

Labour

Annual Report **2018–19**

Note to Readers:

Copies of the annual report are available on the Alberta Open Government Portal website www.alberta.ca

Labour

Communications 9th Floor, Labour Building
10808 99 Avenue
Edmonton, AB T5K 0G5

Phone: 780-427-5585
Fax: 780-427-5988

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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 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.

On April 30, 2019, the government announced new ministry structures. The former Ministry of Labour became the current Ministry of Labour and Immigration. The new ministry structures will be reflected in the 2019-20 ministry annual report.

This annual report of the Ministry of Labour contains the financial information 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 the Workers' Compensation Board – Alberta, which is a separate entity that is accountable to the Minister of Labour. The WCB has its own budget and reporting processes; and
- other financial information as required by the *Financial Administration Act and Fiscal Planning and Transparency Act*, as separate reports, to the extent that the ministry has anything to report.

In December 2018, the government announced changes to the 2018-19 ministry annual reports. Ministry and department audited financial statements previously included in the annual report of the Ministry of Labour have been replaced with the financial information of the ministry on pages 75-85.

Key information previously contained in the annual reports of each of the 21 ministries is now included in the audited consolidated financial statements of the province.

Message from the Minister



The Government of Alberta is committed to ensuring we have the tools to support investment and job growth in our province – making it the best place in North America to live, work, start a business and raise a family. Alberta Labour and Immigration works directly with workers, employers, unions and other stakeholders to deliver programs and policies designed to address labour and immigration challenges.

Over the course of the next year, we will focus on creating jobs, building and maintaining a strong and diverse workforce, promoting safe, fair and healthy workplaces and helping to bring new, skilled workers to Alberta. This will ensure current and future workers are well equipped to do their jobs.

People are the priority of our work and removing barriers to success is paramount. Ensuring Alberta's youth can find jobs and gain valuable experience, giving workers and employers opportunities to achieve their goals and attracting professionals from around the world to become part of our province's economic fabric are of the utmost importance.

Looking ahead, we will continue to review and modernize labour legislation and policy to open more opportunities for job creators and workers.

Coupling this important work with our commitment to fiscal discipline and streamlining processes, we will bring back balance and get Albertans back to work.

This report highlights Alberta Labour's results from the 2018-19 fiscal year.

[Original signed by]

Honourable Jason Copping

Minister of Labour and Immigration

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;
- Medical Panels Office; and
- Fair Practices Office.

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 accompanying ministry financial information and performance results for the ministry rests with the Minister of Labour and Immigration. Under the direction of the minister, I oversee the preparation of the ministry's annual report, including the financial information and performance results. The financial information and the performance results, of necessity, include amounts that are based on estimates and judgments. The financial information is prepared using the government's stated accounting policies, which are based on 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 2018.

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;

Introduction

- provide Executive Council, the President of Treasury Board and Minister of Finance, and the Minister of Labour and Immigration 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]

Shawn McLeod

Deputy Minister of Labour and Immigration

June 3, 2019

Results Analysis

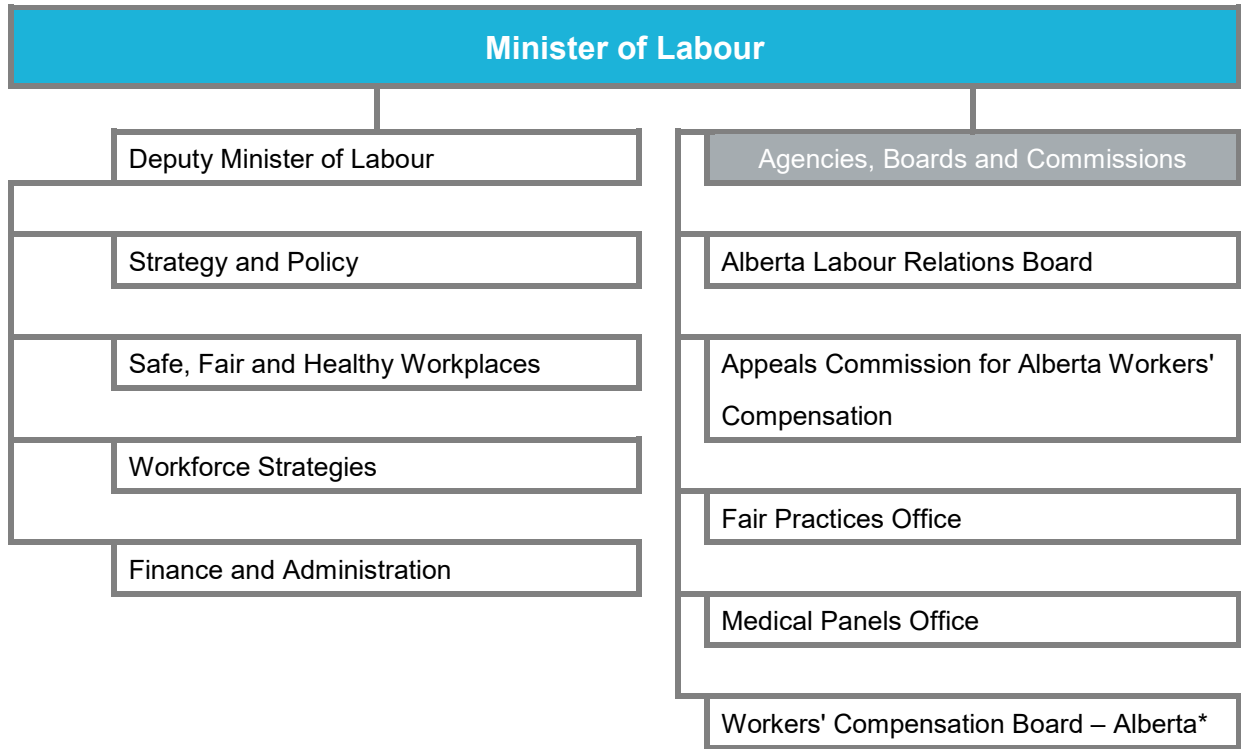
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Ministry Overview

The Ministry

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



* The Workers' Compensation Board – Alberta (WCB) is a separate entity that is accountable to the Minister of Labour. The WCB has its own budget and reporting processes.

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 implementing cross-ministry initiatives and advocating for new approaches to achieving government-wide goals.

Finance and Administration

The Finance and Administration branch 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, financial compliance and accountability, contract and grant management policy, and financial processes and policies. The division 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 ensures Alberta's workplaces are safe and healthy and operate within a legislative framework that supports Alberta's economy. 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 enables safe, fair and healthy workplaces through evidence-based prevention, education and enforcement. This is achieved by collaborating with employers, workers, industry associations, and labour groups to promote an informed and knowledgeable workforce regarding workplace rights and responsibilities. This division is responsible for monitoring compliance with employment standards and occupational health and safety legislation using risk-based approaches, responding to complaints, incidents and injuries and establishing a prevention framework to align health and safety system resources leading to a reduction of injuries and illnesses within Alberta workplaces.

Workforce Strategies

The Workforce Strategies division delivers programs focused on both 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 designed to match labour supply and demand. It also supports employers and industry in attracting, developing and retaining qualified workers. 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. The division also administers Labour Market Transfer Agreements and delivers programming for Indigenous Albertans.

Agencies, Boards and Commissions

The Ministry of Labour 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 (OHS) Act* and *Employment Standards Code* and adjudicates remedies for reprisals under the *Public Interest Disclosure (Whistleblower Protection) Act*. The Board processes applications and conducts hearings on matters arising from both private and public sectors.

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.

Fair Practices Office

The new Fair Practices Office, similar to other jurisdictions, performs an ombudsman-type role for the workers' compensation system with a focus on reviewing complaints of administrative fairness in the decision-making process and interactions with Workers' Compensation Board – Alberta. The Fair Practices Office provides support for injured workers and employers to help them navigate the workers' compensation system as well as appropriate referrals to community services and government programs. Additionally, the office provides advocacy services for injured workers and small-to-medium sized employers during a review or appeal of Workers' Compensation Board – Alberta decisions and reports on the overall workers' compensation system and issues.

Medical Panels Office

The Medical Panels Office ensures that injured workers, the Workers' Compensation Board – Alberta and the Appeals Commission for Alberta Workers' Compensation have access to impartial, independent processes to resolve complex medical issues and disagreements in medical opinion.

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.

Discussion and Analysis of Results

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 monitoring Alberta workplaces to ensure workers and employers are informed and knowledgeable on their workplace rights and responsibilities. By promoting a strong health and safety culture in workplaces across Alberta, the ministry proactively addresses health and safety concerns to prevent work-related injuries, illnesses and deaths.

Key results and highlights during 2018-19 include:

- Amending the Employment Standards Regulation for youth employment;
- Amending the Occupational Health and Safety Code for the farming and ranching sector;
- Amending the Occupational Health and Safety Code to ban hazardous footwear;
- Adding psychological and social hazards to occupational health and safety legislation; and
- Amending the *Public Service Employee Relations Act* to align with the *Labour Relations Code*, giving employers, employees and unions across the province similar rules and provisions.

Key Strategies

1.1 Lead the implementation of and transition to modernized labour laws that protect the workplace rights and well-being of working Albertans

Youth Employment Provisions

On January 1, 2019, youth employment provisions in the Employment Standards Regulation were updated to align with federal commitments to ratify the International Labour Organization Minimum Age Convention (Bill C-138). As a result of these changes, youth aged 12 years and under may only be employed in artistic endeavours with parental consent and with permit approval from the ministry. Examples of artistic endeavours include recorded and live entertainment, such as film, radio, video or television or theatre plays and musical performances.

Employment Standards Education and Outreach

In its 2018-21 Business Plan, the ministry identified an opportunity to educate and engage stakeholders to increase stakeholder and Albertans' knowledge of their rights and responsibilities under new legislation. This resulted in the ministry developing a suite of educational and outreach products, designed for both employers and employees, which include online and interactive webinars and self-assessment tools. Between April and December 2018, 14 education and outreach sessions were delivered in 13 communities for 650 people to provide information to Albertans about *Employment Standards Code* changes. An additional 17 sessions were delivered at conferences and forums. Labour also partnered with the Alberta Chambers of Commerce to educate their membership on changes to the new legislation. These sessions were augmented by a webinar series that was delivered 31 times, reaching more than 6,000 registrants.

Occupational Health and Safety Act

The new *Occupational Health and Safety (OHS) Act* came into effect on June 1, 2018. Changes introduced as part of the Act provide Alberta workers with the same rights and protections as other Canadian workers. The new legislation aligned Alberta with other provinces by ensuring three fundamental worker rights: the right to know, the right to participate in workplace health and safety and the right to refuse dangerous work. The legislation also made joint worksite health and safety committees mandatory for all employers with more than 20 workers. Additionally, employers with between five and 19 workers are required to have health and safety representatives. The legislation also defined new roles and responsibilities for supervisors, owners, service providers, self-employed persons and temporary staffing agencies to ensure health and safety in workplaces.

Did you know?

Workers in Alberta have three fundamental rights:

- **Right to know:** all employers must inform workers about potential hazards and have access to basic health and safety information on site.
- **Right to participate in workplace health and safety:** ensures workers are involved in health and safety discussions, including participation in health and safety committees.
- **Right to refuse dangerous work:** workers may refuse to perform dangerous work and are protected from any form of reprisal for exercising this right.

In Canada, OHS legislation relies on a foundation known as the Internal Responsibility System (IRS). The foundational principle of the IRS was introduced in Alberta through *An Act to Protect the Health and Well-being of Working Albertans*. Rather than rely on an outside agency to enforce health and safety rules in a workplace, the IRS gives everyone a role in workplace health and safety. While everyone shares responsibility for OHS, the responsibilities of various work site parties (such as workers and employers) are different; as the amount of authority and control an individual may have in the workplace increases, so do their responsibilities to the IRS and workplace health and safety. The IRS contributes to a site safety culture, establishes responsibility sharing systems, ensures compliance with applicable laws, promotes best practices, and helps develop self-reliance.

Banning of hazardous footwear

In 2018-19, Labour amended the OHS Code to explicitly prohibit employers from requiring workers to use footwear that may pose risks to their health and safety. The amendments clarified that employers cannot require workers to use or wear footwear that could increase the risks of slips, trips, falls and musculoskeletal injuries. Workers may still wear distinct footwear (e.g. high heels) if it is safe for them to do so.

What is hazardous footwear?

- Certain kinds of footwear, like high-heeled shoes, can put workers at an increased risk of injuries from slips, trips, and falls

An Act to Protect Gas and Convenience Store Workers

On June 1, 2018, new occupational health and safety rules came into effect to make fuel prepayment mandatory at all gas stations in the province. Additionally, convenience stores were also required to develop detailed violence prevention plans to help minimize the risk of theft and robbery. Statistics from police forces in Alberta have shown a considerable decline in the number of gas-and-dash incidents since the implementation of the pre-pay legislation in June 2018. Between June 1 and November 30, 2017, there were 483 gas-and-dash incidents in Edmonton. The number of incidents was reduced to six in the same period in 2018. A similar decline in incidents was found in both Calgary and Lethbridge.

Occupational Health and Safety Outreach

Educating and engaging stakeholders to increase stakeholder and Albertans' knowledge of their rights and responsibilities under new legislation was one of the opportunities identified in Labour's 2018-21 Business Plan. To support Albertans in understanding the new legislation, the ministry delivered interactive public webinars to educate 1,865 Albertans on the legislation changes related to Health and Safety Committees and workplace violence and harassment. These recorded webinars were viewed an additional 13,800 times on YouTube. Additionally, to support the implementation of the new legislation, the ministry provided 160 in-person presentations on the new *Occupational Health and Safety Act* including 17 presentations in partnership with Alberta Chambers of Commerce. Since January 1, 2018, the ministry has developed 37 new resources and updated 105 health and safety resources related to the OHS legislative changes. To further support Health and Safety Committees and Health and Safety Representatives in their roles, the ministry supported training for more than 27,000 Albertans.

Public Service Employee Relations Act

In 2018-19, Labour introduced amendments to the *Public Service Employee Relations Act* that removed exemptions prohibiting five classifications of employees (budget officers, systems analysts, auditors, disbursement control officers and hearing officers) from participating in collective bargaining; updated provisions around collective bargaining for public sector employees; and moved non-academic staff at post-secondary institutions under the *Labour Relations Code*.

1.2 Protect the occupational health and safety, well-being and workplace rights of Albertans by engaging in timely compliance and dispute resolution services and conducting education and proactive activities

The ministry works to protect the workplace rights of Albertans by resolving disputes around Alberta's employment standards legislation. Employment standards legislation sets the minimum rules for conditions of employment in Alberta. The ministry also works to protect the occupational health and safety of working Albertans as a regulatory enforcement body and works to ensure that worksite parties are all fulfilling their obligations under the OHS legislation. Leveraging system partners, the ministry works to focus activities on key hazards at worksites. The ministry's role within the OHS system is focused on conducting proactive investigations and initiatives to educate employers and workers and responding to complaints and incidents reported to the ministry.

Professionalism in the Workplace

In 2018-19, the ministry developed and published the Professionalism in the Workplace guide. It provides direction for occupational health and safety and employment standards staff, particularly those who interact with Albertans and Alberta businesses. The guide formalizes how staff are expected to conduct themselves in all workplaces to provide a consistent level of service excellence for Albertans.

Commitment to Front-line Service Delivery

The ministry improved front-line service delivery by hiring thirty-two new staff in employment standards in 2018 and seventeen occupational health and safety officers in March 2019. The new staff increase the ministry's field presence through frequent and regular interaction with workers and employers in the province and reflect the ministry's dedication to ensuring Alberta workplaces are protected.

Employment Standards

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 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. When an employment standards complaint is received, it is either resolved through an early resolution process, a complaint resolution process or an investigation.

Employment Standards Complaint Resolution

In 2018-19, the ministry received 5,065 employment standards complaints, compared to 4,688 complaints in 2017-18, representing an 8 per cent increase in complaints received. The ministry completed 6,098 employment standards complaints compared to 4,904 complaints in 2017-18, representing a 24 per cent increase in the number of complaints completed.

Employment Standards Complaints			
	2016-17	2017-18	2018-19
Complaints received	5,367	4,688	5,065
Complaints completed	5,646	4,904	6,098
Employment Standards queue	1,553	1,693	588
Average days to begin investigation	127	130	90
Average days to resolve	201	205	155
Per cent resolved within 180 days	48%	41%	62%

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.

Timely service delivery remained a priority for Labour and the efforts of several initiatives to streamline and adopt innovative approaches to business processes resulted in Albertans receiving the services they needed sooner. These efforts included a review and redesign of intake processes with a goal of streamlining processes, the redeployment of resources to maximize frontline services, a structural reorganization, and the introduction of an innovative early resolution process. During the year, additional staff were hired to improve the delivery of the employment standards program to Albertans. For Alberta employers and employees requiring assistance resolving a concern about an employment standards issue, this translated into a significantly timelier resolution of complaints. The average days to begin an investigation was reduced from an average of 130 days in 2017-18 to 90 days in 2018-19. As much of the improvement occurred in the latter half of the year, this trend is expected to continue in 2019-20.

Similarly, the average time for complaints to be resolved improved significantly to an average of 155 days (compared to an average of 205 days in 2017-18). A notable average of 118 days was achieved between January and March 2019, demonstrating an improvement that is expected to carry forward into 2019-20. This resulted in a significant reduction in the number of employment standards complaints waiting processing. As of March 31, 2019, the number of employment standards complaints waiting processing was reduced to 588, compared to 1,693 on March 31, 2018. Finally, the percentage of complaints resolved within 180 days also showed significant improvement, improving from an average of 41 per cent in 2017-18 to 62 per cent in 2018-19. The average from January to March 2019 was 82 per cent, representing a significant improvement that is expected to continue in 2019-20. Employment standards staff work to resolve complaints in a timely manner while ensuring quality investigations that are administratively fair.

Early Resolution Process

In June 2018, the ministry introduced an early resolution letter, which is sent immediately to employers that are the subject of a new employment standards complaint for a claim of less than \$1,500. These letters allow complaints to be resolved more quickly and enable employers to resolve the matter before an employment standards investigation is initiated. Employers have the option to settle the matter, dispute the claim or do nothing and await employment standards involvement. Between June 2018 and March 2019, more than 1,400 letters were issued and more than 900 complaints were resolved through the early resolution process, reflecting a 64 per cent resolution rate. The letter has enabled earlier and more efficient resolution of complaints for employers and employees alike, and without the need of a fulsome employment standards investigation. This initiative helped contribute to the overall improvement in service delivery in 2018-19. These results are reflective of an initial high volume of letters issued to a historical backlog of complaints; moving forward the resolution rate is expected to remain the same, due to a lower volume of letters issued as a result of a significant decrease in the backlog.

Employment Standards Inspections and Anonymous Tips

The Employment Standards Special Investigation Unit was expanded in 2018-19 with the establishment of a Proactive Inspections Unit, which launched in January 2019. The Proactive Inspections Unit conducts compliance checks and inspections of employer employment practices and provides education to ensure minimum standards are being met. Compliance checks and inspections occur as a result of anonymous tips, or proactively as part of an evidence-based and focused program. This unit is intended to make education the focus in ensuring future compliance. The Special Investigations Unit handles complex complaints involving vulnerable workers, serious allegations, chronic non-compliance, possible prosecutions, and files involving multiple agencies. This unit also conducts inspections and payroll audits coinciding with complaints received, ensuring that employment practices are rectified for all current employees. The employment standards inspection process identifies areas of non-compliance and requires employers to carry out self-audits to remedy violations for all affected employees. On occasion, where employers are not cooperative with the inspection process, a crown audit may be carried out by officers. This results in a fee for employers in addition to any entitlements found outstanding.

In 2018-19, 811 anonymous tips were received by the ministry. Labour's employment standards team triages all tips that are received and will either issue an advisory and educational package, when circumstances warrant, or initiate an in-person inspection. The course of action depends on the type of tip received.

Employment Standards Anonymous Tips and Inspections			
	2016-17	2017-18	2018-19
Anonymous tips received	480	315	811
Anonymous tips completed	508 ¹	319	546
Inspections conducted	679	356	432
¹ Includes anonymous tips received in prior fiscal year and concluded in 2016-17.			

Employment Standards Contact Centre

The Employment Standards Contact Centre makes information and education readily accessible. In 2018-19, the contact centre received 117,143 telephone inquiries and 12,081 email inquiries from employees and employers seeking information and guidance. This reflected a 17 per cent decrease compared to 2017-18 when 155,101 inquiries (telephone and email) were addressed.

Occupational Health and Safety Prevention Initiative

In 2018-19, the ministry developed an OHS prevention initiative that clarifies priorities of the Alberta OHS system based on evidence and consultation. The initiative supports the use of best practices for an effective OHS system, including creating and maintaining strong partnerships, developing positive health and safety culture, education and increasing awareness to address these priorities, and prioritizes cooperation between all levels of the OHS system to work collaboratively.

The goal of the prevention initiative is to work with employers and workers to create a means to better identify areas that require OHS attention. The intended outcome of aligning the OHS system to these priority areas is to have a measurable influence on them. The priority areas will be re-evaluated to ensure they continue to address the areas of greatest effect to workers as well as to the OHS system.

The initiative focuses on priority injuries and diseases, such as musculoskeletal disorders due to repetitive use; overexertion and heavy lifting; and slips, trips and falls. It also focuses on priority workforce types, which includes small businesses and vulnerable workers. Vulnerable workers are individuals who have one or more of the following characteristics: young workers (24 years old or younger); older workers (55 years old or older); Indigenous workers; have a short tenure, such as temporary, seasonal or casual work arrangements; individuals with multiple jobs; and temporary foreign workers and/or migrants.

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, 2019, there were 10,472 active certificate holders in Alberta, a 4.4 per cent decrease from 10,955 on March 31, 2018.

Labour initiated an extensive program evaluation of the Certificate of Recognition (COR) program in 2018. The review of the program was prompted by stakeholder feedback gathered through the Workers' Compensation Board Review Panel in June 2017 and the OHS System Review (Fall 2017) which indicated the COR program was in need of modernization.

In general, there was a prevailing theme through all feedback that the COR program plays a valuable role in workplace health and safety in Alberta. Through certification, effective occupational health and safety practices are recognized and encouraged.

What is a 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.

Health and Safety Committee and Health and Safety Representative training

Alberta Labour partnered with the Canadian Centre for Occupational Health and Safety (CCOHS) to offer free online prerequisite Health and Safety Committee (HSC)/Health and Safety Representative (HSR) training (2 hour) to all Albertans. Since June 1, 2018 more than 32,000 people have registered and taken the course. Labour has also defined the curriculum and approved training providers for additional HSC/HSR training, including approving three providers to offer 2 hour Part 1 – Prerequisite Training and seven providers to provide 6-8 hour Part 2 – Training.

Occupational Health and Safety Innovation and Engagement Grants Program

The Occupational Health and Safety Grants Program helps non-profit organizations improve workplace health and safety by supporting organizations in undertaking awareness and education activities to improve workplace health and safety culture and prevent workplace injuries, illnesses and fatalities. The grants are available through three funding streams including Capacity Building, Action, and Momentum.

2018-19 OHS Innovation and Engagement Grants Program			
Applications		Recipients by Region ¹	
Received	94	Calgary	5
Approved	18	Edmonton	12
Funds Allocated	\$500,284	North	1

¹ Some are province wide.

In 2018-19, the primary areas of focus for the ministry were impairment, psychological hazards, vulnerable workers, not-for-profit organizations, and small businesses. The industries funded this year included: agriculture and forestry; business, personal and professional services; public administration; education; and health.

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 workers can face. The grants provide opportunities for the province to work with researchers to develop evidence-based approaches to reducing workplace illness and injury.

In 2018-19, OHS Futures received 27 applications, the same number that were received last year. \$1.1 million was provided to fund 14 research projects compared to \$1.6 million to fund 13 projects in 2017-18.

Farm Health and Safety Producer Grant

In 2018-19, the ministry launched a new Farm Health and Safety Producer Grant program with OHS system partners and Agriculture and Forestry to help offset the costs employers may incur in complying with new OHS requirements for their operations. This program is one way the ministry worked to develop new approaches to service delivery for those with unique needs. The program provides grants on a cost-shared basis to cover up to 50 per cent of eligible expenses to the following maximums: \$5,000 per applicant in each fiscal year and \$10,000 per applicant over the program term. To date grants have been provided to 28 applicants.

Occupational Health and Safety Program Delivery

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 2018-19, the ministry conducted 10,365 inspections and 4,045 follow-up inspections, compared to 11,752 inspections and 5,076 follow-up inspections in 2017-18. In 2018-19, a report on compliance was introduced, which is a written report on the measures taken by the work site party to remedy an infraction. In some cases, the report on compliance is sufficient documentation for the officer to close the order without a follow-up inspection, which resulted in a decrease in the number of follow-up inspections required in 2018-19.

Occupational Health and Safety			
	2016-17	2017-18	2018-19
Inspections conducted	8,648	11,752	10,365
Follow-up inspections conducted	3,618	5,076	4,045
OHS orders written	7,848	10,899	16,680
Unique worksites visited	6,792	8,948	8,152

In 2018-19, OHS officers issued 16,680 orders, compared to 10,899 in 2017-18, due to changes in legislation, the types of complaints received, and updated operational procedures. OHS officers have a positive onus to take steps to ensure compliance by worksite parties including, where appropriate, writing an order. 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.

Tickets

Labour's 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 2018-19, 479 tickets were issued, with 157 tickets issued to employers and 322 tickets issued to workers. The largest ticket issued to an employer was \$575. The largest ticket issued to a worker was \$230.

Administrative Penalties

An administrative penalty is a monetary penalty issued by occupational health and safety for non-compliance with OHS legislation. The purpose of administrative penalties is to improve workplace health and safety and compliance and create a deterrent to future non-compliance. From April 1, 2018 to March 31, 2019, 14 administrative penalties were issued to employers with fines ranging from \$1,000 to \$7,500.

Serious Incident Investigations

In 2018-19, there were 16 cases that resulted in charges laid against employers in violation of the *Occupational Health and Safety Act*, representing the most serious OHS infractions, compared to 26 in 2017-18. This resulted in monetary fines totalling \$2,160,200 (compared to \$4,180,075 in 2017-18). These fines ranged from \$28,750 to \$300,000.

A serious incident is defined, under Section 40 of the *OHS Act*, as: an injury or accident that results in death; an injury or accident that results in a worker being admitted to a hospital; 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. The number of charges laid depends on several factors, including the number of serious incidents that occur.

Creative Sentencing/Corporate Probation

The *OHS Act* has some unique provisions for the Courts to consider when sentencing corporations. Having regard to the nature of the offense, the Courts may impose a creative sentence order where the funds are directed towards projects, programs, research or education that will further the goal of achieving healthy and safe worksites. In some instances, corporations are also placed on probation with conditions that require public acknowledgement of the offense, specific health and safety training courses and enhanced regulatory supervision.

Creative sentencing was used four times in 2018-19. From these sentences, a total of \$630,000 was given to health and safety associations and industry associations to fund development and implementation of worker training and conferences. In 2018-19, seven corporate probations were issued.

Farm and Ranch Inspections and Investigations

Recognizing OHS regulation was new to the farm and ranch community, the ministry undertook an educational approach to compliance activities. Labour collaborated with AgSafe, Olds College and Agriculture and Forestry and provided 46 OHS officers with a comprehensive farm and ranch training program. This program included site visits to a farm, biohazard decontamination training and hazard recognition training related to the unique work sites within the industry.

OHS Focused Inspection Programs – Focusing on Emerging Trends

Focused inspections programs enhance employers' awareness of their responsibilities under the *OHS Act*, Regulation and Code to protect the health and safety of their workers by identifying and controlling hazards; enhancing awareness among employers and workers with respect to their relevant rights and responsibilities; and providing knowledge to vulnerable workers regarding their rights pertaining to OHS legislation. The ministry is challenged to develop new approaches to service delivery for those with unique needs and works to tailor its focused inspections programs appropriately. The ministry focused on additional data inputs to develop evidence-based initiative planning to focus on those sectors where the most injuries and fatalities occur.

There were 2,270 focused inspections conducted in 2018-19, resulting in 2,300 compliance orders being issued. Focused inspections conducted in 2018-19 included:

- fuel and convenience retailers (focusing on new requirements to reduce fuel theft and violence);
- residential fall protection;
- new employers (to provide education, awareness and compliance action for new businesses with five or more employees that have registered with the Workers' Compensation Board – Alberta);
- arenas (focusing on the hazards associated with arena refrigeration systems and ensuring regulated parties are meeting their responsibilities under the *OHS Act* with respect to maintenance of infrastructure);
- social care (focusing on care workers violence prevention); and
- health care (interim program focusing on Emergency Medical Services work sites and response to complaints for the industry as a whole).

Apprenticeship Industry and Trade Inspections

In 2018-19, 35 OHS officers were delegated Apprenticeship Industry and Trade (AIT) legislated authority to monitor 10 compulsory trades (a trade where workers are required to be certified or registered as an apprentice), beginning on January 18, 2019. Since then, there have been eight work site inspections in Calgary, Fort McMurray and Edmonton which resulted in two assignment referrals to AIT. These inspections will continue throughout the province.

Occupational Health and Safety – Proactive Initiatives

OHS work done by the ministry is both proactive and reactive. Using data analytics on the safety performance of selected employers and industries, proactive initiatives are developed to try to reduce the numbers of industry-specific incidents.

OHS Proactive Industry Program – Focusing on High-Risk Industries

The proactive industry program conducts inspections to improve worker safety in high-risk industries.

OHS Proactive Industry Program Statistics				
	Inspections	Stop Work Orders	Stop Use Orders	Orders
Residential Construction	2,143	314	16	923
Commercial Construction	2,030	199	29	1,125
Manufacturing	454	20	14	814
Oil and Gas	278	15	21	167

Occupational Health and Safety – Violence and Harassment

The *OHS Act* and Code introduced new rules around violence and harassment in the workplace that placed specific responsibilities and requirements on employers, supervisors and workers. The OHS Code outlines requirements for violence and harassment plans, policies, procedures, worker training, worker support and incident investigation requirements. In addition, the new rules also include requirements around sexual and domestic violence. From June 1, 2018 to March 19, 2019, OHS received 773 complaints of harassment and/or violence concerns and 947 orders were issued as a result of a complaint.

Occupational Health and Safety – Discriminatory Action Complaint

The changes to the *OHS Act* expanded protection to workers by prohibiting any person from taking discriminatory action against them for exercising their rights or duties under the legislation. The onus is on the employer to show that discriminatory action was taken against a worker for a reason other than fulfilling an OHS duty or responsibility. From June 1, 2018 to March 19, 2019, 52 discriminatory action complaints were received, which resulted in 12 having a decision letter issued during the year. A decision letter is only issued if the health and safety concern is validated.

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 2018-19, the OHS Contact Centre received 23,483 telephone inquiries (18,781 in 2017-18) and 7,967 email inquires (4,637 in 2017-18) from both employees and employers seeking additional information and guidance.

1.3 Fully implement a \$15 minimum wage in Alberta

On October 1, 2018, Alberta's general minimum wage increased by \$1.40 per hour to \$15 per hour.

In May 2018, Labour updated 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.

Alberta's Minimum Wage	
	General Minimum Wage
October 1, 2018	\$15.00
October 1, 2017	\$13.60
October 1, 2016	\$12.20

Performance measure 1.a:**Lost-time claim rate: Number of lost-time claims per 100 person-years worked**

Prior Years' Results				Current Result	2018-19 Target
2014 Result	2015 Result	2016 Result	2017 Result		
1.37	1.33	1.33	1.42	1.46	1.15

Disabling injury rate: Number of disabling injuries per 100 person-years worked

Prior Years' Results				Current Result	2018-19 Target
2014 Result	2015 Result	2016 Result	2017 Result		
2.68	2.45	2.46	2.67	2.71	2.19

The lost-time claim (LTC) rate increased to 1.46 in 2018 from 1.42 in 2017 and was above the target of 1.15. The 2018 lost-time claim rate was the highest since 2011 and there appears to be an upward trend since 2016. However, while 2017 saw a 6.8 per cent LTC increase, the 2018 LTC rate had a lower rate of increase at 2.8 per cent.

The disabling injury (DI) rate increased to 2.71 in 2018, from 2.67 in 2017, and was above the target of 2.19. The 2018 DI rate was the highest since 2012 and there appears to be an upward trend since 2015. However, while 2017 saw an 8.5 per cent DI increase, the 2018 DI rate had a lower rate of increase at 1.5 per cent.

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 factors arising from the economic cycle affect injury rates as well. Increased employment in some high-risk industries may have contributed to the increased rates in 2018. Irrespective of these external factors that Labour has no control over, it has always been a departmental practice to set a challenging target and strive to achieve it.

Labour has many programs that promote safe practices in the workplace and influence these results, such as raising public awareness to promote health and safety by providing educational materials on how to work safely and stay healthy on the job. By promoting a strong health and safety culture in workplaces across Alberta, the ministry proactively addresses health and safety concerns to prevent work-related injuries, illnesses and deaths.

Revised occupational health and safety legislation may have reinforced workplace party responsibilities to report on-the-job injury, possibly enhancing the injury-reporting practices of employers and workers. A

higher claim volume, coupled with a slight increase in covered workers, results in higher injury rates. The implications of these changes to OHS may continue for some time, but will likely stabilize in future.

In 2018, there were 126 Workers' Compensation Board – Alberta (WCB) accepted fatality claims. Within these accepted claims, 42 fatalities occurred in 2018 as a result of traumatic workplace incident. In comparison, there were 48 traumatic fatalities identified by the WCB in 2017.

Performance measure 1.b:

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

Prior Years' Results				Current Result	2018-19 Target
2014-15 Result	2015-16 Result	2016-17 Result	2017-18 Result		
44%	49%	49%	41%	62%	55%

Employment standards officers support workers and employees to achieve timely resolutions of complaints if minimum standards are believed to have not been met. In 2018-19, 62 per cent of employment standards complaints received were completed within 180 days of the date the complaint was received. This represents a 21 percentage point increase when compared to 2017-18 and exceeds the target of 55 per cent. Similarly, the average time for complaints to be resolved was improved significantly to an average of 155 days (compared to an average of 205 days in 2017-18).

Each complaint is unique and complex. Investigations take significant 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.

In 2018-19, additional employment standards staff were hired. This combined with streamlining intake processes, the redeployment of resources to maximize frontline services, a structural reorganization, and the introduction of an innovative early resolution process helped to address the queue of employment standards complaints and contributed to the 2018-19 result.

Performance measure 1.c:**Percentage of employment standards complaints resolved using mediation, settlement, compromise or other voluntary means**

Prior Years' Results				Current Result	2018-19 Target
2014-15 Result	2015-16 Result	2016-17 Result	2017-18 Result		
80%	79%	84%	82%	81%	84%

The ministry aims to have safe, fair and healthy workplaces by ensuring compliance with employment standards as prescribed by the legislation and works to promote the voluntary resolution of employment standards complaints. Employment Standards Program Delivery receives and resolves an estimated 5,000 complaints annually, and promotes the voluntary resolution of complaints, where feasible.

Eighty-one per cent of employment standards complaints were resolved voluntarily in 2018-19. This represents a one percentage point decrease from 2017-18 and does not meet the target of 84 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.

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.

	2014-15	2015-16	2016-17	2017-18	2018-19
Number of employment standards complaints eligible for voluntary resolution	4,745	4,505	4,830	4,240	5,242
Number of employment standards complaints resolved voluntarily	3,800	3,544	4,064	3,468	4,234

Performance measure 1.d:

Number of Occupational Health and Safety (OHS) inspections

Prior Years' Results				Current Result	2018-19 Target
2014-15 Result	2015-16 Result	2016-17 Result	2017-18 Result		
9,623	9,058	12,266	16,828	14,410	12,000

Occupational health and safety aims to prevent work-related injuries, illnesses and fatalities by working with employers and workers to ensure workplaces are safe and healthy. To support this, occupational health and safety conducts inspections to determine if employers and workers are fulfilling their responsibilities under *the Occupational Health and Safety Act*, Regulation and Code.

In 2018-19, the ministry achieved its target and conducted 14,410 inspections – comprised of 10,365 inspections and 4,045 follow-up inspections – at 8,152 distinct workplaces. This represents a decrease from 16,828 inspections in 2017-18. The ministry implemented initiatives to improve the province's occupational health and safety system in 2018-19. For example, the ministry developed the OHS prevention initiative to identify areas of concerns and undertook outreach activities to inform stakeholders on rights and responsibilities under the new *Occupational Health and Safety Act*.

Health and safety issues are identified by occupational health and safety officers, who then 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 including the severity of the health and safety issue identified.

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. 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*. The ALRB also administers essential services legislation. The ALRB is also responsible for hearing appeals of occupational health and safety and employment standards matters and determining 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 Workers' Compensation Board – Alberta (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 2018-19 include:

- Establishing the Fair Practices Office;
- Focusing on diversity when recruiting for the Designated Mediator Roster;
- Designating the ALRB as the “appeal body” under the *Employment Standards Code* effective January 1, 2019; and
- Gaining experience, within the ALRB, adjudicating appeals under the *Occupational Health and Safety Act*.

Key Strategies

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			
	2016-17	2017-18	2018-19
Number of mediations concluded where a ministry-appointed mediator was engaged to assist the parties in their negotiations	119	66	75
Number of mediations with a ministry-appointed mediator that were settled without a work stoppage	118 ¹	65	74
Percentage of collective bargaining agreements with the assistance of a ministry-appointed mediator settled without a work stoppage	100% ¹	98.5%	98.7%
¹ There was one work stoppage that year that ended with the loss of collective bargaining rights, i.e. no collective bargaining agreement was reached.			

To ensure Labour tracks the effectiveness of ministry-appointed mediators, the ministry tracks numbers of mediations concluded without a work stoppage. In 2018-19, of the 75 mediations that were concluded with the assistance of a ministry-appointed mediator, 74 were settled without a work stoppage.

In 2018-19, the number of mediation appointments increased from the previous year. The increase in appointments is due to a number of informal mediation requests from the continuing care sector. This increase is also attributed to the recent legislative changes that require the continuing care sector to meet essential services requirements before they can enter into formal mediation.

In 2018-19, Labour began implementing a Grievance Mediation Program. The program is designed to provide parties with an opportunity to resolve a grievance before they get to arbitration. The program includes the development of a Grievance Mediation Roster for the purpose of promoting grievance mediation and vetting grievance mediators in the interest of the labour relations community.

2.2 Recruit for diversity when adding new qualified persons to the Designated Mediator Roster and the Grievance Arbitrator Roster

The ministry's Mediation Services administers two rosters: the Grievance Arbitration Roster and the Designated Mediator Roster.

In 2018-19, the ministry completed recruitment for the Designated Mediator Roster, with participation from a diverse panel of stakeholders and department representatives. The panel considered six candidates in total for potential inclusion into the roster; however, only four interviews were conducted. The panel was cognizant to the consideration of diversity in its deliberations and at the conclusion of the process recommended the inclusion of three candidates in the Designated Mediator Roster. By March 31, 2019, three mediators were offered a position on the Designated Mediator Roster, two accepted.

The ministry's recruitment for the new grievance arbitrators was deferred until the third quarter of 2019-20 due to stakeholder membership changes on the Grievance Arbitration Roster Committee and difficulties in scheduling. The Grievance Arbitration Roster Committee will also consider a proposal to form an internship arbitration roster to help develop new arbitrators.

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 ALRB continued to see an increase in workload as a result of amendments to the *Labour Relations Code*, *Occupational Health and Safety Act* and *Employment Standards Code*.

In 2017-18 the ALRB reported a 44 per cent increase in applications from 2016-17. For 2018-19, the

Alberta Labour Relations Board			
	2016-17	2017-18	2018-19
Number of hearings	394	517 ¹	649 ²
Number of certification applications received by the Alberta Labour Relations Board	93	154	173
Number of duty of fair representation complaints received by the Alberta Labour Relations Board	74	72	63
¹ Updated to include OHS Appeals			
² Includes OHS and ES Appeals			

ALRB had a further increase of three per cent, receiving a total of 788 applications. There was a 12 per cent increase in certification applications in 2018-19. The average number of calendar days from receipt of application to hearing has remained within the target of 70 days, despite the Board seeing a significant increase in the number of hearings.

New areas of legislation continue to see increases in applications to the Board. For example, First Contract Assistance applications increased from eight in 2017-18 to 14 in 2018-19 and Review of Arbitrations increased from four in 2017-18 to 12 in 2018-19. In 2018-19, the Board received 13 appeals under the *Occupational Health and Safety Act* and 21 appeals under the *Employment Standards Code*.

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 assists parties to resolve disputes prior to the formal hearing process.

Alberta Labour Relations Board			
	2016-17	2017-18	2018-19
Number of applications eligible for informal settlement	390	471	496
Number of applications informally settled	260	323	261

Key Decisions of the Alberta Labour Relations Board

In 2018-19, ALRB 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:

- Establishing the Board's test for when Board-ordered certification is an appropriate remedy for an unfair labour practice (*UFCW, Local 401 v. Widewaters Calgary Hotel Management Company*, [2018] Alta. L.R.B.R. 260);
- Interpreting the standard of review applied by the Board under its new authority to review decisions of labour arbitrators (*UFCW, Local 401 v. Sobeys West Inc.*, [2018] Alta. L.R.B.R. 282);
- Considering the relationship of statutory and regulatory requirements in health care to the bargaining of essential services agreements (*AUPE v. Capital Care Group Inc.*, [2018] Alta. L.R.B.R. 337);
- Discussing the obligations of post-secondary institutions and faculty associations concerning academic designation issues before applying to the Board (*Northern Lakes College Faculty Association v. Board of Governors of Northern Lakes College*, February 22, 2019, not yet reported);
- Deciding whether to reconsider the Board's approach to the scope of the direct nursing care unit (*United Nurses of Alberta v. Alberta Health Services*, March 27, 2019, not yet reported).

Enhanced Information Technology Resources

In 2016-17, the Alberta Labour Relations Board started a major project to introduce a new case management system that is expected to be in production by the fall of 2019. A number of matters have arisen that have impacted the timelines including the implementation of changes resulting from the *Fair and Family-friendly Workplaces Act* and the transfer of responsibility to hear *Occupational Health and Safety Act* and *Employment Standards Code* appeals to the Board. Additionally, the case management system vendor was changed during the project. Once online, the system will ensure continued access to current and historical collective bargaining information, provide increased flexibility for future enhancements and provide an integrated environment for more efficient provision of services.

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 the 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 42

Appeals Commission for Alberta Workers' Compensation			
	2016-17	2017-18	2018-19
Number of appeals received	779	710	552
Average number of days from the date the appeal is filed to the first hearing date offered	131	127	137
Average number of days from the hearing to the decision issued date	30	37	44

adjudicators, which includes the Chief Appeals Commissioner, two Vice-Chairs, 17 full-time hearing chairs, and 22 part-time commissioners. A new Chief Appeals Commissioner was appointed in November 2018. Three new hearing chairs and four new Commissioners were appointed in May 2018. Commissioners are recruited through public competition and appointed by the Government of Alberta. Approximately 80 per cent of appeals are held in person by a three-person adjudication panel.

Timelines and the number of appeals are affected by a variety of factors, including the economic environment, changes in legislation and policy, changes in commissioner experience, and the rate of resolution at the Workers' Compensation Board – Alberta. The Appeals Commission received 552 appeals in 2018-19 compared to 710 appeals in 2017-18. The amount of time to prepare and schedule an appeal increased to 137 days in 2018-19 from 127 days in 2017-18. The average number of days from the hearing date to the decision issued date was 44 days in 2018-19, up from 37 days in 2017-18.

2.5 Establish an independent fair practices office to provide Albertans with the assistance they require to navigate the workers' compensation system

Workers' Compensation Board – Alberta

The Workers' Compensation Board – Alberta (WCB) 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 with equal representation from employers, workers and the general public.

The implementation of the review of Alberta's workers' compensation system was completed in 2018-19. A number of changes have been made to improve the governance of the WCB, rebuild trust and move towards a client-centred system. Examples include a new approach to policy consultation and creation of a Policy Consultation Advisory Group, new performance measures and the creation of a Code of Rights and Conduct enshrining the rights of workers and employers when interacting with the WCB. The WCB, the Appeals Commission and Department of Labour worked together to implement the accepted recommendations, of the WCB Review Panel, throughout 2018.

Fair Practices Office

As recommended by the WCB Review Panel, the *Workers' Compensation Act* was amended to create a Fair Practices Office (FPO). The Fair Practices Office's primary responsibility is helping injured workers and employers understand and navigate the workers' compensation system. The FPO also provides assistance to injured workers and small-and-medium sized employers during review and appeal. Additionally, the FPO performs an ombudsman-type role for the workers' compensation system. On December 3, 2018, the Fair Practices Office opened its doors in Edmonton and Calgary.

Performance measure 2.a:

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

Prior Years' Results				Current Result	2018-19 Target
2014-15 Result	2015-16 Result	2016-17 Result	2017-18 Result		
60	62	66	51	58	70

This performance measure reflects the Alberta Labour Relations Board's commitment to schedule matters in a timely fashion. In 2018-19, the average number of days from the acceptance of an application to the date of the first hearing was 58 days, well within the timeframe of 70 days.

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. These amendments continue to have an impact on the time from application to first hearing. In 2018-19, certification applications represented approximately 20 per cent of the Board's applications and the number of applications have increased 23 per cent when compared to 2017-18.

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.

Performance measure 2.b:

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

Prior Years' Results				Current Result	2018-19 Target
2014-15 Result	2015-16 Result	2016-17 Result	2017-18 Result		
60%	54%	63%	79%	70%	85%

This performance measure reflects the Alberta Labour Relations Board's commitment to issue decisions in a timely fashion. In 2018-19, 70 per cent of decisions were rendered within 90 calendar days from the completion of the hearing. This result is a 9 percentage point decrease from the 2017-18 result of 79 per cent and below the target of 85 per cent.

Hearings for matters under the *Labour Relations Code*, *Occupational Health and Safety Act* and the *Employment Standards Code* increased 26 per cent from 517 in 2017-18 to 649 in 2018-19. The ALRB commenced hearing occupational health and safety appeals in 2018 and employment standards appeals in 2019. For this fiscal period, this resulted in an additional 27 hearings. As well, new matters continue to be adjudicated as a result of amendments to the *Labour Relations Code*.

The increase in hearings and the adjudicators continuing to deal with more complicated issues and new areas of law led to a significant increase in workload for adjudicators, which resulted in the missed target. The ALRB recognized that an additional full-time Vice Chair was required to meet the increased workload demand, however, due to recruitment delays, the Vice-Chair did not commence until 2019. Two additional part-time Vice-Chairs have also been appointed to assist with the adjudicating of the increased workload. One commenced in October 2018 and the other in February 2019.

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

Prior Years' Results				Current Result	2018-19 Target
2014-15 Result	2015-16 Result	2016-17 Result	2017-18 Result		
99.2%	98.9%	98.2%	99.2%	98.9%	98.0%

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

In 2018-19, 98.9 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 who are drawn from a diverse pool of expertise and recruited based on 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.

	2014-15	2015-16	2016-17	2017-18	2018-19
Number of appeals concluded	897	830	650	499	550
Number of decisions challenged	7	9	12	4	6

Performance measure 2.d:

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

Prior Years' Results			Current Result	2018-19 Target
2015-16 Result	2016-17 Result	2017-18 Result		
79.8%	85.2%	91.1%	83.6%	75%

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 2018-19, 83.6 per cent of mediation cases were resolved within two days. This is a decrease of 7.5 percentage points from the 2017-18 result but still significantly exceeds the target of 75 per cent.

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). After two days, mediation costs are shared by both parties. The complexity of individual mediation cases may cause variation in the result. General economic conditions influence, but do not necessarily predict, the result.

The ministry has also seen an increase in the use of informal mediation in recent years following amendments to labour legislation. This refers to mediation appointments that do not involve strict timelines and do not enable parties to move towards strikes or lockouts. Usage of informal mediation is anticipated to continue in the future. Due to the open-endedness of informal mediation the number of mediations requiring more than two days for resolution may increase.

	2015-16	2016-17	2017-18	2018-19
Number of collective bargaining agreements with the assistance of a ministry-appointed mediator in which the parties resolved within two days	79	69	41	46
Number of collective bargaining agreements with the assistance of a ministry-appointed mediator	99	81	45	55

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

	Prior Years' Results				Current Result
	2014 Result	2015 Result	2016 Result	2017 Result	
Person-days lost to strikes and lockouts per 1,000 employees	2.1	0.3	0.4	3.2	0.7
Days lost	4,800	671	804	7,208	1,608
Persons employed (15 years and over) in thousands	2,274.6	2,301.1	2,263.8	2,289.9	2,330.7

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 2018, there was one major strike: the twelve day strike of 134 workers for Living Waters Catholic Regional Division No. 42 in September and October 2018.

The low 2018 rate (measured per 1,000 employees) may have been influenced by legislative amendments in recent years 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.

Outcome Three

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

Labour works to support a thriving economy by ensuring Albertans have the skills and training needed to be successful in Alberta's labour market and by helping connect Alberta employers to skilled labour. With a focus on helping Albertans find jobs today and prepare for the jobs of the future, the ministry works with employers (e.g. anticipating workforce demand, etc.), offers training, and develops programs to help workers obtain the skills needed in today's labour market. This work includes targeted programming for under-represented groups in the labour force, such as Indigenous people and youth, and programs to support unemployed workers which may contribute to a positive growth in labour force participation in the future. Maintaining labour attraction and retention efforts and promoting the recognition of foreign qualifications help ensure the province is well-positioned to respond to labour market demands as the economy recovers.

Key results and highlights during 2018-19 include:

- Launching a simpler and faster application process for the Alberta Immigrant Nominee Program (AINP);
- Providing financial support to 1,415 employers to subsidize the wages of 3,158 students through the Summer Temporary Employment Program;
- Committing \$18 million to the Canada-Alberta Job Grant to provide skills training to Albertans; and
- Establishing and supporting employers and workers through Workforce Adjustment Committees comprised of worker, employer and community representatives to assist coal workers in transitioning to new employment or retirement.

Key Strategies

3.1 Develop, administer and assess training and employment programs, in collaboration with federal and provincial partners that connect Albertans to jobs in response to Alberta's 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. Alberta is working to implement the agreements that were signed in March 2018. The amended Labour Market Development Agreement (LMDA) and the new Workforce Development Agreement (WDA) include greater flexibility for participant eligibility and provide additional funding over the next five years that will provide significant benefits for both Alberta employers and the labour force. These 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. The ministry had identified a risk that changing federal government priorities and renegotiations on federal funding may require the ministry to rapidly adapt programming to ensure this funding is effectively utilized and programming meets client needs (e.g. align with Office of the Auditor General findings on Building and Educating Tomorrow's

Workforce). The amended LMDA and WDA agreements effectively mitigate this risk by providing greater flexibility related to eligible clients but still requires employment as the primary outcome. Funding from the agreements is allocated across four ministries, and in partnership with Service Alberta, to meet the needs of Albertans, connecting them to jobs now and providing training for good jobs in the future. Tailoring training programs to specific client group needs, as well as adapting programs to meet emerging skill and labour market needs, are some of the ways the ministry works to develop new approaches to service delivery to meet the needs of individuals and employers.

Employer Liaison Service

The ministry remained focused on getting Albertans back to work and creating sustainable jobs in the province. The Employer Liaison Service contributed to the realisation of this priority by helping employers find high-skilled Alberta workers in sectors with high rates of unemployment to fill their vacancies. The Employer Liaison Service provided 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 Employer Liaison Service pilot project was launched in April 2017 and will end in March 2020. As of March 31, 2019, the service has reached out to 38 employers seeking to fill 75 job vacancies, primarily in the transportation sector.

As part of the pilot project, a “Refusal to Process” list was made available online and outlines the list of occupations with a sufficient supply of unemployed, skilled Albertans looking for work. Labour market impact assessments, required to hire a foreign worker, are not processed for occupations on the “Refusal to Process” list.

Employment and Training Programs – Support for Unemployed Albertans

In 2018-19, the ministry continued to enhance supports for recently unemployed Albertans to find work. Many of the 2018-19 programs, outlined under this key strategy, along with recent programs established in the 2017-18 fiscal year, continue to experience increased participation from Employment Insurance clients. The number of individuals receiving Employment Insurance and involved in training programs and services was up 10 per cent compared to 2017-18. In 2018-19, 82 per cent of those served by the ministry’s employment and training programs are eligible for Employment Insurance benefits.

- Throughout 2018-19, more than 8,100 Albertans received services through government-funded training programs, which include Training for Work and First Nations and Aboriginal Training to Employment Grants. These programs help Albertans build new skills and connect to jobs, as well as create their own employment opportunities through self-employment training.
- A total of 180 training programs, employment services and Indigenous programs and services helped Albertans across the province in 2018-19. While most of these services supported all eligible unemployed Albertans, some targeted older workers (55 years and older), new Canadians, and skilled professionals.

Training for Work

Training for Work programs provide occupationally-focused training opportunities to help individuals obtain employment and improve their employment situation, adapt to changing labour market conditions or gain skills to sustain employment. In 2018-19, 4,000 unemployed Albertans accessed these programs. Almost 72 per cent of training for work trainees were employed or in further training 90 days after training.

In 2018, new approaches to delivering training programs were implemented through 11 new contracts in rural and urban communities. The training programs focused on career transition and transferrable skills, helping to connect recently unemployed Albertans to available jobs.

- Two new Supply Chain Integrated Training programs were implemented, one in Calgary and one in Red Deer. The programs address current vacancies and expected future labour demands in the supply chain sector and work to ensure Albertans are well-positioned to adapt to an increase in digitization in supply chain sector.
- Seven new Information Communication Technology (ICT) programs were implemented in the Calgary and Edmonton areas to support and identify skills gaps and demand in the technical sector. The programs are open to skilled workers including engineers, trades and financial professionals. A workforce that is highly skilled in new and existing technologies, such as full stack developers, etc., will contribute to a diversified economy and attract new investment.
- In 2018-19, Self-Employment contracts were awarded in the Edmonton and central Alberta areas which included synchronous e-learning in order for participants in rural Alberta to access training. Three intakes took place in January, March and April 2019, providing self-employment training to approximately 75 people. These programs allow Albertans to create self-employment opportunities by starting and operating a business. This increases economic prosperity in generating additional employment opportunities in the community that might not otherwise be available.

Workforce Adjustment Service and Coal Transition

The Workforce Adjustment Service helps employers and labour groups develop a coordinated response to address the effects of changes in the workplace. This is done through Workforce Adjustment Committees that bring employers, unions and employees together to develop a plan of action and strategies tailored to address workforce adjustment situations and the needs of transitioning employees.

The Coal Workforce Transition Program, developed in consultation with impacted Albertans, provides workers in the coal industry, impacted by the coal phase out, access to financial, employment and training supports. The program has multiple streams of support for workers, including:

- The Bridge to Re-employment relief grant, which provides financial assistance to workers searching for new jobs.
- The Bridge to Retirement relief grant, which provides financial assistance to coal workers who are close to retirement when laid off.
- Relocation Assistance, which provides financial support for those who have moved at least 40 kilometres to start a new job.

Labour also provided two regional grants for projects focused on identifying and providing supports to workers affected by coal phase out in developing transition plans to other employment.

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 2018-19, 65 Labour Market Partnerships, totalling nearly \$3.9 million in grant funding, supported a variety of industry and 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 2018-19 include:

- A total of \$249,500 in funding to help to build capacity among immigrant serving organizations to better connect internationally trained individuals (ITIs) with employment related to their education, training and experiences. The project also advised employers on the benefits of hiring ITIs and how to effectively recruit, integrate and retain these talents.
- Elevate Aviation (grant value: \$236,000), in collaboration with NavCanada, the Edmonton International Airport, the Canadian Air Traffic Control Association and others to provide exploration workshops to encourage women, Indigenous people and youth to enter the aviation industry. This grant helps mitigate industry-wide labour shortages by creating linkages between industry and Albertans through targeted career streams and attracting more individuals from under-represented groups into aviation opportunities.
- A total of \$283,250 in funding for five regional grants to support labour market studies that identify skills gaps and labour force needs. The labour market studies will provide information that can be used by employers, employees and other stakeholders (e.g. industry associations and training providers) to make informed decisions to help align the future labour market.
- A total of \$72,500 in funding for three regional grants to support initiatives in the technology sector. Projects included: an event focused on trends and the impact of emerging technologies on talent management and recruitment and how to better use technology to prepare workers to engage in Alberta's labour market; workshops to attract and retain women in the technology sector and skill build within the sector; and a forum focused on attraction and retention to the technology sector to build inclusive, skilled and diverse workplaces.
- Sixteen grants (totalling \$720,430) with Indigenous community partners that focus on facilitating connections between industry, employers, Indigenous communities, and Indigenous job seekers to address current labour market needs. For example, the Wood Buffalo Indigenous & Construction Industry Summit (grant value: \$33,000), which helps strengthen linkages, recruiting and other processes and practices between employers and Indigenous skills and employment training programs, Indigenous authorities, and stakeholder organizations that serve or support Indigenous people in Wood Buffalo.

Women Building Futures

The Women Building Futures 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 to attract them to careers in the trades while providing employers with supports in assessment and essential skills training, coaching and employee retention. In March 2017, Labour awarded a \$2.3 million grant to the Women Building Futures Society, which included \$2 million from Labour and \$300,000 from Advanced Education for the 2017 to 2020 period.

- The program includes marketing initiatives designed to attract rural and Indigenous women to the trades, onsite supports, mentorship, and access to foundational and skills training.
- This funding has contributed to reaching over 82,000 Albertans through its awareness campaign and supported more than 1,800 women in accessing training.

CAREERS: The Next Generation

In a 2017-20 agreement, Labour partnered with Advanced Education, Community and Social Services, Education, Economic Development and Trade, Health, and Indigenous Relations to provide CAREERS: The Next Generation to Albertans (CAREERS). The CAREERS program 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.

For the 2017-18 school year, CAREERS engaged 47,000 Alberta youth. This included Labour's contribution to provide awareness on career pathways and employment initiatives for 6,536 young Albertans, 17 per cent of which were Indigenous youth.

This multi-ministry funding agreement continued in 2018-19 with Labour contributing \$550,000 to support the CAREERS program in the 2018-19 school year. Funding from Labour supported career and employment awareness through multiple stakeholder events such as career expos and information sessions, and includes Indigenous career engagement throughout the province. The 2018-19 results are expected to be released by October 30, 2019.

GenA

Through the GenA program, employers were educated on how to recognize the unique contributions youth make to their workforce. GenA served almost 1,000 youth, placing 369 in direct employment. The program has also connected with 174 employers over the 24 months of service delivery.

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 and promotes the benefits of hiring youth to employers.

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

Article 21(1) of the *United Nations Declaration on the Rights of Indigenous Peoples* 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 and engaging support in their respective communities to ensure Indigenous communities are aware of internal and external programs and services to support Indigenous people’s workforce participation. The work of Indigenous partnership coordinators has led to collaborative and constructive working relationships between Indigenous communities, stakeholders and industry, cross-provincial ministries, and federal partners.

Labour funds a number of projects and organizations that provide employment and training services that support the participation of Indigenous people in the workforce across the province.

- In partnership with Indigenous communities in Alberta, Labour delivers two skills-training programs, First Nations Training to Employment programming (FNTEP) and Aboriginal Training to Employment programming (ATEP). These programs are designed to create training and work experience projects that lead to employment supporting 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, Rupertsland Institute, Metis Settlements, Indigenous organizations, industry partners (such as employers, associations or unions) and government to create training and work experience programs. Some programs include improved cultural supports for participants such as the inclusion of community Elders in programming to support the completion of training.
- Labour partnered with Indigenous stakeholders by providing 84 grants for 65 First Nations Training to Employment and 19 Aboriginal Training to Employment projects that were started or completed in 2018-19. The 84 projects provided 4,664 Indigenous people with skills training and work experience. The partnerships per project ranged from two to 17, which included First Nation Bands, Treaty Councils, Tribal organizations, Metis Settlements, Rupertsland Institute, Indigenous organizations, Industry, employers, associations, and training providers. These programs provided training in 15 different industry sectors with the top three being in construction, mining/quarrying/oil and gas extraction, and accommodation and food services. Examples of occupational training provided included: construction/pre-trades, hospitality/tourism, solar panel installation, cooking, office administration/bookkeeping, environmental monitoring, and wildland firefighter.
- The Summer Temporary Employment Program also provided funding for First Nations communities and Metis Settlements to help students gain valuable work experience and to participate in Alberta’s workforce. For additional information, see key strategy 3.3 of this annual report.

- Under the Canada-Alberta Job Grant, Aboriginal governments are eligible to access funds for training purposes. In 2018-19, the job grant approved approximately \$215,000 for nine applications for Indigenous employers to train 87 Indigenous people.
- Labour also directs funding for CAREERS: The Next Generation towards opportunities for Indigenous youth. For more information, see key strategy 3.1 of this annual report.

Labour is supporting the implementation of the Alberta – Blackfoot Confederacy Protocol Agreement, by leading the Economic Development and Employment Table (the Table) along with senior official counterparts from the Blackfoot Confederacy.

- The Blackfoot Confederacy identified issues related to economic development and employment. A detailed work plan was developed by the Table members to identify priorities and actions and was signed off by the three Blackfoot Confederacy Chiefs and the Minister of Labour in March 2019.
- One of the primary activities of the Table is to understand the economic potential of the Blackfoot Confederacy community as a whole. This will be achieved by completing an economic study for Piikani First Nation and completing a review and update of the previous Blood Tribe and Siksika First Nation economic studies. The combined result will identify areas for consolidated/centralized buying, evidence of new economic opportunities, etc.

3A Engagement Initiative

Labour collaborated on the 3A Engagement Initiative, led by Advanced Education, to hold sessions with 35 Indigenous training providers who had delivered First Nations Training to Employment or Aboriginal Training to Employment programs. This engagement provided an opportunity for the Government of Alberta to “Enhance support for existing post-secondary and training-to-employment programs that demonstrate cultural relevancy and provide “wrap-around” services for Indigenous learners.” The dialogue and feedback provided was captured in a “What We Heard” document.

3.3 Support Albertans to obtain meaningful labour market experiences and active participation in the labour force through the Summer Temporary Employment Program (STEP) and the Canada-Alberta Job Grant (CAJG)

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 2018-19, financial support was provided to 1,415 employers across the province to subsidize the wages of 3,158 students. The 2018 program saw over \$9.8 million in grants issued to employers. STEP 2019-20 launched in January 2019 and received approximately 2,900 applications from prospective employers to help subsidize student wages in summer 2019.

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 and retaining jobs.

Canada-Alberta Job Grant		
	2017-18	2018-19
Applications received	6,962	7,442
Applications approved	6,035	6,284
Albertans approved for training ¹	11,455	12,154
Funds committed	\$19.1M	\$18.0M
¹ An individual Albertan may have participated in more than one training course.		

In 2018-19, approximately \$18 million in funding was committed to more than 6,250 Canada-Alberta Job Grant applications, resulting in more than 12,000 Albertans approved for training courses. To support skill development in technology, 13 per cent of applications approved were in the professional, scientific, and technical services sector. To streamline processes, applicants can now apply for the program through Labour's Workforce Grants Portal that was launched in February 2019.

3.4 Develop labour market information to support informed decision-making by Albertans, government, communities, training providers and employers

The Advanced Labour Market Analytics System collects labour market information from businesses throughout the province. The system helps government and employers understand and address 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.

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. The Short-Term Employment Forecast complements the government's 10-year long-term labour forecast: Alberta's Occupational Demand and Supply Outlook 2015-2025.

2017 Labour Mobility Survey

Results from the 2017 Labour Mobility Survey were released in January 2019. This annual report provides a snapshot of the domestic labour mobility rates of certified workers in Alberta and informs labour force planning across government with industry and other partners. The survey results show that interprovincial labour mobility contributes a substantial portion of Alberta's labour supply for many regulated occupations. In 2017, more than 9,000 workers, certified in other provinces, applied for professional certification in Alberta.

2017 Alberta Wage and Salary Survey

The Alberta Wage and Salary Survey is conducted every two years with the next survey scheduled for public release in late 2019. The last available results are from the 2017 survey. 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 2017 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.

3.5 Modernize programs and systems to ensure effective labour mobility provisions and recognition of qualifications to attract skilled newcomers from outside Alberta and Canada to address current and future skill shortages

Alberta Immigrant Nominee Program

The Alberta Immigrant Nominee Program (AINP) is an economic immigration program supporting the province's economic growth and diversification by nominating foreign workers and international students for permanent residence. Provincial nominees demonstrate they can fill a labour market need and establish economically in Alberta.

In 2018, the Government of Canada provided the AINP with an annual allocation of 5,600 certificates to issue. The AINP issued 5,600 nominee certificates resulting in 9,941 individuals

(including the applicant, their spouse/common law partner, and dependent children) having the opportunity to apply to become permanent residents of Canada. In 2018, 10,190 nominees and their dependants landed as permanent residents. Most of the individuals who landed in 2018 were nominated in previous years. The number of individuals that land in Alberta varies each year depending on processing times for permanent residency, the length of time it takes nominees to prepare to immigrate to Alberta, and the family size of nominees.

Alberta Immigrant Nominee Program			
	2016-17	2017-18	2018-19
Number of applications received ¹	7,352	8,640	4,713
Number of applications assessed ²	9,516	7,029	7,285
Number of certificates issued ³	5,501	5,511	5,600
Number of individuals	9,694	9,271	9,941
Number of nominees landed ⁴	3,255	3,447	5,776
Number of individuals landed ⁴	7,394	6,996	10,190

¹ 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.
² Applications are not always assessed in the same year they are received.
³ Includes certificates that were re-used and re-allocated to another nominee under a new certificate number.
⁴ Nominees (and their families) do not always land in Alberta the same year the certificate was issued.

The ministry identified opportunities to adopt innovative approaches to business processes to enable enhanced AINP delivery. Significant updates to the program were implemented on June 14, 2018 to make the program faster and the application process simpler. Eleven streams and categories were consolidated into the new Alberta Opportunity Stream (AOS). In addition, individuals working virtually in all occupations across all skill levels now have access to the program and with strengthened selection criteria, nominees and their family are better positioned to establish themselves in the province of Alberta. Minimum requirements for English/French language ability and education standards will be phased in to provide stakeholders and potential applicants with more time to adapt to the new benchmarks. The program changes made it easier for qualified individuals to apply for the program and ensured that Alberta would continue to fill job shortages with qualified workers when employers could not find Albertans or Canadians to fill the vacancies. Most are temporary foreign workers (TFWs) already in Alberta.

Minimum requirements for English/French language ability and education standards will be phased in to provide stakeholders and potential applicants with more time to adapt to the new benchmarks. The program changes made it easier for qualified individuals to apply for the program and ensured that Alberta would continue to fill job shortages with qualified workers when employers could not find Albertans or Canadians to fill the vacancies. Most are temporary foreign workers (TFWs) already in Alberta.

In 2018, the AINP also implemented an Express Entry Stream to nominate a limited number of qualified individuals from Immigration, Refugees and Citizenship Canada's (IRCC's) Express Entry system. The Express Entry system provides Alberta with another source of individuals and international graduates to nominate. Those drawn and nominated from the federal pool demonstrated they can fill an Alberta labour need and had strong ties to Alberta.

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 and telephone, in-person, and online or by virtual presentations in cooperation with our partners. A total of 27, in-person and remote, AINP information sessions were delivered to more than 1,500 participants during the year. Over 4,100 AINP inquiries via email were received and over 7,000 phone calls were received during the year.

Did you know?

- The introduction of the Alberta Opportunity Stream has reduced wait times, with new applicants waiting up to 74 days for a decision, in contrast to the previous one year wait time.

Foreign Qualifications Recognition

Labour works closely and collaboratively with professional regulatory organizations (PROs), immigrant serving organizations, employers and post-secondary institutions to improve the assessment and recognition of newcomer's education, skills and experiences. Through enabling legislation, each PRO is delegated self-governing responsibilities by the Alberta government to regulate registration, licensure, professional conduct and discipline of their professional members in order to protect the public interest and safety (e.g. Association of Professional Engineers and Geoscientists of Alberta). PROs provide annual licensure statistics reports on internationally trained applicants, which helps Labour identify specific barriers that immigrants continue to face in obtaining licensure in regulated occupations.

What is a Professional Regulatory Organization (PRO)?

PROs are self-regulating organizations that have been given statutory authority in Alberta to regulate their respective professions or professionals in a manner to ensure public safety and interests are protected. They regulate the standards of education and experience required of members to enter the profession or occupation, their standards of practice, continuing education requirements and conduct of members, and investigate and adjudicate complaints from the public and other members about alleged unprofessional conduct.

In 2018-19, the Government of Alberta contributed to Employment and Social Development Canada's *Taking Action Against Racism* report which included two foreign qualification related priority actions. The first was starting a Foreign Qualification Recognition Fund to help broaden how internationally trained individuals' (ITIs) skills and experience are assessed, beyond looking at credentials alone, and the second was expanding career mentorship programs to small urban and rural communities. The report also identified the need to help occupations with high numbers of ITIs who are unable to become licensed identify alternative career pathways to work in occupations matching with their skills and knowledge.

International Qualifications Assessment Service

The ministry's International Qualifications Assessment Service (IQAS) 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. IQAS assessments support the recognition of international education, helping newcomers access Alberta's job market, educational institutions and professional regulatory organizations. In 2018-19, IQAS issued a total of 16,600 assessment certificates, representing an 11 per cent increase from the 14,897 certificates issued in 2017-18. In 2018-19, IQAS launched a new interactive client application web portal to streamline application processes. Applicants can now monitor status of their application, update information online and upload supporting documentation.

Did you know?

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

3.6 Support newcomers and refugees to settle in Alberta and effectively attach to the labour market in collaboration with federal and provincial partners

Settlement Supports

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

In 2018-19, the new Settlement and Integration Program was implemented. The program focuses on gaps and barriers that can have a significant impact on newcomer integration and includes supporting under-served clients due to newcomers' lack of awareness of how to access information about services and programs; community capacity-building to assist smaller centers improve capacity to meet newcomers' needs; and supporting initiatives that improve labour market attachment by helping newcomers create social networks, obtain Canadian job experience and understand Canadian work culture. It encompasses delivery of settlement services, as well as innovative approaches to addressing gaps and emerging issues in the language and settlement sectors. The Settlement and Integration Program supported 22 new projects with a total of \$5.35 million in provincial and federal grant funding in 2018-19. Four of these projects added new settlement services for another 695 newcomers across the province, along with the services already available in the province. The new grants also support newcomers on their pathway to labour market attachment and help communities and workplaces better support immigrants.

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 remained at \$1.8 million resulting in more than 6,500 immigrants and refugees receiving language assessment services and referral information to the training programs they need. Labour also supports three English as a Second Language drop-in centres in Alberta. In 2018-19, \$586,787 in funding provided language services for about 1,200 newcomers who, for a variety of reasons, could not access scheduled English as a Second Language programs.

Francophone Services in Alberta

In 2018-19, the ministry worked to strengthen the delivery of settlement services in French for francophone newcomers by allocating \$286,839 to serve 450 francophone clients. Labour coordinates with the Francophone Secretariat to engage the francophone community, understand issues and needs and support newcomer integration.

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**

Prior Years' Results				Current Result	2018-19 Target
2014 Result	2015 Result	2016 Result	2017 Result		
74.6%	68.6%	60.8%	66.7%	71.9%	70%

Note: Historical results have been restated to reflect skills training programs delivered by Labour.

The percentage of Training for Work clients who report they are either employed, self-employed or in further education or training after leaving a skills training program partially assesses the effectiveness of these programs in helping participants meet these goals. Success is also affected by 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 2018, 71.9 per cent of clients reported they were either employed or in further education or training after leaving a skills training program. This result is 5.2 percentage points higher than the 2017 result of 66.7 per cent and exceeds the target by 1.9 percentage points. The 2018 result continues a trend of increasing positive outcomes since 2016. Labour continues to work diligently with contracted service delivery partners to ensure training is relevant and encourages labour force attachment for program participants.

Labour market demand is a significant influence on this measure. Between September 2017 and August 2018, which corresponds with Albertans surveyed after leaving a skills training program, the unemployment rate declined from 7.9 per cent to 6.7 per cent. Despite improvements, Alberta's unemployment rate continued to be above the national average. There is also a lag between labour market demand 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

Prior Years' Results				Current Result	2018-19 Target
2014-15 Result	2015-16 Result	2016-17 Result	2017-18 Result		
11,078	10,671	10,702	7,934	7,850	8,000

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 2017 and June 2018, the number of immigrants entering Canada through the PNP who chose Alberta as their destination decreased slightly from 7,934 in the 2016-17 census year to 7,850, which was likely due in part to lagging effects of the economic downturn. The number of immigrants with an intended destination of Alberta was slightly lower than the ministry's target of 8,000.

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. In 2018, the Government of Canada increased Alberta's PNP allocation to 5,600. 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.

Reporting Year	2014-15	2015-16	2016-17	2017-18	2018-19
Census Year	2013-14	2014-15	2015-16	2016-17	2017-18
	11,078	10,671	10,702	7,934	7,850

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

Prior Years' Results				Current Result
2013 Result	2014 Result	2015 Result	2016 Result	
88.5%	83.9%	85.8%	86.3%	85.7%

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.

Each year, the ministry conducts a one-year post-landing survey of AINP nominees. AINP nominees that landed (obtained permanent residency) in 2016 were surveyed in 2018, and those that landed in 2017 were surveyed in 2019 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.

The 2018-19 annual report is reporting results for AINP nominees that landed in 2016 and 2017. The 2016 result of 86.3 per cent is consistent with the results achieved in previous years, albeit is slightly higher than 2015 (85.8 per cent). The 2017 result of 85.7 per cent is a slight decline from 2016 but consistent with the results in previous years. 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 federal government or they apply to immigrate to Canada through an alternate immigration stream.

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 ensure that the individuals nominated have integrated into the labour market successfully.

	2013	2014	2015	2016	2017
Total Number of Nominees Landed	3,314	4,908	4,691	3,253	3,447
Percentage of AINP nominees surveyed who report they are still residing and working in Alberta	88.5%	83.9%	85.8%	86.3%	85.7%

Performance indicator 3.b:

Labour force participation rate of:

- All Albertans (aged 25-64)
- Aboriginal Albertans living off-reserve (aged 25-64)
- Alberta's immigrant population (aged 25-64)
- Alberta youth (aged 15-24)

	Prior Years' Results				Current Result
	2014 Result	2015 Result	2016 Result	2017 Result	
All Albertans (aged 25-64)	84.2%	84.3%	84.2%	84.5%	84.8%
Aboriginal Albertans (aged 25-64)	78.5%	76.6%	78.9%	76.6%	76.3%
Alberta's immigrant population (aged 25-64)	83.6%	83.6%	83.6%	84.1%	85.0%
Alberta youth (aged 15-24)	67.4%	68.6%	67.6%	66.4%	64.3%

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 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) for select groups and youth (aged 15-24) who are either employed or actively seeking employment (unemployed).

Albertans (aged 25-64):

Alberta's labour force participation rate for those aged 25-64 increased slightly in 2018 to 84.8 per cent from 84.5 per cent in 2017. Alberta ranks number one among all Canadian provinces, with a participation rate at 84.8 per cent and significantly higher than the national labour force participation rate of 81.7 per cent.

The labour force participation rate has risen over the past three years and it does have the potential to continue rising 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 2018, moving from 76.6 per cent in 2017 to 76.3 per cent in 2018. Alberta compared positively to other Canadian provinces and ranked number four in 2018, behind Prince Edward Island at 78.8 per cent; Nova Scotia at 77.6 per cent; and Newfoundland and Labrador at 77.3 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 delivers programs 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 85.0 per cent in 2018 from 84.1 per cent in 2017.

Alberta compared positively to other Canadian provinces and ranked number three in 2018 behind number one ranked Saskatchewan (86.7 per cent) and Manitoba (85.1 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 2018 to 64.3 per cent from 66.4 per cent in 2017. Alberta ranked sixth, tied with British Columbia.

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 labour force participation, including for Alberta youth, may contribute to a positive growth in labour force participation in the future.

Performance Measure and Indicator Methodology

Performance Measure 1.a:

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

Methodology

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.

Source

Workers' Compensation Board – Alberta

Performance Measure 1.b:**Percentage of employment standards complaints completed within 180 days of date complaint received****Methodology**

Alberta's employment standards laws are enforced through audits, inspections, penalties, prosecutions and judgment collection. 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 Data and Statistics Hub tracks all data related to employment standards complaints. For this performance measure, a report is created from the Data and Statistics Hub 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.

In 2018-19, the ministry transitioned data collection, storage and report generation for this measure to a new internally administered database called the Data and Statistics Hub. The new database has been rigorously tested with new procedures developed and results for 2018-19 from the new database being comparable to previous years.

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

Source

Data and Statistics Hub, an internal database administered by Labour

Performance Measure 1.c:**Percentage of employment standards complaints resolved using mediation, settlement, compromise or other voluntary means****Methodology**

The ministry aims to have safe, fair and healthy workplaces by ensuring compliance with employment standards 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 Data and Statistics Hub tracks all data related to employment standards complaints. For this performance measure, a report is created from the Data and Statistics Hub 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.

In 2018-19, the ministry transitioned data collection, storage and report generation for this measure to a new internally administered database called the Data and Statistics Hub. The new database has been rigorously tested with new procedures developed and results for 2018-19 from the new database being comparable to previous years.

Number of complaints resolved voluntarily

Total number of complaints concluded that were eligible for voluntary resolution X 100 = Percentage Rate

Source

Data and Statistics Hub, an internal database administered by Labour

Performance Measure 1.d:
Number of Occupational Health and Safety (OHS) inspections

Methodology

OHS conducts inspections to determine if employers and workers are fulfilling their responsibilities under the *Occupational Health and Safety Act*, Regulation and Code.

In 2018-19, the ministry transitioned data collection, storage and report generation for this measure to a new internally administered database called the Data and Statistics Hub. The Data and Statistics Hub tracks all data related to OHS work processes. For this performance measure, a report is created from the Data and Statistics Hub that identifies all client contact activity with a type of “Inspection” and “Re-inspection”. The new database has been rigorously tested with new procedures developed and results for 2018-19 from the new database being comparable to previous years.

Source

Data and Statistics Hub, an internal database administered by Labour

Performance Measure 2.a:**Average number of days from the acceptance of an application to the date of the first ALRB hearing****Methodology**

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 hearings 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. The current performance measure is based on calendar days, not working days. 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.

The mandate of the Board has expanded as a result of legislative changes in recent years with the ALRB commencing hearings for occupational health and safety appeals in 2018 and employment standards appeals in 2019. The Board continues with development of a new Case Management System with production expected in Fall 2019. However, OHS and ES hearings are not included in this performance measure at this time due to different data collection approaches and determining procedures related to the expanded mandate.

Source

Alberta Labour Relations Board (ALRB) Case Management System, an internal database administered by the ALRB

Performance Measure 2.b:

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

Methodology

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.

The mandate of the Board has expanded as a result of legislative changes in recent years with the ALRB commencing hearings for occupational health and safety appeals in 2018 and employment standards appeals in 2019. Currently, ES appeal decisions are included in the performance measure as processes and procedures from hearing to decision are comparable to a standard application. However, OHS decisions are not included at this time due to different data collection approaches and determining procedures related to the expanded mandate. The Board continues with development of a new Case Management System with production expected in Fall 2019.

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

Source

Alberta Labour Relations Board (ALRB) Case Management System, an internal database administered by the ALRB

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

Methodology

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 2018, 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.

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

Source

Appeals Commission Electronic Management System, an internal database administered by the Appeals Commission

Performance Measure 2.d:

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

Methodology

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

The Compliance Management and Information System (CMIS) 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.

In 2019-20, the ministry will transition data collection, storage and report generation for this measure to a new internally administered database called the Labour Relations Resolution Information (LRRRI) system. Testing of the new database is on-going.

Number of mediations resolved within zero, one or two days

$$\frac{\text{Total number of mediations resolved with an application date within the year}}{\text{Total number of mediations resolved with an application date within the year}} \times 100 = \text{Percentage Rate}$$

Source

Compliance Management Information System, an internal database administered by Labour

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****Methodology**

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:

Number of employees x Number of Work Days Modifier x Work Days = 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. For more information on the methodology of the Labour Force Survey, please see Guide to the Labour Force Survey (2018), Statistics Canada: <https://www150.statcan.gc.ca/n1/en/pub/71-543-g/71-543-g2018001-eng.pdf?st=2OX23DIG>

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

$$\frac{\text{Person-days lost}}{\text{Average number of employees}} \times 100 = \text{Percentage Rate}$$

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 indicator, person days lost are attributed to the calendar year in which the strike or lockout ends.

In 2019-20, the ministry will transition data collection, storage and report generation for this indicator to a new internally administered database called the Labour Relations Resolution Information (LRRRI) system. Testing of the new database is on-going.

Source

Compliance Management Information System, an internal database administered by Labour;
Labour Force Survey, Statistics Canada

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****Methodology**

The results for this measure are obtained through the Work Outcomes Reporting Project (WORP) survey. WORP relies on administrative data from MOBIUS to identify the survey population. An independent consultant is contracted to contact former program participants three months after they have left a skills training program delivered by the Ministry of Labour.

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 2018. 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, 2017 and August 31, 2018.

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):

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

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

The sample size for the 2018 result is 1,400. The margin of error is 2.62, at the 95 per cent level of confidence. With a result of 71.89 per cent (rounded to 71.9 per cent), we are confident that the population percentage lies between 69.27 per cent and 74.51 per cent, 19 times out of 20. Historical results have been restated in this annual report to accurately reflect skills training programs delivered by Labour.

Source

Work Outcomes Reporting Project

Performance Measure 3.b:**Number of immigrants to Canada through the Provincial Nominee Program who choose Alberta as their destination****Methodology**

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). Historical results slightly differ from those published in previous annual reports because Immigration, Refugees and Citizenship Canada continually updates their results. The results from the most recent (Q4 2018) data cube is the most accurate and what is published in the 2018-19 annual report.

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.

Source

Immigration, Refugees and Citizenship Canada

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****Methodology**

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 2016 were surveyed in 2018. In addition, the ministry is reporting on AINP nominees who landed in 2017 and surveyed in 2019. 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:

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

The 2018-19 annual report is reporting the results of the 2018 and 2019 surveys. For 2018, 3,122 of the 3,253 nominees who landed in Alberta in 2016 were sent the survey and 2,164 nominees responded to the survey. The survey response rate based on all landed immigrants was 66.5 per cent and the results are considered accurate to +/- 1.15 percentage points, 19 times out of 20.

For 2019, 3,208 of the 3,447 nominees who landed in Alberta in 2017 were sent the survey and 1,878 nominees responded to the survey. The survey response rate based on all landed immigrants was 54.5 per cent and the results are considered accurate to +/- 1.52 percentage points, 19 times out of 20.

Source

Alberta Immigrant Nominee Program One-Year Post-Landing Follow-up Survey

Performance Indicator 3.b:**Labour force participation rate of:**

- **All Albertans (aged 25-64)**
- **Aboriginal Albertans living off-reserve (aged 25-64)**
- **Alberta's immigrant population (aged 25-64)**
- **Alberta youth (aged 15-24)**

Methodology

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 55,989. 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 2,494,800 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 (2018), Statistics Canada: <https://www150.statcan.gc.ca/n1/en/pub/71-543-g/71-543-g2018001-eng.pdf?st=2OX23DIG>

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).

Source

Labour Force Survey, Statistics Canada

Financial Information

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Ministry Financial Highlights

Introduction

The annual report of a ministry contains the financial information, including the audited financial statements of other reporting entities within the ministry (i.e. regulated funds, provincial agencies, and crown-controlled corporations), and a comparison of actual performance results to planned results set out in the ministry business plan.

The financial information includes the transactions and affairs of entities making up the ministry including the department, regulated funds, provincial agencies and crown-controlled corporations for which the Minister is responsible.

The ministry annual report also includes other financial information as required by the *Financial Administration Act* (FAA) and *Fiscal Planning and Transparency Act*, as separate reports, to the extent that the ministry has anything to report, and financial information relating to trust funds.

Reporting Entity

The financial information is to be prepared in accordance with government's stated accounting policies, which are based on Canadian Public Sector Accounting Standards.

The reporting entity is the ministry for which the Minister is accountable. The accounts of the ministry are fully consolidated, which includes the department and the entities making up the ministry (i.e. regulated funds and provincial agencies), on a line-by-line basis. Under this method, accounting policies of the consolidated entities conform to government accounting policies and the results of each line item in their financial statements (revenue, expense, assets, and liabilities) are included in government's results.

Inter-entity revenue and expense transactions and related asset and liability balances are not eliminated.

Statement of Revenues and Expenses (unaudited)

	2019		2018	Change from	
	Budget	Actual	Actual (Restated)	Budget	2018 Actual
	<i>(in thousands)</i>				
Revenues					
Government Transfers Workforce Development Agreement	\$ 34,038	\$ 34,038	\$ 35,947	\$ -	\$ (1,909)
Labour Market Development Agreement	24,284	32,264	16,393	(7,980)	15,871
Premiums, Fees and Licences	3,386	4,954	3,988	(1,568)	966
Other Revenue	77,781	73,424	63,985	4,357	9,439
	139,489	144,680	120,313	(5,191)	24,367
Inter-ministry consolidation adjustments	-	(169)	(1,038)	169	869
Adjusted ministry total	139,489	144,511	119,275	(5,022)	25,236
Expenses - Directly Incurred Programs					
Ministry Support Services	5,741	5,076	4,801	665	275
Workforce Strategies Safe, Fair and Healthy Workplaces	115,669	113,574	107,012	2,095	6,562
Labour Relations Board Appeals Commission for Alberta Workers' Compensation	4,487	3,616	3,302	871	314
Medical Panels Office for Alberta Workers' Compensation	13,635	12,549	12,011	1,086	538
Fair Practices Office	1,355	953	340	402	613
Climate Leadership Plan	3,470	2,518	-	952	2,518
	6,400	5,596	474	804	5,122
	228,246	213,126	189,910	15,120	23,216
Inter-ministry consolidation adjustments	(2,000)	(4,265)	(4,249)	2,265	(16)
Adjusted ministry total	226,246	208,861	185,661	17,385	23,200
Annual Surplus / (Deficit)	\$ (86,757)	\$ (64,350)	\$ (66,386)	\$ (22,407)	\$ 2,036

Breakdown of Revenues (unaudited)

	2019		2018
	Budget	Actual	Actual (Restated - Note 4)
<i>(in thousands)</i>			
Revenues			
Government Transfers			
Workforce Development Agreement	\$ 34,038	\$ 34,038	\$ 35,947
Labour Market Development Agreement	24,284	32,264	16,393
	58,322	66,302	52,340
Premiums, Fees, and Licenses	3,386	4,954	3,988
Other Revenue			
Occupational Health and Safety	59,486	52,854	48,637
Appeals Commissions for Alberta Workers' Compensation	13,470	12,511	11,902
Medical Panels Office for Alberta Workers' Compensation	1,355	865	335
Fair Practices Office	3,470	2,600	-
Transfer of Tangible Capital Assets from other Government Departments	-	169	1,038
Other	-	4,425	2,073
	77,781	73,424	63,985
Total Revenues	\$139,489	\$144,680	\$ 120,313

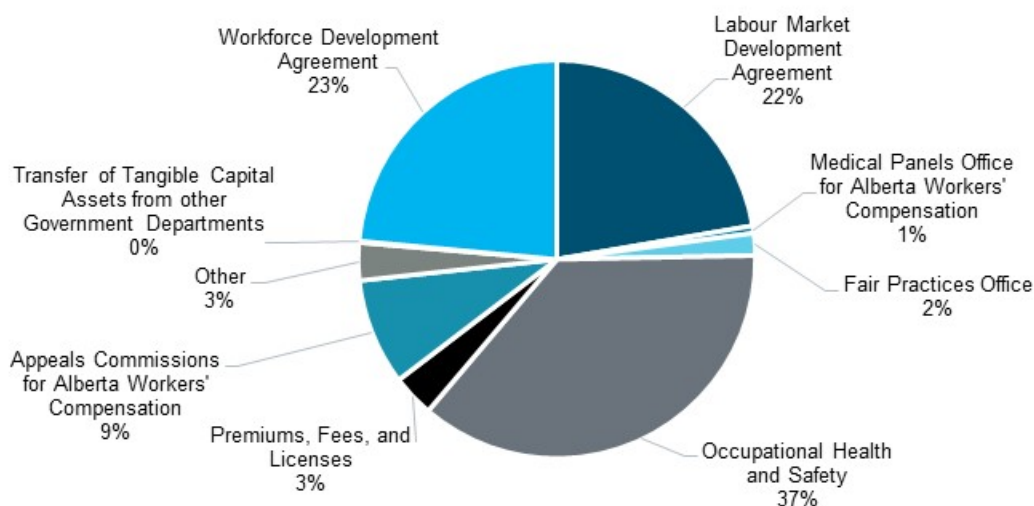
Expenses – Directly Incurred Detailed by Object (unaudited)

	2019		2018	
	Budget	Actual	Actual (Restated - Note 4)	
	<i>(in thousands)</i>			
Salaries, Wages and Employee Benefits	\$107,382	\$ 99,657	\$	98,278
Supplies and Services	55,963	41,907		38,939
Grants	64,199	70,744		60,675
Amortization of Tangible Capital Assets	632	754		1,252
Other	70	64		75
Total Expenses	\$228,246	\$213,126	\$	199,218

Revenue and Expense Highlights

Revenues

Breakdown of Revenue



Government Transfers

45% of Ministry of Labour's revenue is received from Federal Government of Canada (Canada).

The Province and the Federal Government of Canada (Canada) have entered into agreements to facilitate the delivery of labour market training programs and services to certain Albertans. Under these agreements, eligible costs are reimbursed by Canada up to an annual maximum. The agreements are:

Workforce Development Agreement – Includes the Canada-Alberta Job Fund (CAJF) and Canada-Alberta Labour Market Agreement for Persons with Disabilities (LMAPD). Estimated 2018-19 funding of approximately \$90 million to various ministries was intended to foster inclusive labour market participation, align skills with labour market needs and create efficient labour markets. Ministry of Labour's estimated share for 2018-19 was \$34 million which was received from Canada during the year.

Labour Market Development Agreement – 2018-19 funding of approximately \$166 million to various ministries is, to foster inclusive labor market participation, align skills with labour market needs, and create efficient labour markets for individuals who are EI eligible. Ministry of Labour's estimated share was \$24 million for 2018-19. However, Canada provided an additional \$8 million during the year which was allocated to Labour. The Province will utilize the additional funding that has been received through additional eligible expenses.

Premiums, Fees and Licenses

Ministry of Labour provides Internal Qualifications Assessment Service (IQAS). IQAS does assessments and issues certificates that compare educational credentials from other countries to educational standards in Canada. This is a fee for service provided to individuals who have a formal academic technical degree, diploma or certificate earned outside Canada.

This source of revenue constitutes 3% of the total revenue of Ministry of Labour. The revenue was more than the budgeted amount and last year actuals because of increase in the number of immigration stream applications processed by IQAS during the year.

Other Revenue

Occupational Health and Safety - Ministry of Labour contributes to safe, fair and healthy workplaces by monitoring for compliance with occupational health and safety legislation through proactive inspections and investigations into complaints and reportable incidents. The cost to deliver the Occupational Health and Safety program is entirely offset by revenue received from Workers' Compensation Board of Alberta. (WCB). The cost to run the OHS program was lower than budgeted due to delay in hiring new OHS officers, vacancies and lower than anticipated spending on supplies and services.

Appeals Commission for Alberta Workers' Compensation - The agency provides an independent and impartial tribunal that hears worker and employer appeals arising from WCB review bodies. Cost to run the Appeals Commission is offset by revenue received from WCB.

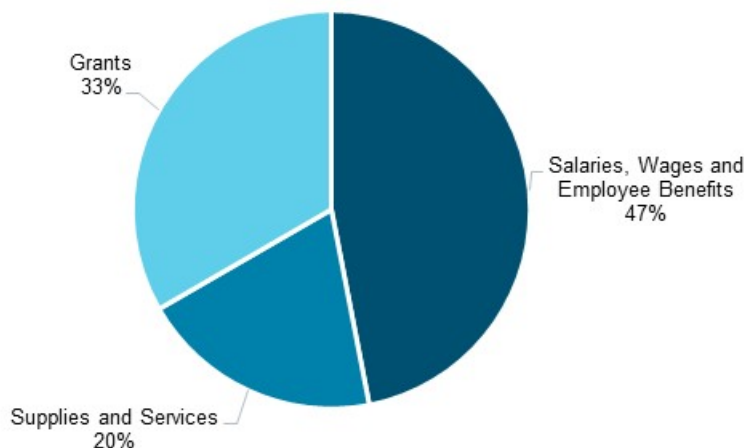
Medical Panels Office (MPO) - The agency established on June 1, 2018, is an independent public office that takes a collaborative, fact-based and focused approach to resolve differences in medical opinion for a Workers' Compensation claim, the Workers' Compensation Board (WCB) or the Appeals Commission. Costs to run the MPO are offset by revenue received from WCB. The variance was due to lower than anticipated costs to run the office in the first year of its operation.

Fair Practices Office (FPO) - The agency was established on December 3, 2018, provides assistance to workers and employers with Appeals of WCB decisions. Costs to run the FPO are offset by revenue received from WCB. The variance was due to lower than anticipated costs to run the office in the first year of its operation.

Ministry of Labour reversed previous year accruals related to Canada Alberta Job Grant program (CAJG) amounting to \$4 million. The accrual reversal was completed because related claimants did not claim the total amounts and their files were closed.

Expenses

Breakdown of Expenses



Ministry's largest operating expense by object was salaries, wages and employee benefits. The expenses increased as compared to last year due to establishment of FPO, MPO and increased budget for OHS for hiring more OHS officers. The expenses were lower than budget because of delays in hiring new OHS officers, delays in fully staffing up of FPO and MPO. Salary costs for FPO, MPO, OHS and Appeals Commission are recovered from the WCB.

Supplies and Services were much lower than the budgeted amount because of lesser spending on: OHS investigation contracts and lesser spend on supplies due to vacancies; Employment Standards spent less on advertising and contract services related to employment standards policy, education and best practices. This includes allocation for advertising costs to support Bill 17 awareness campaign, which was not utilized.

Grants, constituted the second largest operating expense for the ministry were higher than budget because of additional grants for Settlement and Integration, Labour Market Partnership grants and First Nations Training to Employments. The increase was offset by lapses in other areas.

Supplemental Financial Information

Statement of Credit or Recovery (unaudited)

	2019				
	Authorized	Actual Revenue Recognized	Deferred Revenue	Total Revenue Received/Receivable	(Shortfall)/Excess (1)
	<i>(in thousands)</i>				
Occupational Health and Safety	\$ 58,022	\$ 51,201	\$ 4,473	\$ 55,674	\$ (2,348)
International Educational Assessment Services	3,325	4,734	-	4,734	1,409
	61,347	55,935	4,473	60,408	(939)
Occupational Health and Safety Capital	1,900	1,653	247	1,900	-
	\$ 63,247	\$ 57,588	\$ 4,720	\$ 62,308	\$ (939)

(1) Shortfall is deducted from current year's authorized spending.

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.

Lapse/Encumbrance (unaudited)

	Voted Estimate ⁽¹⁾	Supplementary Supply ⁽²⁾	Adjustments ⁽³⁾	Adjusted Voted Estimate	Voted Actuals ⁽⁴⁾	Unexpended (Over Expended)
<i>(in thousands)</i>						
Program - Operating Expense						
1.0 Ministry Support Services						
1.1 Minister's Office	\$ 621	\$ -	\$ -	\$ 621	\$ 513	\$ 108
1.2 Deputy Minister's Office	630	-	-	630	607	23
1.3 Human Resources	-	-	-	-	(4)	4
1.4 Corporate Services	4,490	-	117	4,607	4,234	373
	5,741	-	117	5,858	5,350	508
2.0 Workforce Strategies						
2.1 Settlement and Integration	9,082	-	-	9,082	11,005	(1,923)
2.2 Workforce Development Partnerships	7,133	-	-	7,133	7,810	(677)
2.3 Policy and Labour Market Information	7,010	-	(370)	6,640	5,629	1,011
2.4 Labour Attraction and Retention	9,708	-	(145)	9,563	8,479	1,084
2.5 Labour Qualifications and Mobility	8,101	-	(55)	8,046	7,697	349
2.6 Labour Market Programs	22,439	-	(912)	21,527	21,097	430
2.7 Summer Temporary Employment Program	10,000	-	-	10,000	10,503	(503)
2.8 Skills and Training Support	42,196	-	(10)	42,186	41,167	1,019
	115,669	-	(1,492)	114,177	113,387	790
3.0 Safe, Fair and Healthy Workplaces						
3.1 Labour Relations	1,759	-	-	1,759	1,634	125
3.2 Occupational Health and Safety	58,022	-	-	58,022	51,203	6,819
3.3 Employment Standards	17,241	-	(1,365)	15,876	15,499	377
	77,022	-	(1,365)	75,657	68,336	7,321
4. Labour Relations Board	4,487	-	(265)	4,222	3,550	672
5. Appeals Commission for Alberta Workers' Compensation	13,470	-	-	13,470	12,512	958

6. Medical Panel Office for Alberta Workers' Compensation	1,355	-	(40)	1,315	843	472
7. Fair Practices Office	3,470	-	(485)	2,985	2,230	755
8. Climate Leadership Plan	6,400	-	-	6,400	5,596	804
Credit or Recovery (Shortfall) (Schedule 2)						\$ (939)
Total	\$ 227,614	\$ -	\$ (3,530)	\$224,084	\$211,804	\$ 11,341
						\$ 11,341

Lapse**Program - Capital Investment**

1 Ministry Support Services	-	-	-	-	-	-
2 Workforce Strategies	-	-	375	375	331	44
3 Safe, Fair and Healthy Workplaces	1,900	-	365	2,265	1,999	266
4 Labour Relations Board	-	-	265	265	264	1
5 Appeals Commission for Alberta Workers' Compensation	-	-	-	-	-	-
6 Medical Panel Office for Alberta Workers' Compensation	-	-	40	40	22	18
7 Fair Practices Office	-	-	485	485	369	116
8 Climate Leadership Plan	-	-	-	-	-	-
Total	\$ 1,900	\$ -	\$ 1,530	\$ 3,430	\$ 2,985	\$ 445
Lapse/(Encumbrance)						\$ 445

(1) As per "Expense Vote by Program," "Capital Investment Vote by Program" and "Financial Transaction Vote by Program" pages 208 and 209 of 2018-19 Government Estimates

(2) Per the Special Warrant (No. 001/2019) for Supplementary Supply approved on March 29, 2019 (Order in Council No. 084/2019). This disclosure is made pursuant to section 30 of the *Financial Administration Act*.

(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.

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Workers' Compensation Board – Alberta

Financial Statements

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WCB-Alberta

Consolidated Financial Statements and Notes

For the year ended December 31, 2018

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85 16. Administration Expense

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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, 2018 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]

Grace Thostenson

Chair, Board of Directors
Workers' Compensation Board – Alberta

[Original signed by]

Trevor Alexander

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

Opinion

I have audited the consolidated financial statements of Workers' Compensation Board – Alberta (the Board) which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of comprehensive income, changes in funded position and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Workers' Compensation Board – Alberta as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of my report. I am independent of Workers' Compensation Board – Alberta in accordance with the ethical requirements that are relevant to my audit of the consolidated financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the *2018 Annual Report Workers' Compensation Board – Alberta*, but does not include the consolidated financial statements and my auditor's report thereon.

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

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

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

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing Workers' Compensation Board – Alberta's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Workers' Compensation Board – Alberta financial reporting process.

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

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

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

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

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

[Original signed by **W. Doug Wylie**, FCPA, FCMA, ICD.D]
Auditor General
April 30, 2019
Edmonton, Alberta

Eckler

CONSULTANTS + ACTUARIES

Actuarial Statement of Opinion

on the valuation of the claim benefit liabilities of the Workers' Compensation Board – Alberta as at December 31, 2018

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, 2018 (the "valuation date").

In my opinion, the actuarial liabilities of \$9,044.8 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.

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 2.00% (previously 2.50%) and 1.00% respectively in excess of CPI. The assumed annual increase for benefits subject to the cost of living adjustments (COLA) remained at CPI plus 0.02%. 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.

Changes to the actuarial basis (i.e. actuarial methods and assumptions) caused liabilities to increase by \$45.9 million. The revision of the assumptions for economic loss payments represented an increase of \$202.1 million, while other changes, mainly to the methods and assumptions used for the valuation of health care benefits, represented a decrease of \$156.2 million. 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 29, 2019

Workers' Compensation Board – Alberta

Consolidated Statement of Financial Position

As at December 31

(\$ thousands)	Notes	2018	2017
ASSETS			
Cash and cash equivalents	19(a)	\$ 280,668	\$ 495,210
Trade and other receivables	19(b)	72,626	33,038
Investments	5	10,712,199	10,781,370
Property, plant and equipment	8	67,434	70,027
Intangible assets	9	43,405	37,472
		<u>\$ 11,176,332</u>	<u>\$ 11,417,117</u>
LIABILITIES			
Trade and other liabilities	19(c)	\$ 50,430	\$ 64,349
Investment liabilities	5	99,686	14,104
Employer liabilities	19(d)	52,838	303,979
Safety rebates	19(e)	71,190	79,228
Employee benefits	11	126,824	125,202
Claim benefits	12	9,044,800	8,381,700
		<u>9,445,768</u>	<u>8,968,562</u>
FUNDED POSITION			
Fund Balance	4	1,187,864	1,945,655
Occupational Disease Reserve	4	542,700	502,900
		<u>1,730,564</u>	<u>2,448,555</u>
		<u>\$ 11,176,332</u>	<u>\$ 11,417,117</u>
LEASE AND OTHER COMMITMENTS	10		
CONTINGENCIES AND INDEMNIFICATION	18		

Approved by the Board of Directors on April 30, 2019

[Original signed by]

Grace Thostenson
Chair, Board of Directors
Workers' Compensation Board – Alberta

[Original signed by]

Trevor Alexander
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	2018		2017
		Budget	Actual	Actual
REVENUE				
Premium revenue	15	\$ 1,104,660	\$ 1,074,761	\$ 1,039,544
Investment income	6(a)	535,723	145,305	1,077,966
		<u>1,640,383</u>	<u>1,220,066</u>	<u>2,117,510</u>
EXPENSES				
Claim benefit expense	13	1,061,893	1,106,349	979,102
Interest expense on claim benefit liabilities	12	360,800	365,300	328,200
Remeasurement of claim benefit liabilities	12	-	267,627	469,758
Corporate administration	16	82,197	82,114	85,018
Injury reduction	19(f)	78,848	78,231	67,246
Investment management expense	6(b)	42,221	40,891	38,858
Interest on employee benefit liabilities	11	4,267	4,135	4,393
		<u>1,630,226</u>	<u>1,944,647</u>	<u>1,972,575</u>
OPERATING SURPLUS (DEFICIT)		10,157	(724,581)	144,935
Funding policy distributions	4	-	(412)	(356,047)
NET FUNDING SURPLUS (DEFICIT)		10,157	(724,993)	(211,112)
OTHER COMPREHENSIVE INCOME				
Remeasurement of employee benefit liabilities	11	-	7,002	1,870
TOTAL COMPREHENSIVE INCOME		<u>\$ 10,157</u>	<u>\$ (717,991)</u>	<u>\$ (209,242)</u>

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	2018	2017
FUND BALANCE			
Accumulated surplus			
Balance, beginning of year		\$ 1,972,084	\$ 2,232,896
Net funding deficit		(724,993)	(211,112)
Transfer to Occupational Disease Reserve		(39,800)	(49,700)
		<u>1,207,291</u>	<u>1,972,084</u>
Accumulated other comprehensive income			
Balance, beginning of year		(26,429)	(28,299)
Other comprehensive gain		7,002	1,870
		<u>(19,427)</u>	<u>(26,429)</u>
Fund Balance, end of year		<u>1,187,864</u>	<u>1,945,655</u>
OCCUPATIONAL DISEASE RESERVE			
	4		
Balance, beginning of year		502,900	453,200
Transfer from Fund Balance		39,800	49,700
		<u>542,700</u>	<u>502,900</u>
Occupational Disease Reserve, end of year		<u>542,700</u>	<u>502,900</u>
		<u>\$ 1,730,564</u>	<u>\$ 2,448,555</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)	2018	2017
OPERATING ACTIVITIES		
Cash inflows (outflows) related to business operations		
Employer premiums	\$ 799,162	\$ 998,409
Benefits to claimants and/or third parties on their behalf	(937,484)	(817,574)
Administrative and other goods and services	(239,780)	(228,891)
Injury reduction program	(78,231)	(67,246)
Net cash used for operating activities	<u>(456,333)</u>	<u>(115,302)</u>
INVESTING ACTIVITIES		
Cash inflows (outflows) related to investment assets		
Interest income received	82,993	77,121
Dividend income received	56,619	53,260
Fund distributions received	245,026	215,754
Settlement of derivatives	(19,588)	66,410
Investment management expenses	(41,169)	(38,697)
Proceeds from sale of investments, net of cash purchases	210,937	205,643
Purchase of investments through reinvestment of income received	(272,892)	(262,036)
Cash outflows related to operating assets		
Purchase of property, plant and equipment	(4,944)	(5,207)
Purchase of computer software	(15,191)	(12,418)
Net cash from investing activities	<u>241,791</u>	<u>299,830</u>
FUNDING ACTIVITIES		
Cash outflows related to funding activities		
Funding policy distributions	-	(11,310)
Net cash used for funding activities	<u>-</u>	<u>(11,310)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(214,542)	173,218
Cash and cash equivalents, beginning of year	<u>495,210</u>	<u>321,992</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 280,668</u>	<u>\$ 495,210</u>

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2018 with comparatives for the year ended December 31, 2017
(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, 2018.

These consolidated financial statements have been prepared on a 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 expense.

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	65
6	Investment income and expense	69
8	Property, plant and equipment	73
9	Intangible assets	74
10	Lease and other commitments	75
11	Employee benefits	76
12	Claim benefit liabilities	79
15	Premium revenue	84

3. ACCOUNTING POLICY CHANGES

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.

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

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) to measure the uncertainty from non-financial risks in fulfilment cash flows.

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. In November 2018, the IASB decided to defer the effective date by one year to January 1, 2022, although this change has not been formalized to the standard yet. 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. As a result of the changes made to the funding policy effective January 1, 2019 the ODR will no longer be a separate reserve as it will be consolidated within 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

	2018	2017
Total assets	\$ 11,176,332	\$ 11,417,117
Less:		
Total liabilities	9,445,768	8,968,562
Funded Position	\$ 1,730,564	\$ 2,448,555
Funded Ratio	118.3%	127.3%

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			2017
	Level 1	Level 2	Level 3	Fair Value	Cost ⁵	2018	
Fixed income							
Nominal bonds	\$ 1,751	\$ 2,133,313	\$ 331,115	\$ 2,466,179	\$ 20,620	\$ 2,486,799	\$ 2,396,300
Mortgages ¹	-	-	465,129	465,129	-	465,129	442,894
	1,751	2,133,313	796,244	2,931,308	20,620	2,951,928	2,839,194
Equities							
Domestic	524,789	459,869	-	984,658	18,704	1,003,362	1,104,993
Foreign ²	1,755,935	982,924	-	2,738,859	29,919	2,768,778	3,059,743
	2,280,724	1,442,793	-	3,723,517	48,623	3,772,140	4,164,736
Inflation-sensitive							
Real estate ³	211,492	-	1,289,160	1,500,652	(1,398)	1,499,254	1,433,880
Infrastructure ⁴	479,525	-	1,151,430	1,630,955	10,073	1,641,028	1,497,298
Timberlands	-	-	91,252	91,252	-	91,252	99,267
Real-return bonds	-	736,604	-	736,604	2,451	739,055	739,127
	691,017	736,604	2,531,842	3,959,463	11,126	3,970,589	3,769,572
	2,973,492	4,312,710	3,328,086	10,614,288	80,369	10,694,657	10,773,502
Derivative assets	2,923	-	-	2,923	14,619	17,542	7,868
Derivative liabilities⁶	(716)	(98,970)	-	(99,686)	-	(99,686)	(14,104)
Investments (net of derivatives)	\$ 2,975,699	\$ 4,213,740	\$ 3,328,086	\$ 10,517,525	\$ 94,988	\$ 10,612,513	\$ 10,767,266
<i>Presented as:</i>							
Investments	\$ 2,976,415	\$ 4,312,710	\$ 3,328,086	\$ 10,617,211	\$ 94,988	\$ 10,712,199	\$ 10,781,370
Derivative liabilities⁶	(716)	(98,970)	-	(99,686)	-	(99,686)	(14,104)
Investments (net of derivatives)	\$ 2,975,699	\$ 4,213,740	\$ 3,328,086	\$ 10,517,525	\$ 94,988	\$ 10,612,513	\$ 10,767,266

¹ Mortgages include commercial mortgages and multi-unit mortgages, excluding single-dwelling residential mortgages.

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

³ Real estate investments consist of pooled funds invested in commercial properties.

⁴ Infrastructure consists of pooled funds invested in infrastructure projects.

⁵ Includes portfolio cash, receivables, and payables whose cost approximates fair value.

⁶ 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 2018 or 2017.

Reconciliation of Level 3 activity

(\$ thousands)					2018	2017
	Fixed Income	Real Estate	Infrastructure	Timberlands	Total	Total
Balance, beginning of year	\$ 862,369	\$ 1,190,939	\$ 976,292	\$ 99,267	\$ 3,128,867	\$ 3,013,834
Income distributions	19,828	-	-	-	19,828	17,552
Fair value change	456	80,794	107,658	(8,015)	180,893	95,871
Purchases (capital returns) of Level 3 investments	5,737	19,627	83,856	-	109,220	67,619
Sale/settlement of Level 3 investments	(92,146)	(2,200)	(16,376)	-	(110,722)	(66,009)
Balance, end of year	\$ 796,244	\$ 1,289,160	\$ 1,151,430	\$ 91,252	\$ 3,328,086	\$ 3,128,867

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:

(\$ thousands)	2018		2017	
	Carrying Value	Undrawn Funding Commitments	Carrying Value	Undrawn Funding Commitments
Structured Entity Type by Mandate				
Limited partnerships				
Nominal bonds	\$ 7,854	\$ -	\$ 11,391	\$ -
Real estate	181,209	31,244	180,983	26,030
Infrastructure	1,151,430	167,176	976,292	194,717
Timberlands	91,252	43,960	99,267	40,327
	<u>1,431,745</u>	<u>242,380</u>	<u>1,267,933</u>	<u>261,074</u>
Structured equity				
Real estate	655,679	-	603,418	-
	<u>\$ 2,087,424</u>	<u>\$ 242,380</u>	<u>\$ 1,871,351</u>	<u>\$ 261,074</u>

6. INVESTMENT INCOME AND EXPENSE

ACCOUNTING POLICY

The primary components of investment income include:

- 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;
- Interest revenue accrued using the effective interest method, net of amortization of any premium or discount recognized at date of purchase;
- Dividend income when a right to payment has been established based on the ex-dividend date for quoted securities; and
- Pooled fund distributions (i.e., 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)

						2018	2017
	Interest	Dividends	Fund Distributions ¹	Gains (Losses) on Investments ²	Gains (Losses) on Derivatives ³	Total	Total
Fixed income							
Bonds	\$ 78,152	\$ -	\$ 1,332	\$ (35,132)	\$ (4,690)	\$ 39,662	\$ 78,445
Mortgages	-	-	19,828	2,407	-	22,235	17,301
Short-term investments	6,062	-	-	-	-	6,062	4,616
	84,214	-	21,160	(32,725)	(4,690)	67,959	100,362
Equities							
Domestic equities	-	16,479	40,174	(148,283)	-	(91,630)	80,051
Foreign equities	-	41,008	49,398	(96,371)	(43,505)	(49,470)	584,769
	-	57,487	89,572	(244,654)	(43,505)	(141,100)	664,820
Inflation-sensitive							
Real estate	-	-	19,957	87,878	-	107,835	84,737
Infrastructure	-	-	97,450	68,418	(58,480)	107,388	219,790
Timberlands	-	-	11,663	(8,015)	(425)	3,223	8,257
	-	-	129,070	148,281	(58,905)	218,446	312,784
	\$ 84,214	\$ 57,487	\$ 239,802	\$ (129,098)	\$ (107,100)	\$ 145,305	\$ 1,077,966

(b) Investment Management Expense

(\$ thousands)

	2018	2017
Fund management fees	\$ 36,760	\$ 35,255
Custody fees	456	432
Investment administration ⁴	3,675	3,171
	\$ 40,891	\$ 38,858

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

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

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

⁴ 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 change¹ in the key risk variable - the amount of portfolio volatility:

(\$ thousands)

	2018		2017	
	1 std dev	2 std dev	1 std dev	2 std dev
Equities				
% change in portfolio	(8.7%)	(17.4%)	(8.0%)	(16.1%)
Canadian	\$ (87,092)	\$ (174,184)	\$ (88,893)	\$ (177,787)
% change in portfolio	(9.9%)	(19.7%)	(9.6%)	(19.2%)
Global	\$ (225,160)	\$ (450,321)	\$ (234,551)	\$ (469,103)
% change in portfolio	(14.3%)	(28.6%)	(13.5%)	(26.9%)
Emerging markets	\$ (69,081)	\$ (138,163)	\$ (82,638)	\$ (165,276)

¹ 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 2018 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 bps¹ on the mortgage portfolio and non-government portion of the bond portfolio:

(\$ thousands)	2018		2017	
	+50 bps	+100 bps	+50 bps	+100 bps
Change in credit spreads				
Nominal bonds	\$ (23,609)	\$ (47,218)	\$ (22,878)	\$ (45,756)
Mortgages	\$ (6,279)	\$ (12,558)	\$ (5,758)	\$ (11,515)

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)	2018		2017	
	+50 bps	+100 bps	+50 bps	+100 bps
Change in nominal interest rate				
Nominal bonds	\$ (81,366)	\$ (162,732)	\$ (74,800)	\$ (149,600)
Real return bonds	\$ (55,746)	\$ (111,492)	\$ (57,024)	\$ (114,047)
Mortgages	\$ (6,279)	\$ (12,558)	\$ (5,758)	\$ (11,515)

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 (i.e., 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 \$1,619,931 (2017 – \$1,690,113); euro exposure is next, with unhedged holdings of \$159,707 (2017 – \$209,570); all other currencies have unhedged holdings of \$287,050 (2017 – \$364,250). For the current reporting period, the net loss from the currency overlay was \$116,224 (2017 – net gain \$34,917).

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

(\$ thousands)	2018		2017	
	CAD/USD	CAD/EUR	CAD/USD	CAD/EUR
December 31 spot rate	0.7322	0.6405	0.7981	0.6647
10% appreciation in the Canadian dollar	0.8054	0.7045	0.8779	0.7312
Global	\$ (147,266)	\$ (14,519)	\$ (153,647)	\$ (19,052)

¹One 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)		2018			2017		
		Term to Maturity	Notional Principal	Derivative Contract Assets	Derivative Contract Liabilities	Notional Principal	Derivative Contract Assets
Asset replication contracts	Within 1 year	\$ 108,138	\$ 2,923	\$ -	\$ 147,384	\$ -	\$ (1,335)
Foreign-exchange contracts	Within 1 year	2,204,170	-	(99,686)	1,976,626	1,301	(13,024)
		<u>\$2,312,308</u>	<u>\$ 2,923</u>	<u>\$ (99,686)</u>	<u>\$2,124,010</u>	<u>\$ 1,301</u>	<u>\$ (14,359)</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, 2018.

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, 2018, the aggregate amount of fixed income securities in segregated funds with counterparty ratings below BBB- was \$44,345 (2017 – \$62,651). 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, 2018, securities on loan through the custodian totalled \$1,859,128 (2017 – \$2,061,199), secured by \$2,020,013 (2017 – \$2,242,225) of posted collateral. During 2018, the securities-lending program generated income of \$3,972 (2017 – \$3,607).

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 claim benefit expense and corporate administration in the consolidated 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)						2018	2017
	Land/ Buildings	Leasehold Improvements	Computer Equipment	Office Furniture/ Equipment	Vehicles/ Other	Total	Total
Cost							
Balance, beginning of year	\$ 65,277	\$ 2,042	\$ 34,123	\$ 21,558	\$ 770	\$ 123,770	\$ 106,792
Current period activity:							
Capitalized expenditure	1,545	57	4,575	1,163	99	7,439	21,211
Transfer from PPE under construction	(143)	-	(766)	(667)	-	(1,576)	(3,864)
Disposals	-	(265)	(4,356)	(35)	(74)	(4,730)	(1,945)
PPE under construction	1,443	-	1,066	277	-	2,786	1,576
Balance, end of year	\$ 68,122	\$ 1,834	\$ 34,642	\$ 22,296	\$ 795	\$ 127,689	\$ 123,770
Accumulated depreciation and impairment							
Balance, beginning of year	\$ 25,255	\$ 1,533	\$ 12,058	\$ 14,299	\$ 598	\$ 53,743	\$ 48,128
Current period activity:							
Depreciation	1,370	177	8,532	1,106	57	11,242	7,560
Disposals	-	(265)	(4,356)	(35)	(74)	(4,730)	(1,945)
Balance, end of year	\$ 26,625	\$ 1,445	\$ 16,234	\$ 15,370	\$ 581	\$ 60,255	\$ 53,743
Carrying value, beginning of year	\$ 40,022	\$ 509	\$ 22,065	\$ 7,259	\$ 172	\$ 70,027	\$ 58,664
Carrying value, end of year	\$ 41,497	\$ 389	\$ 18,408	\$ 6,926	\$ 214	\$ 67,434	\$ 70,027

Property, plant and equipment under finance leases

Included in property, plant and equipment is computer equipment acquired through finance leases at cost of \$5,770 (2017 – \$6,500), accumulated depreciation of \$2,437 (2017 – \$4,421), and carrying value of \$3,333 (2017 – \$2,079).

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 claim benefit expense and corporate administration in the consolidated 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)			2018	2017
	In Use	Under Development	Total	Total
Cost				
Balance, beginning of year	\$ 126,005	\$ 18,575	\$ 144,580	\$ 134,144
Capitalized expenditure	-	13,933	13,933	13,572
Transfers from development	12,421	(12,421)	-	-
Disposals	(20,167)	-	(20,167)	(3,136)
Balance, end of year	\$ 118,259	\$ 20,087	\$ 138,346	\$ 144,580
Accumulated amortization and impairment				
Balance, beginning of year	\$ 107,108	\$ -	\$ 107,108	\$ 103,065
Amortization	8,000	-	8,000	7,179
Disposals	(20,167)	-	(20,167)	(3,136)
Balance, end of year	\$ 94,941	\$ -	\$ 94,941	\$ 107,108
Carrying value, beginning of year	\$ 18,897	\$ 18,575	\$ 37,472	\$ 31,079
Carrying value, end of year	\$ 23,318	\$ 20,087	\$ 43,405	\$ 37,472

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 13 years.

Undiscounted future minimum lease payments under finance leases are \$3,719 (2017 – \$2,187), with a carrying value of \$3,639 (2017 – \$2,130), the difference of \$80 (2017 – \$57) 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)

	Leases			2018	2017
	Finance	Operating	Other Commitments	Total	Total
	2018	\$ -	\$ -	\$ -	\$ -
2019	1,812	1,385	23,361	26,558	13,301
2020	1,311	1,384	9,405	12,100	7,976
2021	419	1,322	3,079	4,820	2,103
2022	131	1,252	20	1,403	1,442
2023 and beyond	46	7,403	-	7,449	7,427
	<u>\$ 3,719</u>	<u>\$ 12,746</u>	<u>\$ 35,865</u>	<u>\$ 52,330</u>	<u>\$ 55,751</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, 2018 and 2017, 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.

	2018					2017				
	PSPP	MEPP	SERP	Post Retirement	LTD	PSPP	MEPP	SERP	Post Retirement	LTD
	12/31/2018	12/31/2018	12/31/2018	12/31/2018	12/31/2018	12/31/2017	12/31/2017	12/31/2017	12/31/2017	12/31/2017
Date of most recent actuarial valuation	12/31/2018	12/31/2018	12/31/2018	12/31/2018	12/31/2018	12/31/2017	12/31/2017	12/31/2017	12/31/2017	12/31/2017
Economic assumptions										
Discount rate (nominal) for benefit obligation	3.8%	3.8%	3.9%	3.7%	3.6%	3.6%	3.6%	3.6%	3.4%	3.2%
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	0.0% for 2 yrs starting 4/1/18; 3.2% thereafter	2.8%	0.0%	n/a	2.0%	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%
Multi-employer plan funding assumptions										
WCB share of plan contributory payroll	4.5%	1.2%				4.4%	1.2%			
Current service cost rate on contributory payroll	19.2%	24.6%				18.3%	24.0%			
WCB's contributions for the current period (\$ thousands)	\$ 14,529	\$ 1,246				\$ 15,510	\$ 1,282			
WCB's expected contributions for the following period (\$ thousands)	\$ 14,497	\$ 1,264				\$ 14,190	\$ 1,140			

¹ The salary escalation rate assumptions for the PSPP and the MEPP (both multi-employer plans) are not specific to WCB but rather to all participating employers in aggregate.

DEFINED BENEFIT PLAN LIABILITIES

(\$ thousands)	Pension Liabilities ¹	Other Retirement Liabilities ²	LTD	2018	2017
Change in defined benefit obligation					
Defined benefit obligation, beginning of year	\$ 421,845	\$ 13,345	\$ 15,147	\$ 450,337	\$ 393,588
Current service cost ³	17,397	825	4,778	23,000	20,376
Interest expense ⁴	14,969	476	455	15,900	15,349
Remeasurement (gains) losses ⁵	(15,015)	(931)	438	(15,508)	34,598
Benefit payments	(13,805)	(170)	(2,566)	(16,541)	(13,574)
Defined benefit obligation, end of year	\$ 425,391	\$ 13,545	\$ 18,252	\$ 457,188	\$ 450,337
Change in fair value of plan assets					
Fair value of plan assets, beginning of year	\$ 325,135	\$ -	\$ -	\$ 325,135	\$ 272,263
Employer contributions	15,775	170	2,566	18,511	19,022
Interest income ⁴	11,765	-	-	11,765	10,956
Remeasurement gains (losses) ⁵	(8,506)	-	-	(8,506)	36,468
Benefit payments	(13,805)	(170)	(2,566)	(16,541)	(13,574)
Fair value of plan assets, end of year	\$ 330,364	\$ -	\$ -	\$ 330,364	\$ 325,135
Net plan liability					
Defined benefit obligation	\$ 425,391	\$ 13,545	\$ 18,252	\$ 457,188	\$ 450,337
Fair value of plan assets	330,364	-	-	330,364	325,135
	\$ 95,027	\$ 13,545	\$ 18,252	\$ 126,824	\$ 125,202

¹ Pension liabilities include WCB's proportionate share of the PSPP and MEPP net unfunded liabilities.

² Other retirement liabilities include SERP and the post-retirement benefit plan.

³ Current service costs are presented within corporate administration and claim benefit expense in the consolidated statement of comprehensive income.

⁴ Interest expense is presented net of interest income in the consolidated statement of comprehensive income.

⁵ 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)	2018		2017	
	+0.25%	-0.25%	+0.25%	-0.25%
+/- % change on assumed rates				
Discount rate based on market yields on high-quality corporate bonds	\$ (16,204)	\$ 16,204	\$ (15,022)	\$ 15,022
General inflation rate	\$ 7,750	\$ (7,750)	\$ 8,019	\$ (8,019)
Wage inflation rate	\$ 1,875	\$ (1,875)	\$ 2,276	\$ (2,276)

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 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, the Medical Panel Office and the Fair Practices 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. Estimation of the liability requires the use of actuarial methods and assumptions that are periodically assessed and adjusted based on frequent monitoring of actual claim 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. 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 2.0%, 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:

	2018	2017
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%	2.02%
Wage escalation	3.00%	3.00%
Health care escalation	4.00%	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	2018	2017
Claim benefit liabilities, beginning of year	\$ 551,700	\$ 3,371,000	\$ 748,800	\$ 2,923,000	\$ 202,900	\$ 584,300	\$ 8,381,700	\$ 7,553,000
Claim costs recognized during the year								
Provision for future costs of current year injuries and exposures	128,400	283,200	33,000	229,200	56,500	78,500	808,800	713,700
Claim benefits processed in the year	91,778	3,534	6,020	136,280	4,954	54,983	297,549	265,402
Total claim costs recognized during the year	220,178	286,734	39,020	365,480	61,454	133,483	1,106,349	979,102
Claim payments processed during the year								
Payments for current year injuries	(91,778)	(3,534)	(6,020)	(136,280)	(4,954)	(54,983)	(297,549)	(265,402)
Payments for prior years' injuries	(140,825)	(235,313)	(46,933)	(209,260)	(68,011)	(78,285)	(778,627)	(688,487)
	(232,603)	(238,847)	(52,953)	(345,540)	(72,965)	(133,268)	(1,076,176)	(953,889)
Interest expense on the liability	22,300	148,500	33,100	128,200	8,200	25,000	365,300	328,200
Commutation of Deposit Account	-	-	-	-	-	-	-	5,529
Remeasurement of the liability								
Changes in valuation methods and assumptions								
Economic loss payments	-	191,100	-	-	-	11,000	202,100	-
Health care escalation	-	-	-	(145,300)	-	-	(145,300)	-
Personal care allowances	-	-	-	34,600	-	3,000	37,600	-
Other changes	-	-	(1,400)	(42,200)	-	(4,900)	(48,500)	-
Changes to Act, Regulation, policies and administrative practices								
COLA indexation	-	-	-	-	-	-	-	186,700
Enhancements to fatality and survivor benefits	-	-	-	-	-	-	-	111,000
Changes in claims experience								
Inflation and wage growth different than expected	(1,500)	(2,100)	600	12,800	(1,600)	-	8,200	(56,300)
Economic loss payments higher than expected	-	148,600	-	-	-	-	148,600	201,400
Short-term wage loss and VR benefits higher than expected	32,900	-	-	-	20,600	-	53,500	-
Other experience (gains) losses	125	9,113	2,633	(4,140)	311	3,385	11,427	26,958
	31,525	346,713	1,833	(144,240)	19,311	12,485	267,627	469,758
Claim benefit liabilities, end of year	\$ 593,100	\$ 3,914,100	\$ 769,800	\$ 2,926,900	\$ 218,900	\$ 622,000	\$ 9,044,800	\$ 8,381,700

See Note 13 *Claim Benefit Expense* 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 2009–2018. 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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Estimate of cumulative claims benefits												
At end of accident year		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	1,714.5	
One year later		1,250.4	1,299.4	1,250.4	1,305.7	1,383.6	1,414.3	1,353.1	1,427.1	1,644.2		
Two years later		1,239.5	1,118.5	1,220.9	1,256.9	1,394.3	1,407.1	1,516.5	1,550.3			
Three years later		1,095.7	1,080.8	1,175.3	1,258.0	1,343.6	1,538.0	1,648.0				
Four years later		1,074.7	1,047.6	1,160.0	1,212.5	1,444.5	1,663.0					
Five years later		1,048.4	1,042.8	1,119.5	1,270.1	1,530.2						
Six years later		1,031.8	999.3	1,156.9	1,326.7							
Seven years later			991.9	1,027.5	1,146.7							
Eight years later			1,020.6	1,030.0								
Nine years later			1,041.5									
Current estimate of cumulative claim benefits		1,041.5	1,030.0	1,146.7	1,326.7	1,530.2	1,663.0	1,648.0	1,550.3	1,644.2	1,714.5	
Cumulative payments		(466.6)	(452.9)	(497.3)	(496.5)	(540.1)	(536.8)	(487.3)	(416.5)	(402.7)	(242.6)	
Outstanding benefits												
Undiscounted	\$6,737.9	\$ 574.9	\$ 577.1	\$ 649.4	\$ 830.2	\$ 990.1	\$1,126.2	\$1,160.7	\$1,133.8	\$1,241.5	\$1,471.9	\$16,493.7
Effect of discounting	(3,458.6)	(331.9)	(328.2)	(368.4)	(491.0)	(570.8)	(647.2)	(655.6)	(622.4)	(671.4)	(730.5)	(8,876.0)
	3,279.3	243.0	248.9	281.0	339.2	419.3	479.0	505.1	511.4	570.1	741.4	7,617.7
Claims management												
Undiscounted												1,273.7
Effect of discounting												(651.7)
												622.0
Latent occupational diseases												
Undiscounted												2,318.0
Effect of discounting												(1,512.9)
												805.1
Total claim benefits												
Undiscounted												20,085.4
Effect of discounting												(11,040.6)
Claim benefit liabilities												<u>\$ 9,044.8</u>

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.

	2018	2017
Expected timing of future payments		
Up to 1 year	4%	4%
Over 1 year and up to 5 years	11%	12%
Over 5 years and up to 10 years	12%	13%
Over 10 years and up to 15 years	11%	12%
Over 15 years	62%	59%
Total	100%	100%

13. CLAIM BENEFIT EXPENSE

The table below presents details of claim benefit expense reported in the consolidated statement of comprehensive income.

(\$ thousands)

	2018			2017
	Current Year Injuries	Prior Years' Injuries	Total	Total
Claims expense				
Provision for future costs of current year injuries and exposures ¹	\$ 808,800	\$ -	\$ 808,800	\$ 713,700
Claim payments processed in the year				
Short-term disability	91,778	140,825	232,603	200,159
Long-term disability	3,534	235,313	238,847	215,437
Survivor benefits	6,020	46,933	52,953	46,609
Health care	136,280	209,260	345,540	302,096
Rehabilitation	4,954	68,011	72,965	68,099
	242,566	700,342	942,908	832,400
Claim payments related to prior years ²	-	(778,627)	(778,627)	(688,487)
	242,566	(78,285)	164,281	143,913
	\$ 1,051,366	\$ (78,285)	\$ 973,081	\$ 857,613
Claims management ³				
Claims-related administration	54,669	64,177	118,846	109,201
Appeals Commission	26	13,182	13,208	11,954
Medical Panel Office	1	590	591	334
Fair Practices Office	287	336	623	-
	\$ 54,983	\$ 78,285	\$ 133,268	\$ 121,489
	\$ 1,106,349	\$ -	\$ 1,106,349	\$ 979,102

¹ 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.

² 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.

³ 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, 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 32% 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) +/- % change on assumed rates	2018		2017	
	+0.25%	-0.25%	+0.25%	-0.25%
Real rate of return	\$ (297,900)	\$ 317,100	\$ (263,100)	\$ 279,000
Wage inflation rate	\$ 111,800	\$ (105,900)	\$ 56,400	\$ (54,000)
Health care escalation rate	\$ 58,600	\$ (55,200)	\$ 92,400	\$ (87,500)

As part of the update to the valuation methods and assumptions for personal care allowances, a change was made to use the wage inflation rate rather than the health care escalation rate to value these allowances. This resulted in the significant change in the year-over-year comparison on sensitivity results for the wage inflation rate and the health care escalation rate.

15. PREMIUM REVENUE

ACCOUNTING POLICY

Premiums are assessed and due when employers report their assessable 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)	2018	2017
Premiums		
Assessed premium revenue for current year	\$ 1,132,647	\$ 1,104,048
Other premium-related revenue	8,543	7,779
	1,141,190	1,111,827
Deduct: Partnerships in Injury Reduction rebates	66,429	72,283
	\$ 1,074,761	\$ 1,039,544

Assessed premium revenue includes an accrual of \$19,424 payable (2017 – \$16,379 payable) for amounts related to yet to be reported assessable 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	2018	2017
Administration expenses				
Salaries and employee benefits	\$ 57,273	\$ 133,340	\$ 190,613	\$ 182,673
Technology	10,138	5,621	15,759	18,585
Office	4,164	1,300	5,464	5,949
Occupancy	2,332	6,883	9,215	9,192
Professional fees	1,732	2,680	4,412	3,872
Travel	579	489	1,068	956
Other	1,310	929	2,239	1,798
	<u>77,528</u>	<u>151,242</u>	<u>228,770</u>	<u>223,025</u>
Depreciation and amortization	<u>8,520</u>	<u>10,710</u>	<u>19,230</u>	<u>14,725</u>
	<u>86,048</u>	<u>161,952</u>	<u>248,000</u>	<u>237,750</u>
Less:				
Cost recoveries	259	10,110	10,369	9,239
Reclassifications to:				
Claims expense – rehabilitation services	-	32,996	32,996	31,121
Investment management expense ¹	<u>3,675</u>	<u>-</u>	<u>3,675</u>	<u>3,171</u>
	<u>3,934</u>	<u>43,106</u>	<u>47,040</u>	<u>43,531</u>
	<u>\$ 82,114</u>	<u>\$ 118,846</u>	<u>\$ 200,960</u>	<u>\$ 194,219</u>

¹ 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, the Medical Panel Office and the Fair Practices 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. President and Chief Executive Officer total compensation was earned within the notice period as set out in the regulation framework under the Reform of Agencies, Boards and Commissions Compensation Act.

The tables below present total compensation of the board members and executive of WCB.

(\$ thousands)

	2018				
	Base Salary ¹	Other Cash Benefits ²	Non-Cash Benefits ³	SERP ⁴	Total
Chair, Board of Directors ⁵	\$ -	\$ 50	\$ 3	\$ -	\$ 53
Board Members ⁵	-	108	10	-	118
President & Chief Executive Officer	475	250	66	149	940
Chief Operating Officer ⁶	367	96	39	81	583
Chief Financial Officer	347	98	41	75	561
Vice-President, Employee & Corporate Services	285	66	42	57	450
Vice-President, Operations ⁷	82	62	15	39	198
Vice-President, Worker Health & Wellness ⁸	141	4	23	-	168
Secretary & General Counsel	211	50	44	23	328
	2017				
Chair, Board of Directors	\$ -	\$ 40	\$ 2	\$ -	\$ 42
Board Members	-	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

¹ Base salary is pensionable base pay.

² Other cash benefits for CEO and Vice Presidents include a transition payment due to the elimination of the long standing pay at risk program. Other cash benefits for Board Members comprise honoraria pay for meetings attended.

³ 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.

⁴ 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.

⁵ The Chair of the Board of Directors and the Board members are part-time positions.

⁶ Vice President, Operations and Chief Information Officer title changed to Chief Operating Officer effective May 1, 2018.

⁷ Incumbent left the position April 30, 2018.

⁸ Position effective May 1, 2018.

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

(\$ thousands)

	2018				2017	
	Current Service Cost ¹	Other Costs ²	Net Cost	Accrued Obligation	Net Cost	Accrued Obligation
President & Chief Executive Officer	\$ 149	\$ (98)	\$ 51	\$ 2,357	\$ 351	\$ 2,306
Chief Operating Officer ³	81	(30)	51	1,188	216	1,137
Chief Financial Officer	75	(17)	58	955	169	897
Vice-President, Employee & Corporate Services	57	-	57	858	128	801
Vice-President, Operations ⁴	39	(53)	(14)	61	44	75
Vice-President, Worker Health & Wellness ⁵	-	15	15	15	-	-
Secretary & General Counsel	23	-	23	58	25	35

¹ Current service cost represents the actuarial present value of future benefit obligations arising from employee service in the current period.

² Other costs include interest on the liability and actuarial gains and losses arising from assumption changes and/or experience: less any benefit payments.

³ Vice President, Operations and Chief Information Officer title changed to Chief Operating Officer effective May 1, 2018.

⁴ Incumbent left the position April 30, 2018.

⁵ Position effective May 1, 2018.

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)	2018	2017
Cash in transit and in banks	\$ 27,751	\$ 20,817
Cash equivalents	252,917	474,393
	\$ 280,668	\$ 495,210

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 1.7% (2017 – 1.0%).

(b) Trade and other receivables

(\$ thousands)	2018	2017
Premium receivable	\$ 22,721	\$ (272,807)
Reclassified to employer liabilities - Note 19(d)	33,414	287,600
Employer accounts receivable	56,135	14,793
Other	16,491	18,245
	\$ 72,626	\$ 33,038

Included in the employer accounts receivable total above is an allowance for expected credit losses of \$3,000 (2017 – \$3,000). Substantially all receivables are collected within one year.

(c) Trade and other liabilities

(\$ thousands)	Trade	Other	2018	2017
Trade payables	\$ 32,423	\$ -	\$ 32,423	\$ 42,782
Lease obligations	-	3,537	3,537	2,130
Other liabilities	-	14,470	14,470	19,437
	\$ 32,423	\$ 18,007	\$ 50,430	\$ 64,349
Current portion	\$ 32,423	\$ 6,561	\$ 38,984	\$ 48,555
Non-current portion	-	11,446	11,446	15,794
	\$ 32,423	\$ 18,007	\$ 50,430	\$ 64,349

See Note 10 *Lease and Other Commitments* for details of the lease obligations.

(d) Employer liabilities

(\$ thousands)	2018	2017
Reclassified from premium receivable - Note 19(b)	\$ 33,414	\$ 287,600
Accrued premiums payable	19,424	16,379
	\$ 52,838	\$ 303,979

The amount in employer liabilities represents the reclassification from trade receivables of all outstanding employer accounts with credit balances. In 2017, these arose primarily from funding distributions exceeding premiums due.

(e) Safety rebates

(\$ thousands)

	2018	2017
Safety rebates payable, beginning of year	\$ 79,228	\$ 78,628
Payment of prior years' rebates	(72,360)	(68,892)
	6,868	9,736
Adjustment of prior years' accruals	(2,107)	(2,791)
Outstanding balance from prior years	4,761	6,945
Rebates for the year	66,429	72,283
Safety rebates payable, end of year	\$ 71,190	\$ 79,228

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)

	2018	2017
Occupational Health and Safety	\$ 55,182	\$ 48,000
Industry safety associations	23,049	19,246
	\$ 78,231	\$ 67,246

Injury reduction is composed of statutory funding of Occupational Health and Safety and voluntary premium levies to fund industry-sponsored safety associations.

Annual Report Extracts and 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, 2018 to March 31, 2019.

There were no disclosures of wrongdoing filed with the Public Interest Disclosure Office for the ministry.