulated depreciation and impairment (if applicable) with the exception of land, which is not depreciated. Leased assets and leasehold improvements are depreciated over their lease term. All other items are depreciated over their expected useful life. Depreciation expense is recognized when an asset is ready for use.

Residual values, useful lives, and depreciation methods are reviewed at each financial year-end and adjusted if appropriate. Depreciation expense is included in claims management and corporate administration in the statement of comprehensive income (see Note 16 *Administration Expense*).

WCB applies the following annual depreciation rates and methods:

<i>Buildings</i> .....	<i>2.5% straight-line</i>
<i>Leasehold improvements</i> .....	<i>Straight-line over the expected lease term</i>
<i>Equipment:</i>	
• <i>Computer (owned)</i> .....	<i>35% declining balance</i>
• <i>Computer (leased)</i> .....	<i>Straight-line over the lease term</i>
<i>Furniture and other</i> .....	<i>15% declining balance</i>
<i>Vehicles</i> .....	<i>20% straight-line</i>

WCB evaluates its property, plant and equipment for indicators of impairment such as obsolescence, redundancy, deterioration, loss or reduction in future service potential, or when there is a change in intended use. When the carrying value exceeds the amount of future economic benefit through utilization, the item of property, plant and equipment is written down to the recoverable amount and the amount recognized as an impairment loss.

(\$ thousands)

						2017	2016
	Land/ Buildings	Leasehold Improvements	Computer Equipment	Office Furniture/ Equipment	Vehicles/ Other	Total	Total
<b>Cost</b>							
Balance, beginning of year	\$ 63,774	\$ 2,042	\$ 19,330	\$ 20,869	\$ 777	\$ 106,792	\$ 97,810
Current period activity:							
Capitalized expenditure	3,251	200	16,815	851	94	21,211	12,192
Transfer from PPE under construction	(1,891)	(200)	(1,542)	(231)	-	(3,864)	(5,017)
Disposals	-	-	(1,246)	(598)	(101)	(1,945)	(2,057)
PPE under construction	143	-	766	667	-	1,576	3,864
<b>Balance, end of year</b>	<b>\$ 65,277</b>	<b>\$ 2,042</b>	<b>\$ 34,123</b>	<b>\$ 21,558</b>	<b>\$ 770</b>	<b>\$ 123,770</b>	<b>\$ 106,792</b>
<b>Accumulated depreciation and impairment</b>							
Balance, beginning of year	\$ 23,938	\$ 1,319	\$ 8,395	\$ 13,816	\$ 660	\$ 48,128	\$ 43,521
Current period activity:							
Depreciation	1,317	214	4,909	1,081	39	7,560	6,664
Disposals	-	-	(1,246)	(598)	(101)	(1,945)	(2,057)
<b>Balance, end of year</b>	<b>\$ 25,255</b>	<b>\$ 1,533</b>	<b>\$ 12,058</b>	<b>\$ 14,299</b>	<b>\$ 598</b>	<b>\$ 53,743</b>	<b>\$ 48,128</b>
Carrying value, beginning of year	\$ 39,836	\$ 723	\$ 10,935	\$ 7,053	\$ 117	\$ 58,664	\$ 54,289
<b>Carrying value, end of year</b>	<b>\$ 40,022</b>	<b>\$ 509</b>	<b>\$ 22,065</b>	<b>\$ 7,259</b>	<b>\$ 172</b>	<b>\$ 70,027</b>	<b>\$ 58,664</b>

**Property, plant and equipment under finance leases**

Included in property, plant and equipment is computer equipment acquired through finance leases at cost of \$3,925 (2016 – \$3,475), accumulated depreciation of \$1,846 (2016 – \$1,558), and carrying value of \$2,079 (2016 – \$1,917).

See Note 10 *Lease and Other Commitments* for accounting policy and further details on leased property, plant and equipment.

## 9. INTANGIBLE ASSETS

### ACCOUNTING POLICY

WCB's intangible assets are composed of computer software developed internally or acquired through third party vendors and customized as necessary. Development expenditure is capitalized only if the directly related costs (both internal and external) can be measured reliably, the product or process is technically feasible, future economic benefits are probable, and WCB has the intention and sufficient resources to complete development and to use the asset in the manner intended.

Computer software is measured at cost upon initial recognition. After initial recognition, computer software is measured at cost less accumulated amortization and impairment (if applicable). Computer software is amortized on a straight-line basis at 20% per year commencing from the date that the software is available for use.

Residual value, useful lives and amortization methods are reviewed at each financial year-end and adjusted if appropriate. Amortization expense is included in claims management and corporate administration in the statement of comprehensive income (see Note 16 *Administration Expense*).

WCB evaluates its intangible assets for indicators of impairment. When the carrying value exceeds the amount of future economic benefit through utilization, the item is written down to the recoverable amount and the amount recognized as an impairment loss.

(\$ thousands)

			2017	2016
	In Use	Under Development	Total	Total
<b>Cost</b>				
Balance, beginning of year	\$ 121,952	\$ 12,192	\$ 134,144	\$ 123,902
Capitalized expenditure	-	13,572	13,572	10,242
Transfers from development	7,189	(7,189)	-	-
Disposals	(3,136)	-	(3,136)	-
<b>Balance, end of year</b>	<b>\$ 126,005</b>	<b>\$ 18,575</b>	<b>\$ 144,580</b>	<b>\$ 134,144</b>
<b>Accumulated amortization and impairment</b>				
Balance, beginning of year	\$ 103,065	\$ -	\$ 103,065	\$ 94,904
Amortization	7,179	-	7,179	8,161
Disposals	(3,136)	-	(3,136)	-
<b>Balance, end of year</b>	<b>\$ 107,108</b>	<b>\$ -</b>	<b>\$ 107,108</b>	<b>\$ 103,065</b>
Carrying value, beginning of year	\$ 18,887	\$ 12,192	\$ 31,079	\$ 28,998
<b>Carrying value, end of year</b>	<b>\$ 18,897</b>	<b>\$ 18,575</b>	<b>\$ 37,472</b>	<b>\$ 31,079</b>

## 10. LEASE AND OTHER COMMITMENTS

### ACCOUNTING POLICY

Leases of property, plant and equipment where WCB acquires substantially all the risks and rewards of ownership are classified as finance leases. At lease commencement, finance leases are recognized in the consolidated statement of financial position as assets and corresponding obligations at the lower of the fair value of the leased property and the present value of future minimum lease payments.

Lease payments are allocated between the liability and finance charges using the effective interest method to achieve a constant rate of interest on the remaining balance of the lease. The interest portion of the payment is charged to income over the lease period, while the principal portion is applied against the lease obligation.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are charged to income over the lease term.

### Lease obligations

WCB has obligations under long-term non-cancellable finance lease agreements for desktop computer equipment and copiers. The land for WCB's rehabilitation centre and office space in Edmonton and Calgary are held under operating leases. WCB's leases have remaining terms of between one and 14 years.

Undiscounted future minimum lease payments under finance leases are \$2,187 (2016 – \$3,095), with a carrying value of \$2,130 (2016 – \$2,969), the difference of \$57 (2016 – \$126) being the effect of discounting.

See Note 8 *Property, Plant and Equipment* for carrying values of computer equipment held under finance leases and Note 19(c) *Trade and Other Liabilities* for presentation of the current finance lease obligation.

### Commitments

WCB enters into contractual commitments for purchases of goods and services as part of its regular business activities. Future undiscounted expenditure commitments are listed in the table below.

(\$ thousands)

				2017	2016
	Leases		Other Commitments	Total	Total
	Finance	Operating			
2017	\$ -	\$ -	\$ -	\$ -	\$ 24,394
2018	1,142	1,321	21,039	23,502	5,507
2019	737	1,327	11,237	13,301	2,195
2020	236	1,327	6,413	7,976	1,046
2021	48	1,395	660	2,103	392
2022 and beyond	24	8,824	21	8,869	1,594
	<u>\$ 2,187</u>	<u>\$ 14,194</u>	<u>\$ 39,370</u>	<u>\$ 55,751</u>	<u>\$ 35,128</u>

WCB also has undrawn investment commitments for certain limited partnerships. See the section *Interests in Unconsolidated Structured Entities* in Note 5 *Investments*.

## 11. EMPLOYEE BENEFITS

### ACCOUNTING POLICY

WCB provides active service and defined post-employment benefits to its employees. WCB also participates in certain multi-employer pension plans sponsored by the province of Alberta. An expense and a liability for benefits earned are recognized in the period that employee service has been rendered.

For defined post-employment benefit plans, current service cost represents the actuarial present value of the benefits earned in the current period. Such cost is actuarially determined using the projected unit credit actuarial method, a market interest rate and management's best estimate of projected benefit costs. The net plan liability as at the reporting date is the present value of the defined benefit obligation, which is determined by discounting the estimated future cash outflows using a discount rate based on market yields of high-quality corporate bonds having terms to maturity that approximate the duration of the related benefit liability less the fair value of plan assets. Current service cost and interest expense of pension and other post-employment benefits are estimated using different discount rates derived from the same yields, reflecting the different timing of benefit payments for past service (the defined benefit obligation) and future service (the current service cost). Current service cost, interest expense and interest income comprise the amount required in each year to build up the liability over the projected benefit period to its future value.

Remeasurement changes in plan assets and benefit liabilities, arising from actuarial changes in assumptions and experience gains and losses, are recognized in other comprehensive income.



### ACTIVE SERVICE BENEFITS

WCB's short-term benefits for active employees include salary, compensated absence (sick leave, statutory holidays, and annual vacation), group life insurance, dental and medical coverage, employee family assistance program, education support and health and wellness benefits.

Termination benefits are provided for through employment contracts, statutory requirements or constructive obligations. As at December 31, 2017 and 2016, there were no material expenditures or provisions relating to termination benefits.

### POST-EMPLOYMENT BENEFITS

#### ***Pension plans***

Employee post-retirement benefits are provided through contributory multi-employer defined benefit pension plans sponsored by the province of Alberta, namely the Public Service Pension Plan (PSPP) and the Management Employees Pension Plan (MEPP). Under defined benefit plan accounting, WCB must recognize its proportionate share, determined on an actuarial basis, of plan assets, obligations, remeasurement amounts, service cost, interest expense and interest income prorated on WCB's share of total contributions.

Both plans have funding deficiencies that have statutory funding requirements by employers and employees to eliminate any plan deficiencies over a specific time horizon. The information in this note reflects the annual actuarial valuation of WCB's share of the plans' assets, benefit obligations, remeasurement amounts, service cost, interest expense and interest income.

#### ***Supplemental executive retirement plan***

WCB sponsors a non-contributory supplemental executive retirement plan (SERP). Earnings of senior management generally exceed the threshold earnings for the maximum pension benefit permitted under the federal Income Tax Act. Under the terms of the SERP, senior management is entitled to receive supplemental retirement payments that bring their total pension benefits to a level consistent with their total earnings for service since the inception of the SERP or appointment to a senior management position, whichever is later. Future pension benefits are based on the participants' years of service and earnings.

See Note 17 *Related Party Transactions* for a breakdown of SERP costs by executive position.

#### ***Post-retirement benefit plan***

WCB provides a contributory benefit plan that provides dental and health care benefits to retirees on pensions between the ages of 55 to 65. As plan participants pay part of the benefit cost, the benefit obligation represents the difference between actual costs and contributions subsidized by WCB.

### OTHER BENEFIT PLANS

#### ***Long-term disability plan***

WCB administers a self-insured non-contributory long-term disability (LTD) income continuance plan for its employees. The LTD liability represents the present value of all future obligations arising from disability claims incurred up to and including the reporting date.

## EMPLOYEE BENEFIT PLAN ASSUMPTIONS

The table below presents key assumptions applicable to WCB's employee future benefit plans.

	2017					2016				
	PSPP	MEPP	SERP	Post Retirement	LTD	PSPP	MEPP	SERP	Post Retirement	LTD
Date of most recent actuarial valuation	12/31/2017	12/31/2017	12/31/2017	12/31/2017	12/31/2017	12/31/2016	12/31/2016	12/31/2016	12/31/2016	12/31/2016
<b>Economic assumptions</b>										
Discount rate (nominal) for benefit obligation	3.6%	3.6%	3.6%	3.4%	3.2%	4.0%	3.9%	4.0%	3.7%	3.3%
Alberta inflation rate (long-term)	2.0%	2.0%	2.0%	n/a	n/a	2.0%	2.0%	2.0%	n/a	n/a
Salary escalation rate	1.1% for 2 yrs starting 4/1/17; 3.3% thereafter	0% for 1 yr; 2.8% thereafter	0.0%	n/a	2.0%	3.0%	0% for 2 yrs; 2.8% thereafter	0.0%	n/a	2.0%
<b>Multi-employer plan funding assumptions</b>										
WCB share of plan contributory payroll	4.4%	1.2%				4.1%	1.2%			
Current service cost rate on contributory payroll	18.3%	24.0%				17.1%	23.3%			
WCB's contributions for the current period (\$ thousands)	\$ 15,510	\$ 1,282				\$ 14,615	\$ 1,547			
WCB's expected contributions for the following period (\$ thousands)	\$ 14,190	\$ 1,140				\$ 15,053	\$ 1,254			

## DEFINED BENEFIT PLAN LIABILITIES

(\$ thousands)	Pension Liabilities <sup>1</sup>	Other Retirement Liabilities <sup>2</sup>	LTD	2017	2016
<b>Change in defined benefit obligation</b>					
Defined benefit obligation, beginning of year	\$ 368,902	\$ 11,083	\$ 13,603	\$ 393,588	\$ 400,005
Current service cost <sup>3</sup>	15,411	958	4,007	20,376	19,315
Interest expense <sup>4</sup>	14,490	436	423	15,349	16,401
Remeasurement (gains) losses <sup>5</sup>	34,386	1,079	(867)	34,598	(27,585)
Benefit payments	(11,344)	(211)	(2,019)	(13,574)	(14,548)
Defined benefit obligation, end of year	\$ 421,845	\$ 13,345	\$ 15,147	\$ 450,337	\$ 393,588
<b>Change in fair value of plan assets</b>					
Fair value of plan assets, beginning of year	\$ 272,263	\$ -	\$ -	\$ 272,263	\$ 266,340
Employer contributions	16,792	211	2,019	19,022	18,483
Interest income <sup>4</sup>	10,956	-	-	10,956	11,265
Remeasurement gains (losses) <sup>5</sup>	36,468	-	-	36,468	(9,277)
Benefit payments	(11,344)	(211)	(2,019)	(13,574)	(14,548)
Fair value of plan assets, end of year	\$ 325,135	\$ -	\$ -	\$ 325,135	\$ 272,263
<b>Net plan liability</b>					
Defined benefit obligation	\$ 421,845	\$ 13,345	\$ 15,147	\$ 450,337	\$ 393,588
Fair value of plan assets	325,135	-	-	325,135	272,263
	\$ 96,710	\$ 13,345	\$ 15,147	\$ 125,202	\$ 121,325

<sup>1</sup> Pension liabilities include WCB's proportionate share of the PSPP and MEPP net unfunded liabilities.

<sup>2</sup> Other retirement liabilities include SERP and the post-retirement benefit plan.

<sup>3</sup> Current service costs are presented within corporate administration and claims management in the consolidated statement of comprehensive income.

<sup>4</sup> Interest expense is presented net of interest income in the consolidated statement of comprehensive income.

<sup>5</sup> Remeasurement gains and losses on plan obligations due to discount rate changes and experience are presented net of gains and losses on plan assets in the consolidated statement of comprehensive income.

## RISKS ARISING FROM DEFINED BENEFIT PLANS

### Economic risks

Defined benefit plans are directly exposed to economic risks from plan assets invested in capital markets and indirectly with respect to measurement risk from assumptions based on economic factors, such as discount rates affected by volatile bond markets. Benefit obligations are exposed to uncertainty of future economic conditions, primarily inflation risk due to the extremely long tails of post-employment benefits and health care escalation due to increasingly higher costs of treatment and prescription drugs.

### Demographic risks

Demographic factors affect current and future benefit costs with respect to the amount and time horizon of expected payments due to such factors as workforce average age and earnings levels, attrition and retirement rates, mortality and morbidity rates, etc.

### Multi-employer plan funding risk

In addition to economic and demographic risk factors, WCB is exposed to funding risk in the multi-employer plans arising from:

- Legislative changes affecting eligibility for and amount of pension and related benefits; and
- Performance of plan assets affected by investment policies set by the pension boards or changes in the assumptions used to value liabilities.

Because these plans are governed by legislation rather than contract, there is little flexibility for participants with respect to withdrawal from the plan, plan wind-up or amendments and mandatory funding requirements.

### Sensitivity analysis

The following table shows the effect of a 25 basis point change in the assumed discount rate, inflation rate and wage inflation rate on WCB's proportionate share of the accrued benefit obligations of PSPP and MEPP. The impacts of the assumption changes on WCB's other employee benefit plans, individually and in aggregate, are immaterial.

(\$ thousands)	2017		2016	
	+0.25%	-0.25%	+0.25%	-0.25%
+/- % change on assumed rates				
Discount rate based on market yields on high-quality corporate bonds	\$(15,022)	\$ 15,022	\$(14,464)	\$ 14,464
General inflation rate	\$ 8,019	\$ (8,019)	\$ 6,183	\$ (6,183)
Wage inflation rate	\$ 2,276	\$ (2,276)	\$ 2,380	\$ (2,380)

## 12. CLAIM BENEFIT LIABILITIES

### ACCOUNTING POLICY

The claim benefit liability represents the actuarial present value of all expected future benefit payments for claims and for workplace exposures that have occurred before the valuation date that may result in recognized occupational disease claims after the valuation date. The liability includes a provision for future costs of managing claims but does not include claims and payments that are on a self-insured basis. Valuation of claim benefit liabilities complies with Standards of Practice issued by the Actuarial Standards Board (ASB) of the Canadian Institute of Actuaries.

Gains and losses resulting from the valuation of the liability arise from differences between actual claims experience and that expected based on the previous valuation, changes to actuarial methods and assumptions as well as changes in legislation, policies and administrative practices. Such gains and losses are recognized in income in the period that they occur.

## ACTUARIAL METHODOLOGY AND BASIS OF VALUATION

Claim benefit liabilities are independently valued annually at year end by WCB's external actuary. Claim benefit liabilities include a provision for all covered benefits and for the future expenses of administering those benefits, including funding obligations to the Appeals Commission and the Medical Panel Office.

Estimated future expenditures are expressed in constant dollars increased to consider expected future escalation, and then discounted at the assumed long-term rate of return on investments.

The valuation is based on WCB legislation, policies and administrative practices in effect as at the valuation date. This valuation also takes into consideration the claim benefit changes resulting from new legislation passed by the Alberta Government in December 2017. Estimation of the liability requires the use of actuarial methods and assumptions that are periodically assessed and adjusted based on frequent monitoring of actual claims experience, the economy and other relevant factors throughout the year.

Since the claim benefit liabilities are of a long-term nature, the actuarial assumptions and methods used to calculate the reported claim benefit liabilities are based on considerations of future expenditures over the long term. As the determination of these liabilities requires assumptions about economic and other events that may occur many years in the future, but which are based on best information as at the valuation date, a significant degree of professional judgement must be exercised in developing these assumptions. Accordingly, changes in conditions within one year of the consolidated financial statement date could require material change in recognized amounts in a subsequent period or periods.

See Note 14 *Claim Benefit Risks* for further discussion of measurement uncertainty with respect to valuation of WCB's claim benefit liabilities.

## ACTUARIAL ASSUMPTIONS

The most significant economic assumptions for the determination of claim benefit liabilities are the assumed rate of return on invested assets used for discounting expected future benefit payments and the escalation rates for benefit costs into the future. All actuarial assumptions are determined on a "best estimate" basis, except for the real rate of return on investments (i.e., the difference between the expected long-term investment return and the expected long-term general inflation rate). The expected long-term investment return assumption is targeted at about 70% probability level, which provides a margin for adverse deviation in the liability.

Long-term economic assumptions for general inflation and wage escalation are developed by using historical statistics and other economic indicators. As a result of new legislation, the cost-of-living adjustment assumption has been changed from the previous 1.53% to 2.02%. Health care escalation is developed from analysis of WCB health care cost experience, taking into consideration the results of external studies. This escalation rate represents general inflation plus excess inflation of 2.5%, covering both the increases in the costs per treatment and in utilization.

The table below presents key long-term economic assumptions used to determine the claim benefit liabilities:

	2017	2016
Nominal rate of return	4.55%	4.55%
General inflation rate	2.00%	2.00%
Real rate of return	2.50%	2.50%
Cost-of-living adjustment	2.02%	1.53%
Wage escalation	3.00%	3.00%
Health care escalation	4.50%	4.50%

## RECONCILIATION OF CLAIM BENEFIT LIABILITIES

The table below is a reconciliation of the movement in claim benefit liabilities, highlighting the significant changes for each major benefit category.

(\$ thousands)	Short-term Disability	Long-term Disability	Survivor Benefits	Health Care	Rehabilitation	Claims Management	2017	2016
<b>Claim benefit liabilities, beginning of year</b>	\$ 520,200	\$ 2,920,100	\$ 600,400	\$ 2,769,700	\$ 191,400	\$ 551,200	\$ 7,553,000	\$ 6,867,300
<b>Claim costs recognized during the year</b>								
Provision for future costs of current year injuries and exposures	112,500	198,600	35,200	245,600	49,900	71,900	713,700	653,700
Claim benefits processed in the year	81,355	3,344	1,259	123,817	4,290	51,337	265,402	245,971
<b>Total claim costs recognized during the year</b>	<b>193,855</b>	<b>201,944</b>	<b>36,459</b>	<b>369,417</b>	<b>54,190</b>	<b>123,237</b>	<b>979,102</b>	<b>899,671</b>
<b>Claim payments processed during the year</b>								
Payments for current year injuries	(81,355)	(3,344)	(1,259)	(123,817)	(4,290)	(51,337)	(265,402)	(245,971)
Payments for prior years' injuries	(118,804)	(212,093)	(45,350)	(178,279)	(63,809)	(70,152)	(688,487)	(638,483)
	(200,159)	(215,437)	(46,609)	(302,096)	(68,099)	(121,489)	(953,889)	(884,454)
<b>Interest expense on the liability</b>	<b>21,100</b>	<b>128,000</b>	<b>26,500</b>	<b>121,400</b>	<b>7,700</b>	<b>23,500</b>	<b>328,200</b>	<b>348,900</b>
<b>Commutation of Deposit Account</b>	<b>-</b>	<b>744</b>	<b>-</b>	<b>4,785</b>	<b>-</b>	<b>-</b>	<b>5,529</b>	<b>-</b>
<b>Remeasurement of the liability</b>								
<b>Changes in valuation methods and assumptions</b>								
Economic assumptions	-	-	-	-	-	-	-	219,400
Latent occupational diseases valuation	-	-	-	-	-	-	-	(88,400)
Long term health care benefits	-	-	-	-	-	-	-	37,500
<b>Changes to Act, Regulation, policies and administrative practices</b>								
Personal care and housekeeping allowances	-	-	-	-	-	-	-	152,700
COLA indexation	1,500	152,100	33,100	-	-	-	186,700	-
Enhancements to fatality and survivor benefits	-	-	108,200	-	-	2,800	111,000	-
<b>Changes in claims experience</b>								
Inflation and wage growth different than expected	(5,500)	(32,000)	(4,800)	(11,200)	(2,800)	-	(56,300)	(132,400)
Economic loss payments higher than expected	-	201,400	-	-	-	-	201,400	118,700
Other experience (gains) losses	20,704	14,149	(4,450)	(29,006)	20,509	5,052	26,958	14,083
	16,704	335,649	132,050	(40,206)	17,709	7,852	469,758	321,583
<b>Claim benefit liabilities, end of year</b>	<b>\$ 551,700</b>	<b>\$ 3,371,000</b>	<b>\$ 748,800</b>	<b>\$ 2,923,000</b>	<b>\$ 202,900</b>	<b>\$ 584,300</b>	<b>\$ 8,381,700</b>	<b>\$ 7,553,000</b>

See Note 13 *Claims and Claims Management Expenses* for details of the amounts recognized in income for the reporting period.

## CLAIMS DEVELOPMENT

The table that follows presents the development of the estimated ultimate cost of claims and claim payments for accident years 2008–2017. The top part of the table illustrates how the estimate of total claim benefits for each accident year has changed with more experience over succeeding year-ends. The shaded claims triangle shows the estimated cost of claims for an accident year in the year of the accident, one year after the year of the accident, two years after the year of the accident and so on and compares the total estimated cost to the actual cumulative payments over the development period. Due to the extremely long duration of many WCB benefit types, significant amounts may be paid out in the distant future beyond the valuation date. The bottom part of the table reconciles the total outstanding benefits amount to the discounted amount reported in the consolidated statement of financial position.

(\$ millions)	Accident Year											Total
	Prior Years	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
Estimate of cumulative claims benefits												
At end of accident year		1,407.8	1,301.8	1,333.5	1,444.3	1,320.8	1,423.6	1,438.2	1,421.3	1,323.9	1,471.6	
One year later		1,308.5	1,250.4	1,299.4	1,250.4	1,305.7	1,383.6	1,414.3	1,353.1	1,427.1		
Two years later		1,276.4	1,239.5	1,118.5	1,220.9	1,256.9	1,394.3	1,407.1	1,516.5			
Three years later		1,271.1	1,095.7	1,080.8	1,175.3	1,258.0	1,343.6	1,538.0				
Four years later		1,135.9	1,074.7	1,047.6	1,160.0	1,212.5	1,444.5					
Five years later		1,113.1	1,048.4	1,042.8	1,119.5	1,270.1						
Six years later		1,094.4	1,031.8	999.3	1,156.9							
Seven years later		1,077.6	991.9	1,027.5								
Eight years later		1,043.4	1,020.6									
Nine years later		1,072.4										
Current estimate of cumulative claim benefits		1,072.4	1,020.6	1,027.5	1,156.9	1,270.1	1,444.5	1,538.0	1,516.5	1,427.1	1,471.6	
Cumulative payments		(507.1)	(453.3)	(437.2)	(476.8)	(470.2)	(507.3)	(491.0)	(429.2)	(343.1)	(214.1)	
Outstanding benefits												
Undiscounted	\$ 5,613.7	\$ 565.3	\$ 567.3	\$ 590.3	\$ 680.1	\$ 799.9	\$ 937.2	\$ 1,047.0	\$ 1,087.3	\$ 1,084.0	\$ 1,257.5	\$ 14,229.6
Effect of discounting	(2,620.8)	(303.7)	(308.7)	(319.9)	(370.6)	(444.6)	(517.6)	(576.1)	(587.6)	(572.1)	(610.5)	(7,232.2)
	2,992.9	261.6	258.6	270.4	309.5	355.3	419.6	470.9	499.7	511.9	647.0	6,997.4
Claims management												
Undiscounted												1,123.5
Effect of discounting												(539.2)
												584.3
Latent occupational diseases												
Undiscounted												2,315.6
Effect of discounting												(1,515.6)
												800.0
Total claim benefits												
Undiscounted												17,668.7
Effect of discounting												(9,287.0)
Claim benefit liabilities												\$ 8,381.7

## LIQUIDITY OF CLAIM BENEFIT LIABILITIES

The following table presents the expected timing of future payments of the claim benefit liability as at December 31. As these payments extend well out into the future, any such estimates involve considerable uncertainty.

	2017	2016
<b>Expected timing of future payments</b>		
Up to 1 year	4%	4%
Over 1 year and up to 5 years	12%	12%
Over 5 years and up to 10 years	13%	14%
Over 10 years and up to 15 years	12%	12%
Over 15 years	59%	58%
<b>Total</b>	<b>100%</b>	<b>100%</b>

## 13. CLAIMS AND CLAIMS MANAGEMENT EXPENSES

The table below presents details of claims and claims management expenses reported in the consolidated statement of comprehensive income.

(\$ thousands)

	2017			2016
	Current Year Injuries	Prior Years' Injuries	Total	Total
<b>Claims expense</b>				
Provision for future costs of current year injuries and exposures <sup>1</sup>	\$ 713,700	\$ -	\$ 713,700	\$ 653,700
<b>Claim payments processed in the year</b>				
Short-term disability	81,355	118,804	200,159	185,185
Long-term disability	3,344	212,093	215,437	186,943
Survivor benefits	1,259	45,350	46,609	44,333
Health care	123,817	178,279	302,096	289,611
Rehabilitation	4,290	63,809	68,099	60,318
	214,065	618,335	832,400	766,390
<b>Claim payments related to prior years <sup>2</sup></b>	-	(688,487)	(688,487)	(638,483)
	214,065	(70,152)	143,913	127,907
	\$ 927,765	\$ (70,152)	\$ 857,613	\$ 781,607
<b>Claims management <sup>3</sup></b>				
Claims-related administration	51,325	57,876	109,201	105,560
Appeals Commission	12	11,942	11,954	12,166
Medical Panel Office	-	334	334	338
	\$ 51,337	\$ 70,152	\$ 121,489	\$ 118,064
	\$ 979,102	\$ -	\$ 979,102	\$ 899,671

<sup>1</sup> Provision for future costs of current year injuries represents the present value of all future obligations for benefit payments arising from current year injuries and occupational disease exposures.

<sup>2</sup> Although claim payments relating to prior years injuries are processed in the reporting period, they are not expensed in the current year but are charged to the liabilities established for prior accident years.

<sup>3</sup> Claims management represents WCB's internal functional costs related to claims processing as well as funding of the external decision review bodies. Claims management expenses are included in claim benefit liabilities for valuation purposes but are presented separately in the consolidated statement of comprehensive income, see Note 16 Administration Expense, for Claims-related administration.

## 14. CLAIM BENEFIT RISKS

Because there is no statutory limit on the benefit amount payable or the duration of the risk exposure related to work-related injuries, WCB bears risk with respect to its future claim costs, which could have material implications for liability estimation. In determining WCB's claim benefit liabilities, a primary risk is that the actual benefit payments may exceed the amount estimated in determining 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 run-off periods, inflation is also a factor because future costs could escalate at a faster rate than expected.

The uncertainties associated with WCB claim benefit liabilities are complex and subject to a number of variables that complicate quantitative sensitivity analysis. The most significant assumption in the determination of the claim benefit liabilities is the real rate of return. A reduction in the assumed real rate of return would increase the actuarial present value of the claim benefit liabilities. Wage inflation affects the liabilities through benefits such as vocational rehabilitation and home maintenance allowances. An increase in assumed wage growth would increase the respective liabilities. Health care benefits represent approximately 35% of the claim benefit liabilities. An increase in the assumed health care escalation rate would result in an increase in the liability for health care.

### EFFECT OF ASSUMPTION CHANGES ON CLAIM BENEFIT LIABILITIES

The table below shows the sensitivity of the claim benefit liabilities to an immediate 0.25% increase or decrease in the assumed rates:

(\$ thousands)	2017		2016	
	+0.25%	-0.25%	+0.25%	-0.25%
+/- % change on assumed rates				
Real rate of return	\$ (263,100)	\$ 279,000	\$ (231,600)	\$ 245,400
Wage inflation rate	\$ 56,400	\$ (54,000)	\$ 49,900	\$ (47,800)
Health care escalation rate	\$ 92,400	\$ (87,500)	\$ 87,500	\$ (82,900)

## 15. PREMIUM REVENUE

### ACCOUNTING POLICY

Premiums are assessed and due when employers report their insurable earnings for the current year. For employers who have not reported, premiums are estimated and included in the amount receivable. Premium revenue includes estimates for Partnerships in Injury Reduction (PIR) rebates and other items.

Premium revenue is fully earned and recognized over the annual coverage period. Any difference between actual and estimated premiums and rebates is adjusted in the following year.

(\$ thousands)	2017	2016
<b>Premiums</b>		
Assessed premium revenue for current year	\$ 1,104,048	\$ 1,057,620
Other premium-related revenue	7,779	9,654
	1,111,827	1,067,274
Deduct: Partnerships in Injury Reduction rebates	72,283	72,747
	<u>\$ 1,039,544</u>	<u>\$ 994,527</u>



Assessed premium revenue includes an accrual of \$16,379 payable (2016 – \$40,869 payable) for amounts related to yet to be reported insurable earnings for the current period. The accrual has been determined using an internally developed statistical model to estimate the amount of unreported earnings based on actual returns processed to date and historical patterns of processed to unprocessed returns at a specified point in time.

PIR is a voluntary program that pays rebates to registered employers that have met the eligibility requirements in achieving certain workplace safety targets as specified under the program. Earned rebates are payable in the following year. The estimated rebate amount is based on several factors, including premiums paid, year-over-year improvement in claims experience and safety performance relative to industry benchmarks, among others. See Note 19(e) *Safety rebates* for supplemental information on the Partnerships in Injury Reduction rebates.

## 16. ADMINISTRATION EXPENSE

WCB's primary administrative functions include:

- **Claims-related administration** – responsible for adjudicating claims, processing benefit payments and the provision of return-to-work services to injured workers.
- **Corporate administration** – provides general management and administrative support.

The table below presents administration expenses broken down by nature of expense and by function:

(\$ thousands)	Corporate	Claims-related	2017	2016
<b>Administration expenses</b>				
Salaries and employee benefits	\$ 58,440	\$ 124,233	\$ 182,673	\$ 181,795
Technology	12,803	5,782	18,585	19,241
Office	4,742	1,207	5,949	5,333
Occupancy	2,687	6,505	9,192	9,003
Professional fees	1,353	2,519	3,872	3,963
Travel	555	401	956	950
Other	1,198	600	1,798	1,937
	<u>81,778</u>	<u>141,247</u>	<u>223,025</u>	<u>222,222</u>
Depreciation and amortization	6,464	8,261	14,725	14,822
	<u>88,242</u>	<u>149,508</u>	<u>237,750</u>	<u>237,044</u>
<b>Less:</b>				
Cost recoveries	53	9,186	9,239	7,552
Reclassifications to:				
Claims expense – rehabilitation services	-	31,121	31,121	29,258
Investment management expense <sup>1</sup>	3,171	-	3,171	3,371
	<u>3,224</u>	<u>40,307</u>	<u>43,531</u>	<u>40,181</u>
	<u>\$ 85,018</u>	<u>\$ 109,201</u>	<u>\$ 194,219</u>	<u>\$ 196,863</u>

<sup>1</sup> Investment management expense represents internal expenses, see Note 6 Investment Income and Expense.

## 17. RELATED PARTY TRANSACTIONS

### GOVERNMENT OF ALBERTA AND RELATED ENTITIES

WCB has transactions with various Alberta Crown corporations, departments, agencies, boards, educational institutions and commissions in the ordinary course of operations. Such transactions include premiums from the organizations and certain funding obligations relating to Occupational Health and Safety, the Appeals Commission and the Medical Panel Office that are in accordance with the applicable legislation and/or regulations. WCB is related to these entities by virtue of common influence by the Government of Alberta. WCB is considered a government-related entity and as such, is not required to disclose these transactions under IAS 24 *Related Party Disclosures*.

### KEY MANAGEMENT COMPENSATION

Key management personnel of WCB, comprising the Board of Directors and the executive and their close family members, are also related parties in accordance with IAS 24. As at the reporting date, there were no business relationships, outstanding amounts or transactions other than compensation, between WCB and its key management personnel.

The tables below present total compensation of the board members and executive of WCB.

(\$ thousands)

	2017				
	Base Salary <sup>1</sup>	Other Cash Benefits <sup>2</sup>	Non-Cash Benefits <sup>3</sup>	SERP <sup>4</sup>	Total
Chair, Board of Directors <sup>5</sup>	\$ -	\$ 40	\$ 2	\$ -	\$ 42
Board Members <sup>5</sup>	-	92	7	-	99
President & Chief Executive Officer	475	250	46	133	904
Vice-President, Operations & Chief Information Officer	367	109	38	69	583
Chief Financial Officer	347	103	41	65	556
Vice-President, Employee & Corporate Services	285	75	40	51	451
Vice-President, Operations	245	75	40	33	393
Secretary & General Counsel	211	57	44	19	331

	2016				
	Base Salary <sup>1</sup>	Other Cash Benefits <sup>2</sup>	Non-Cash Benefits <sup>3</sup>	SERP <sup>4</sup>	Total
Chair, Board of Directors <sup>5</sup>	\$ -	\$ 47	\$ 2	\$ -	\$ 49
Board Members <sup>5</sup>	-	90	5	-	95
President & Chief Executive Officer	475	235	49	127	886
Vice-President, Operations & Chief Information Officer	367	124	42	83	616
Chief Financial Officer	347	120	45	69	581
Vice-President, Employee & Corporate Services	285	81	44	49	459
Vice-President, Operations <sup>6</sup>	225	75	39	18	357
Secretary & General Counsel <sup>7</sup>	106	34	23	8	171
Secretary & General Counsel <sup>8</sup>	139	3	25	51	218
Vice-President, Operations & Disability Management <sup>8</sup>	77	18	15	45	155

<sup>1</sup> Base salary is pensionable base pay.

<sup>2</sup> Other cash benefits include a transition payment due to the elimination of the long standing pay at risk program. For 2016, other cash benefits included a component of base compensation that was paid out upon achievement of corporate objectives determined at the beginning of the fiscal year. Other cash benefits for Board Members comprise honoraria pay for meetings attended.

<sup>3</sup> Non-cash benefits include employer's share of all employee benefits and payments made to or on behalf of employees including statutory contributions, pension plans, extended health care benefits, group life insurance and professional memberships.

<sup>4</sup> SERP represents employer's current service cost for benefits accrued under a supplemental executive retirement plan. See Note 11 Employee Benefits for details of the plan, and the following table for the costs and obligations related to each named key management position.

<sup>5</sup> The Chair of the Board of Directors and the Board members are part-time positions. One term ended during 2017, five terms began in 2017, and two positions remain vacant.

<sup>6</sup> Incumbent took office on February 1, 2016.

<sup>7</sup> Incumbent took office on July 1, 2016.

<sup>8</sup> Incumbent retired in 2016.

## SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

(\$ thousands)

	2017				2016	
	Current Service Cost <sup>1</sup>	Other Costs <sup>2</sup>	Net Cost	Accrued Obligation	Net Cost	Accrued Obligation
President & Chief Executive Officer	\$ 133	\$ 218	\$ 351	\$ 2,306	\$ 244	\$ 1,955
Vice-President, Operations & Chief Information Officer	69	147	216	1,137	(81)	921
Chief Financial Officer	65	104	169	897	47	728
Vice-President, Employee & Corporate Services	51	77	128	801	89	673
Vice-President, Operations <sup>3</sup>	33	11	44	75	31	31
Secretary & General Counsel <sup>4</sup>	19	6	25	35	10	10
Secretary & General Counsel <sup>5</sup>	-	32	32	695	52	663
Vice-President, Operations & Disability Management <sup>5</sup>	-	3	3	99	(10)	96

<sup>1</sup> Current service cost represents the actuarial present value of future benefit obligations arising from employee service in the current period.

<sup>2</sup> Other costs include interest on the liability and actuarial gains and losses arising from assumption changes and/or experience: less any benefit payments.

<sup>3</sup> Incumbent took office on February 1, 2016.

<sup>4</sup> Incumbent took office on July 1, 2016.

<sup>5</sup> Incumbent retired in 2016.

## 18. CONTINGENCIES AND INDEMNIFICATION

### LEGAL PROCEEDINGS

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. Based on the total amount of all such actions, WCB has concluded that the outcomes will not have a material effect on the results of operations or financial position.

### INDEMNIFICATION AGREEMENTS

In the normal course of operations, WCB enters into contractual agreements that contain standard contract terms that indemnify certain parties against loss. The terms of these indemnification clauses will vary based upon the contract, and/or the occurrence of contingent or future events, the nature of which prevents WCB from making a reasonable estimate of the potential amount that may be payable to those contractual parties. Such indemnifications are not significant, nor has WCB made any payments or accrued any amounts in the consolidated financial statements in respect of these indemnifications.

## 19. SUPPLEMENTAL INFORMATION

### (a) Cash and cash equivalents

(\$ thousands)	2017	2016
Cash in transit and in banks	\$ 20,817	\$ 13,409
Cash equivalents	474,393	308,583
	<u>\$ 495,210</u>	<u>\$ 321,992</u>

Cash equivalents are invested in a portfolio of high-quality, short- to mid-term, highly liquid fixed-income securities that generated an average annual return of 1.0% (2016 – 0.9%).

### (b) Trade and other receivables

(\$ thousands)	2017	2016
Premium receivable	\$ (272,807)	\$ 31,171
Reclassified to employer liabilities - Note 19(d)	287,600	23,923
Employer accounts receivable	14,793	55,094
Other	18,245	10,093
	<u>\$ 33,038</u>	<u>\$ 65,187</u>

Included in the employer accounts receivable total above is an allowance for expected credit losses of \$3.0 million (2016 – \$3.5 million). Substantially all receivables are collected within one year.

### (c) Trade and other liabilities

(\$ thousands)	Trade	Other	2017	2016
Trade payables	\$ 42,782	\$ -	\$ 42,782	\$ 44,789
Lease obligations	-	2,130	2,130	2,969
Other liabilities	-	19,437	19,437	5,254
	<u>\$ 42,782</u>	<u>\$ 21,567</u>	<u>\$ 64,349</u>	<u>\$ 53,012</u>
Current portion	\$ 42,782	\$ 5,773	\$ 48,555	\$ 47,040
Non-current portion	-	15,794	15,794	5,972
	<u>\$ 42,782</u>	<u>\$ 21,567</u>	<u>\$ 64,349</u>	<u>\$ 53,012</u>

See Note 10 *Lease and Other Commitments* for details of the lease obligations.

### (d) Employer liabilities

(\$ thousands)	2017	2016
Reclassified from premium receivable - Note 19(b)	\$ 287,600	\$ 23,923
Accrued premiums payable	16,379	40,869
	<u>\$ 303,979</u>	<u>\$ 64,792</u>

The amount in employer liabilities represents the reclassification from trade receivables of all outstanding employer accounts with credit balances, arising primarily from funding distributions exceeding premiums due, as at December 31, 2017.

**(e) Safety rebates**

(\$ thousands)

**Safety rebates payable, beginning of year**

Payment of prior years' rebates

Adjustment of prior years' accruals

Outstanding balance from prior years

Rebates for the year

**Safety rebates payable, end of year**

<b>2017</b>	<b>2016</b>
\$ 78,628	\$ 85,664
(68,892)	(76,155)
9,736	9,509
(2,791)	(3,628)
6,945	5,881
72,283	72,747
<b>\$ 79,228</b>	<b>\$ 78,628</b>

Safety rebates represent amounts recognized under the PIR program. See Note 15 *Premium Revenue* for further details of the PIR program.

**(f) Injury reduction**

(\$ thousands)

Occupational Health and Safety

Industry safety associations

<b>2017</b>	<b>2016</b>
\$ 48,000	\$ 46,808
19,246	20,929
<b>\$ 67,426</b>	<b>\$ 67,737</b>

Injury reduction is composed of statutory funding of Occupational Health and Safety and voluntary premium levies to fund industry-sponsored safety associations.

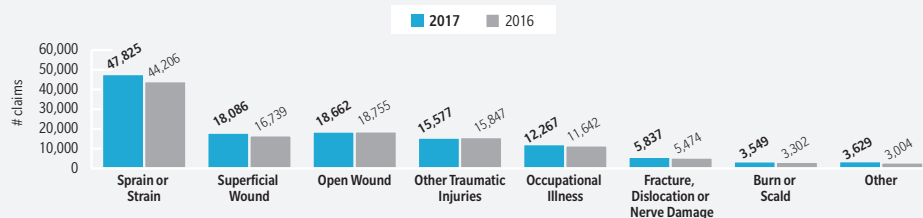
## 2017 summary of claims administered

	2017	2016
Active claims as of January 1	29,047	28,733
New lost-time claims	25,858	24,007
New medical-aid-only claims	99,574	94,962
<b>Total new claims reported</b>	<b>125,432</b>	<b>118,969</b>
Recurrent claims <sup>1</sup>	14,369	16,016
	139,801	134,985
<b>Total claims administered</b>	<b>168,848</b>	<b>163,718</b>

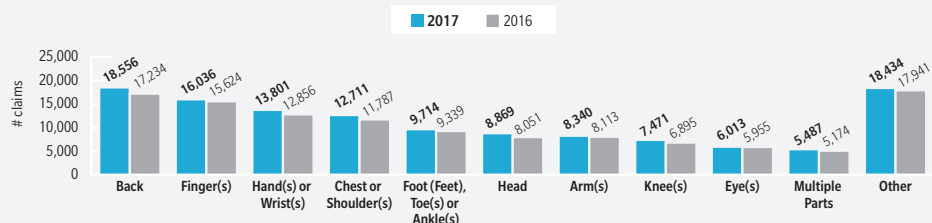
<sup>1</sup> Previously inactive claims that required further adjudication or case management. Claims may reopen for a number of reasons, such as payments for medical aid or requests for further compensation benefits.

Ineligible claims	2017	2016
<b>LOST-TIME CLAIMS</b>		
Insufficient information available to process claim	147	161
Not covered under <i>Workers' Compensation Act</i>	294	224
Injury or illness not arising out of / in course of employment (Policy 02-01)	1,956	1,802
<b>MEDICAL-AID-ONLY CLAIMS</b>		
Insufficient information available to process claim	4,023	3,876
Not covered under <i>Workers' Compensation Act</i>	2,694	2,447
Injury or illness not arising out of / in course of employment (Policy 02-01)	4,908	4,532

New claims by nature of injury



New claims by part of body



## Other Statutory Reports

### **Statutes of Alberta Chapter P-39.5 – *Public Interest Disclosure (Whistleblower Protection) Act***

Section 32 of the *Public Interest Disclosure (Whistleblower Protection) Act* requires the chief officer of a department to report annually on all disclosures made to the designated officer of the department, public entity or office of the Legislature for which the chief officer is responsible.

This constitutes the annual report of the chief officer of the department covering the period of April 1, 2017 to March 31, 2018.

There was one disclosure of wrongdoing filed with the Public Interest Disclosure Office for the ministry. The discloser requested that the file be closed so no investigation was conducted.