GOVERNMENT OF ALBERTA

# Jobs, Economy and Trade

Annual Report

2023-24

Ministry of Jobs, Economy and Trade, Government of Alberta | Jobs, Economy and Trade 2023–2024 Annual Report


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

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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 ministry.

On June 9, 2023, the government announced new ministry structures. As such, some responsibilities of the Ministry of Trade, Immigration and Multiculturalism were transferred to the Ministry of Jobs, Economy and Trade. Also, on February 16, 2024, the government announced new ministry structures and some responsibilities of the Ministry of Children and Family Services were transferred to the Ministry of Jobs, Economy and Trade. The 2023-24 Annual Report reflects the 2023-24 ministry business plans, the Government of Alberta Strategic Plan, as well as the ministry's activities and accomplishments during the 2023-24 fiscal year, which ended on March 31, 2024.

The Annual Report of the Government of Alberta contains Budget 2023 Key Results, the audited Consolidated Financial Statements and Performance Results, which compares actual performance results to desired results set out in the government's strategic plan.

This annual report of the Ministry of Jobs, Economy and Trade contains the Minister's Accountability Statement, the ministry's Financial Information and Results Analysis, 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 (WCB), which is a separate entity that is accountable to the Minister of Jobs, Economy and Trade. WCB has its own budget and reporting processes; and
- other financial information as required by the *Financial Administration Act* and *Sustainable Fiscal Planning and Reporting Act*, as separate reports, to the extent that the ministry has anything to report.

All ministry annual reports should be considered along with the Government of Alberta Annual Report to provide a complete overview of government's commitment to openness, accountability and fiscal transparency**.**

# Minister's Accountability Statement

The ministry's annual report for the year ended March 31, 2024, was prepared under my direction in accordance with the *Sustainable Fiscal Planning and Reporting Act* and the government's accounting policies. All of the government's policy decisions as at May 29, 2024 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

[Original signed by]

*Honourable Matt Jones*
*Minister of Jobs, Economy and Trade*

# Message from the Minister

The Ministry of Jobs, Economy and Trade enhances Alberta's competitive advantage and helps create the conditions that contribute to our province's economic prosperity. In 2023-24, the ministry's activities helped make Alberta the economic engine of Canada and kept that momentum going forward. I am proud of our ministry's achievements during the past fiscal year.

The ministry underwent significant changes during 2023-24. It started the year as the Ministry of Jobs, Economy and Northern Development prior to being reconfigured as Jobs, Economy and Trade in June 2023 and adding responsibilities for investment and trade from the former Ministry of Trade, Immigration and Multiculturalism. I was also appointed as the minister in June 2023 and it has been a pleasure to serve Albertans in this critical portfolio. In March 2024, the ministry was assigned responsibility for Alberta's child care system. A sustainable and high-quality child care system helps Alberta's parents increase their participation in Alberta's economy by helping them pursue employment opportunities and achieve financial independence and security.

Enhancing the province's access to new and emerging markets supports Alberta's economy by providing opportunities for our exporters and helping create jobs for Albertans. The ministry continued to promote trade opportunities for our province and tell Alberta's story through trade missions to Japan, the Middle East and Europe. We also continued to engage the federal government to ensure that Alberta's interests were promoted and protected in international trade agreements.

Along with expanding markets, the ministry continued to attract investment and provide support for regional economic development. The ministry successfully coordinated investment concierge services that contributed to Dow Canada choosing Fort Saskatchewan for its Path2Zero project. At $11.6 billion, the project is one of the largest private sector investments in Alberta's history and is expected to create 6,000 temporary jobs during peak construction and approximately 400 to 500 permanent jobs once fully operational.

Since its inception in 2021, the Investment and Growth Fund has helped attract more than $421 million in capital expenditure, which led to the creation of nearly 1,000 full-time permanent jobs and almost 600 temporary ones. Examples are the S3 Group's new manufacturing facility in Medicine Hat that will create 100 new permanent and 14 temporary jobs along with Fortinet's investment of $30 million in its Calgary facility that will create 85 high-skilled and high-value permanent jobs.

The Film and Television Tax Credit contributed to 172 productions in our province, including the highly-rated The Last of Us HBO series, which helps diversify Alberta's economy. The ministry introduced proposed amendments to the *Film and Television Tax Credit Act* late in the 2023-24 fiscal year to improve program delivery and competitiveness, reduce red tape for applicants and address feedback from key stakeholders. The ministry continued to support regional economic development through supports for grassroots economic development organizations offering a suite of programs, tools and resources, and providing pathfinding, coaching and training programs for small businesses to help them grow and succeed.

When businesses and regions thrive, it creates job opportunities for all Albertans. In 2023-24, the ministry continued to support workers and their employers with investments of $113 million for skills and training programs, workforce development and labour market information. Jobs, Economy and Trade also continued to support Albertans seeking jobs and new in-demand skills through agreements with the federal government. These programs helped those facing employment barriers such as people with disabilities, women, newcomers, youth and Indigenous people. The ministry also focused on attracting workers to our province in areas of high demand that are facing labour shortages. The Alberta is Calling campaign reached out to skilled workers from other parts of Canada and we introduced legislation late in the 2023-24 fiscal year to provide a refundable tax credit as a further enticement.

In addition to assisting and attracting workers, the ministry helped ensure they were working in safe, fair and healthy workplaces. Jobs, Economy and Trade continued to provide education about and enforcement of the province's occupational health and safety (OHS) and employment standards laws. We continued to clear the backlog of employment standards complaints, effectively enforced the rules and helped protect vulnerable workers from being exploited. The ministry was able to complete more OHS inspections than the previous year, which helps ensure compliance with OHS laws. The OHS Code review continued during 2023-24 with a public engagement and review of the parts dealing with violence and harassment, explosives and oil and gas wells.

Child care delivery, policy and strategy were late additions to the ministry during 2023-24. We continued to work closely with the federal government on the child care agreements that helped reduce daycare costs to $15 per day as of January 2024, with a plan to further reduce those costs to $10 per day by the end of 2026. In March 2024, we made changes to stabilize how child care providers are paid by providing 80 per cent of their monthly claim at the beginning of the month. This helped reduce financial pressures and ensures our child care system can remain sustainable, affordable and available to hard-working parents.

I am proud of Jobs, Economy and Trade's achievements during 2023-24 and the role the ministry played in helping Alberta be the best place to live, work, start a business and raise a family. I look forward to continuing our ministry's work to foster the conditions for growth, adding jobs and economic opportunities for Albertans and ensuring business, investment and trade can thrive.

[Original signed by]

*Honourable Matt Jones*
*Minister of Jobs, Economy and Trade*

# Management's Responsibility for Reporting

The Ministry of Jobs, Economy and Trade includes:

- the Department of Jobs, Economy and Trade;
- Appeals Commission for Alberta Workers' Compensation;
- Alberta Labour Relations Board;
- Workers' Compensation Board – Alberta; and
- Northern Alberta Development Council.

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

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

Responsibility for the integrity and objectivity of the accompanying ministry financial information and performance results for the ministry rests with the Minister of Jobs, Economy and Trade. Under the direction of the Minister, I oversee the preparation of the ministry's annual report, which includes the financial information, performance results on all objectives and initiatives identified in the ministry business plan, and performance results for all ministry-supported commitments that were included in the 2023-26 Government of Alberta Strategic Plan. The financial information and performance results, out 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:

- Reliable – information used in applying performance measure methodologies agrees with the underlying source data for the current and prior years' results.
- Understandable – the performance measure methodologies and results are presented clearly.
- Comparable – the methodologies for performance measure preparation are applied consistently for the current and prior years' results.
- Complete – outcomes, performance measures and related targets match those included in the ministry's *Budget 2023*.

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 risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations and properly recorded so as to maintain accountability of public money;

- provide information to manage and report on performance;
- safeguard the assets and properties of the province under ministry administration;
- provide Executive Council, the President of Treasury Board and Minister of Finance and the Minister of Jobs, Economy and Trade 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, I have relied, as necessary, on the executives of the individual entities within the ministry.

[Original signed by]

Christopher McPherson
Deputy Minister of Jobs, Economy and Trade
May 29, 2024

# Results Analysis

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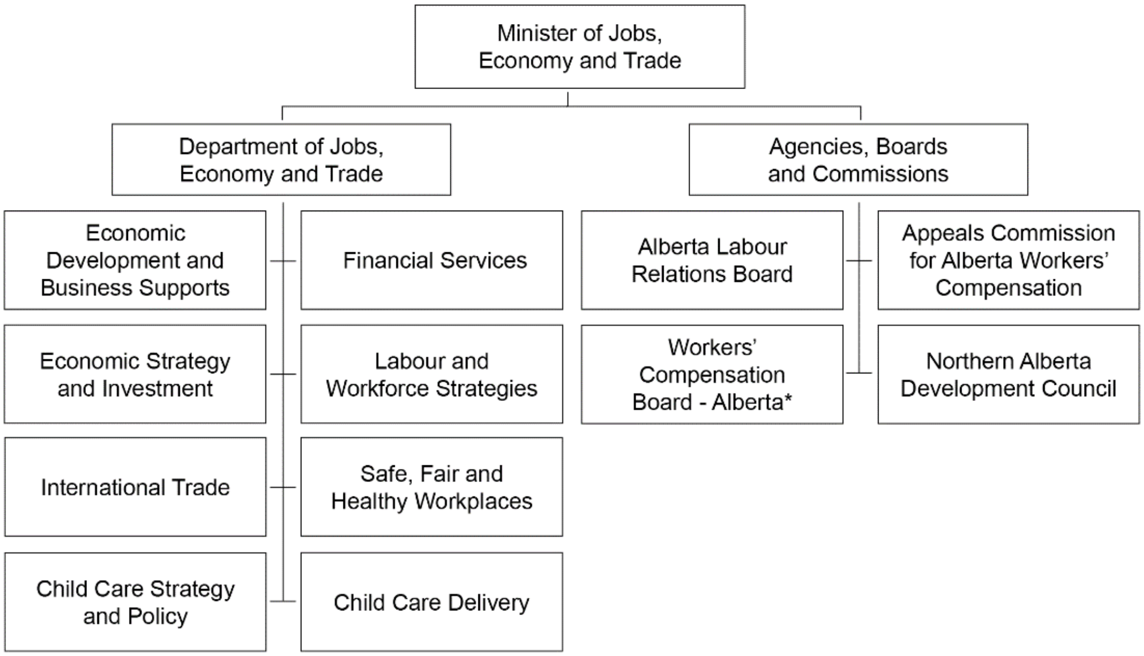
# Ministry Overview

## Organizational Structure




* The Workers' Compensation Board – Alberta is a separate entity that is also accountable to the minister. The WCB has its own budget and reporting processes.

## Operational Overview

Department of Jobs, Economy and Trade

The Department of Jobs, Economy and Trade 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's Office also oversees operations and program delivery for the department. 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 ways to achieve government-wide goals.

*Economic Development and Business Supports*

The Economic Development and Business Supports division is focused on driving and operationalizing the Government of Alberta's regional economic development agenda through policies, strategies and programs that foster regional economic development and support the vibrancy of small business. The division supports the Parliamentary Secretary for Small Business and Northern Development, the Northern Development Ministers' Forum and is secretariat for the Northern Alberta Development Council. The division works with partner organizations, like

Business Link and Futurpreneur, to assist small businesses and entrepreneurs. Department programming includes BizConnect, a pathfinding service that provides referrals to organizations that give advice and coaching, financing and training and information to help small businesses start, grow and succeed. The division also delivers the Film and Television Tax Credit program and other grants and programs that support regional economic development, diversification and growth.

*Economic Strategy and Investment*

The Economic Strategy and Investment division is focused on ensuring that the Government of Alberta’s strategies and polices support economic growth, job creation and investment. The division engages with industry to inform strategies, policies and initiatives that support Alberta’s future prosperity and builds strategic capacity and alignment across investment policy. It also coordinates high-value economic development, providing pathfinding and concierge services to investors. The division also undertakes economic modelling and data analytics to identify sectoral and regional opportunities, estimate economic impacts and guide thinking regarding future strategies and policies for Alberta. This work informs the work of multiple departments across government. Further, the division publishes accessible and timely economic data to support private sector investment decision making and the economic development work of agencies across the province. The division also develops and delivers mandated economic and industry-focused strategies and policies designed to encourage the growth of priority sectors.

*International Trade*

The International Trade division supports a government-wide approach to promoting trade and defends and advances Alberta’s trade interests. Core division functions include enhancing Alberta’s trade market access in collaboration with partner ministries; delivering programs and services to help Alberta businesses diversify into new international markets; engaging key stakeholders, including businesses and other governments, to promote and support export expansion; and advancing and defending Alberta’s interests with the federal government in the negotiation of international trade agreements. The division provides comprehensive support to the Minister with respect to trade. This ensures responsiveness within the trade ecosystem to ensure a streamlined approach, and to enable the implementation of priorities to enhance trade activities for Alberta companies, associations, the Government of Alberta and international stakeholders. The division is actively involved in supporting inbound delegations and outbound missions, participating in trade policy negotiations and providing program and operational support.

*Labour and Workforce Strategies*

The Labour and Workforce Strategies division develops labour laws and policies, supports the resolution of labour disputes and informs and delivers employment and training programming supports for workers and employers. The division develops policies and strategies to align labour supply and demand and to ensure Alberta’s workplaces are safe and healthy and operate within a fair legislative framework. The division further contributes by analyzing economic and labour trends, investigating emerging labour market issues, and utilizing labour market data to forecast future conditions and inform policy decisions. The division works with other provincial departments and the federal government to coordinate labour market programming, including overseeing the implementation of provincial Labour Market Transfer Agreements and monitoring the labour market to adjust programming as needed. The division also provides mediators and arbitrators to assist unions and employers in resolving disputes and provides the ministry’s legislative services, public accountability functions and corporate services for facilities and administration, emergency management and business continuity.

*Safe, Fair and Healthy Workplaces*

The Safe, Fair and Healthy Workplaces division enables safe, fair and healthy workplaces by using evidence to inform prevention, education and enforcement activities. The division collaborates with employers, workers, industry associations and labour groups to promote an informed and knowledgeable workforce regarding shared workplace rights and responsibilities. This division is also responsible for monitoring compliance with Employment Standards (ES) and Occupational Health and Safety (OHS) legislation using risk-based approaches, and responding to complaints, incidents and injuries. In addition, the division has established a prevention framework to align health and safety system resources leading to a reduction of injuries and illnesses within Alberta workplaces.

*Child Care Strategy and Policy*

The Child Care Strategy and Policy division is responsible for leading the transformation of Alberta's early learning and child care system. This includes the development of strategic and program policy to inform the delivery of child care programs and supports. Further, the division implements initiatives that support and advance early childhood development priorities in alignment with the Canada-Alberta Canada-wide Early Learning and Child Care Agreement and Canada- Alberta Early Learning and Child Care Agreement. The Child Care Strategy and Policy division also oversees early childhood educator certification to support the recruitment and retention of a qualified workforce.

*Child Care Delivery*

The Child Care Delivery division oversees the licensing and monitoring of child care programs as regulated under the *Early Learning and Child Care Act* and provides a range of funding supports to the child care sector. This includes funding to licensed child care programs to enable affordable child care for families, providing wage top ups and professional development supports for early childhood educators and administering the Child Care Subsidy Program to further reduce child care costs for eligible families.

*Financial Services*

The Financial Services division leads the development of the ministry's budget and provides financial advice and support related to planning and forecasting. It oversees the preparation and implementation of ministry financial statements, financial compliance and accountability, contract and grant management policy, and financial processes and policies.

## Agencies, Boards and Commissions

The Ministry of Jobs, Economy and Trade 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 interpretation and application 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 consists of an independent tribunal that is the final level of appeal for the Workers' Compensation Board (WCB), and two independent programs: the Advisor Office, which provides free-of-charge advice and advocacy services to workers and employers in Alberta, and the Medical Panels Program, which convenes medical professionals to answer medical questions posed by the Appeals Commission or WCB. All components of the Appeals Commission are supported by an internal secretariat which provides shared services and supports cost savings. The Appeals Commission is committed to a fair, client-focused appeal experience. The Appeals Commission's mission is to understand its clients' needs, offer them user-friendly resources, and guide them through the appeal process, while creating a safe and respectful place to be heard and providing clear, timely, independent and unbiased decisions.

### *Northern Alberta Development Council (NADC)*

The Northern Alberta Development Council identifies, promotes and advises on practical measures to advance economic and social development in northern Alberta. It provides a northern lens on existing and proposed government services and programs, while facilitating opportunities for stakeholders to connect and collaborate on northern issues of common interest.

### *Workers' Compensation Board – Alberta (WCB)*

WCB is an employer-funded, non-profit organization legislated to administer the workers' compensation system for the province's employers. WCB is independently funded and operates 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.

## Key Highlights

The Ministry of Jobs, Economy and Trade remains committed to regulatory approaches and program delivery that reduce unnecessary government oversight and emphasize outcomes, to improve access to government services, attract investment, support innovation and competitiveness, and grow Alberta businesses.

The Ministry of Jobs, Economy and Trade focused on accomplishing the following outcomes identified in the 2023-26 Ministry Business Plans published by predecessor ministries:

**Jobs, Economy and Northern Development Outcome One: Alberta's economy is prospering**

Key highlights and results achieved by the Ministry of Jobs, Economy and Trade in 2023-24 include:

- Working in collaboration with Dow Canada, the ministry successfully coordinated cross-ministry investment concierge services that contributed to a positive final investment decision for the Path2Zero project by Dow's U.S.-based global board on November 28, 2023. At $11.6 billion, the Path2Zero project is one of the largest private sector investments in Alberta's history. The project is expected to create 6,000 temporary jobs during peak construction and approximately 400 to 500 permanent jobs once fully operational.
- Invested almost $6.5 million in grant funding for the aviation sector through the aviation skills grant to support the growth of more highly-skilled jobs in the aviation and aerospace sector.
- Provided $7.3 million in Northern and Regional Economic Development Program grants to support 74 community driven projects that promote regional economic development and diversification.
- As of March 31, 2024, 172 productions have been authorized to participate in the Film and Television Tax Credit program. These productions are expected to spend more than $1.3 billion in the province across a range of industries, generating a gross domestic product of $732 million and supporting more than 12,600 jobs in Alberta.
- In partnership with the ministries of Transportation and Economic Corridors, and Tourism and Sport, awarded a total of $1.13 million in grants to 10 regional airports to support the development of airport improvement business cases and feasibility studies.

**Trade, Immigration and Multiculturalism Outcome One: Alberta's trade and investment interests are advanced to support a strong and prosperous Alberta**

Key highlights and results achieved by the Ministry of Jobs, Economy and Trade in 2023-24 include:

- Alberta businesses, municipalities, Indigenous communities and industry associations were supported through 295 Alberta Export Expansion Program (AEEP) grants, with over 92 per cent of those supported being small- and medium-sized enterprises. Companies reported that the program supports their ability to expand their in-market intelligence and establish valuable relationships in new or existing export markets.
- To attract job-creating investment into Alberta, the ministry implemented a pathfinding services model to provide investors and investment attraction ecosystem partners and stakeholders timely and seamless end-to-end customized services. In 2023-2024, the ministry facilitated connections for 53 enquiries from investment attraction ecosystem partners where the needed information was housed in internal Government of Alberta

sources. In addition, the ministry provided pathfinding services to more than 114 companies to support their investment decision.

- The Investment and Growth Fund (IGF) elevated the province's competitiveness during late-stage investment decision making by investors. The IGF is a deal-closing incentive program that increases Alberta's competitiveness among comparable jurisdictions. In 2023-24, the ministry awarded $6 million to four projects that are expected to to contribute $95.5 million in capital expenditures committed over the project life cycles.
- The ministry led 33 international outgoing missions for companies from across the province. The programming for these missions included targeted business-to-business meetings, information sessions and networking opportunities. Minister Jones led two international missions: the Abu Dhabi International Petroleum Exhibition and Conference in October 2023 and a Japan trade mission in early 2024. In their missions, Alberta small and medium-sized companies participated to explore new business opportunities, promote their products and expand their international networks to increase their exports.

**Children's Services Outcome One: Access to early learning and child care options enable parents and families to participate in training, education, or the workforce**

Key highlights and results achieved by the Ministry of Jobs, Economy and Trade in 2023-24 include:

- Supported the sector-wide growth of approximately 14,200 licensed child care spaces across the province and a qualified child care workforce by providing wage top-ups and professional development funding for approximately 27,900 early childhood educators.
- Parent fees for children up to kindergarten age were reduced to an average of $15 per day in January 2024 through an affordability grant provided to child care providers, including day cares, preschools and family day homes.
- Alberta and Canada signed a $53 million Infrastructure Fund to support the continued creation of child care spaces in 2024-25 and 2025-26 for underserved communities.

**Jobs, Economy and Northern Development Outcome Two: Alberta has a skilled and resilient labour force**

Key highlights and results achieved by the Ministry of Jobs, Economy and Trade in 2023-24 include:

- Committed more than $600 million from 2022-2025 to support the Alberta at Work series of workforce development initiatives. *Budget 2024* extended the ministry's's funding to include an additional $50 million over the next two years.
- Invested almost $6.5 million in grant funding for the aviation sector through the aviation skills grant to support the growth of more highly-skilled jobs in the aviation and aerospace sector.

**Jobs, Economy and Northern Development Outcome Three: Alberta are safe at work and treated fairly in the workforce**

Key highlights and results achieved by the Ministry of Jobs, Economy and Trade in 2023-24 include:

- Conducted 9,801 occupational health and safety inspections and 5,975 re-inspections as part of an evidenced-based compliance approach in support of safe, fair and healthy workplaces.

- The OHS Contact Centre responded to 13,155 telephone inquiries and 5,143 email inquiries from both workers and employers seeking additional occupational health and safety information and guidance.

## Jobs, Economy and Northern Development Outcome Four: Better services for workers, investors and employers

Key highlights and results achieved by the Ministry of Jobs, Economy and Trade in 2023-24 include:

- The ministry, including its agencies, boards and commissions, reduced its regulatory requirements by 44.1 per centsince the red tape reduction initiative began in May 2019. This result exceeds the target of 33 per cent.
- Provided efficient, timely, effective and consistent services for the 680 hearings conducted by the Alberta Labour Relations Board.
- Provided a fair, client-focused appeal experience for the 678 appeals received by the Appeals Commission for Alberta Workers' Compensation.

## Key Highlights – Financial Results

In 2023-24, the ministry's consolidated expense was $1,557 million, $237 million higher than 2022-23 and $116 million lower than budgeted.

- $113 million for Workforce Strategies, including $27 million for the Canada-Alberta Job Grant resulting in more than 12,195 Albertans approved for training; $24 million for Training for Work, which supported approximately 4,000 Albertans; and $6.5 million for Aviation Skills grant to help workers gain new skills and supports employers to develop the workforce they need to grow their businesses.
- $59 million for Safe, Fair and Healthy Workplaces, including approximately $45 million for the occupational health and safety program, where 9,801 inspections and 5,975 re-inspections were conducted and over 12,594 OHS orders issued. $12 million for the employment standards program, where 79 per cent of the approximately 4,565 complaints received were completed within 180 days.
- $157 million for Economic Development and Trade, including $103 million for the Film and Television Tax Credit supporting 43 productions; $7.3 million for the Northern and Regional Economic Development program supporting 74 projects in 57 communities; and $6 million for the Investment and Growth Fund to support projects that will support job creation and capital investment in sectors across the province.
- $1,219 million for Child Care, where $577 million in affordability grants were provided to licensed child care providers to reduce child care fees for children enrolled in child care spaces in daycare facilities, family day homes and preschools. $254 million in child care subsidies helped offset the cost of care for the families of 68,900 children.
- $17 million for the Appeals Commission for Alberta Workers' Compensation. 678 appeals were received and the average number of days from the hearing to the decision issued date was 29.
- $4 million for the Alberta Labour Relations Board. The Board received 715 applications and conducted 680 hearings during the year.

In 2023-24, the ministry's revenue was $1,083 million, $268 million higher than 2022-23 and $3.6 million higher than budgeted.

Further details related to the results of the ministry in 2023-24 can be found in the analysis below.

# Discussion and Analysis of Results

## Actions that support the priorities of the Government of Alberta Strategic Plan

**Key Priority one:**

Securing Alberta's Future

Objective: Connecting Albertans to jobs

Jobs, Economy and Trade Key Actions:

- Providing $576.8 million to make child care more affordable for parents, including reducing parent fees to an average of $15 per day for children up to kindergarten-age.
- Investing $6.5 million in the Aviation skills grant program to support the growth of highly-skilled jobs in the aviation and aerospace sector.

Detailed reporting found on pages 28 and 46.

**Key Priority one:**
Securing Alberta's Future

Objective: Attracting investment and growing the economy

Jobs, Economy and Trade Key Actions:

- Landing one of the largest private sector investments in Alberta's history. At $11.6 billion, the Dow Path2Zero project is the first net zero facility in Fort Saskatchewan.
- Continued support of Alberta's growing film and television industry, by offering tax incentives to filming in Alberta through the Film and Television Tax Credit (FTTC). Program. In 2023-24, the FTTC generated $4.30 of corresponding investment by industry productions for every dollar of tax credit issued.
- Supports to high value, private sector, job-creating investments through a $15-million annual commitment to the Investment and Growth Fund.

Detailed reporting found on pages 21, 25 and 37.

**Key Priority one:**

Securing Alberta's Future

Objective: Securing a fair deal for Alberta within a united Canada

Jobs, Economy and Trade Key Actions:

- Advancing and defending Alberta's economic interests with the federal government by ensuring that Alberta is well represented in the International Trade Agreement negotiations.

Detailed reporting found on page 38.

## Jobs, Economy and Northern Development Outcome One: Alberta's economy is prospering

Increasing investment, growing and diversifying key sectors of the province's economy and laying the foundation for an innovative and competitive economy help position the province for growth over the short and longer-term.

## Key Objectives

### 1.1 Work with partner ministries and the Northern Alberta Development Council to enhance economic opportunities in northern Alberta, including the development of economic corridors.

**Northern Alberta Development Bursary (NADB) Program**

The NADB program encourages students to train for jobs that are in demand in northern Alberta and include a return of service component as a condition of support. The bursary program is administered by the Ministry of Jobs, Economy and Trade in partnership with Education and Advanced Education. Applicants can apply to the NADC bursary, which includes the Medical and Dental, Nurse Practitioner, Pharmacy, and Veterinary specialty bursaries; the First Nations, Métis and Inuit (FNMI) bursary; the Northern Student Teacher; or the Bursary Partnership Program (BPP).

In 2023-24, there were 669 applications to the NADB program with nearly $2.35 million in bursaries approved supporting 324 Alberta students across all partner streams. The combined return service rate across all bursary programs for 2023-24 was 75.3 per cent.

Funding for the NADB program is shared between the Ministries of Jobs, Economy and Trade, Education and Advanced Education. Jobs, Economy and Trade's annual contribution to the bursary program is $500,000. An additional $573,500 was provided by Jobs, Economy and Trade, bringing the Ministry's total contribution to the bursary program to $1,073,500 in this fiscal year.

Health care practicum recipients are not considered part of the NADB bursaries but are administered by the ministry. The health care practicum program reimburses students for actual costs incurred while completing their practicum in a northern Alberta Health Services facility. As such, funding of $50,000 is provided by Alberta Health Services and recipients are not counted in the total funding above.

Of particular interest is the Bursary Partnership Program, which encourages employers to invest in the future of northern Alberta by sponsoring a return service bursary for post-secondary students. Bursary partners may select eligible students they wish to sponsor, specify the type of training they need a student to have to meet their own or local needs and contract with a student to work in northern Alberta for a specified time after graduation. In 2023-24, there were 56 bursaries approved for funding through the Bursary Partnership Program.

| Northern Alberta Development Council Bursary | | |
|---|---|---|
| | **2022-23** | **2023-24** |
| Total recipients | 235 | 324 |
| Total funds distributed | $1,502,450 | $2,348,750 |
| NADC bursary recipients | 75 | 121 |
| First Nations, Métis and Inuit bursary recipients | 67 | 97 |
| Specialty bursaries | 6 | 13 |
| Medical & Dental recipients | 2 | 7 |
| Nurse practitioner recipients | 2 | 3 |
| Pharmacy recipients | 1 | 3 |
| Veterinary Student recipients | 1 | 0 |
| Northern Student Teacher recipients | 25 | 37 |
| Bursary Partnership program | 62 | 56 |
| Health Care Practicum recipients* | 52 | 49 |
| * The Health Care Practicum Program is administered by the Ministry of Jobs, Economy and Trade. Funding is provided by Alberta Health Services and recipients are not counted in the NADB program totals. | | |

Bursary Data as of March 31, 2024.

### Northern Alberta Development Council

The Northern Alberta Development Council (NADC) identifies, promotes and advises on practical measures to advance economic and social development in northern Alberta. It provides a northern lens on existing and proposed government services and programs, while facilitating opportunities for stakeholders to connect and collaborate on northern issues of common interest.

2023-24 was year of transition for NADC as government considered options for improving the effectiveness of the agency. On March 26, 2024, Tany Yao, MLA, was appointed as the new Chair of NADC.

## 1.2 Lead a cross-ministry effort to develop and promote the Renewed Alberta Advantage to continue attracting investment and diversifying the Alberta economy.

### Alberta's Aerospace, Aviation and Logistics Sectors

The aviation industry's rapid growth means the industry is experiencing challenges filling positions. In 2023-24, government committed $10 million in grant funding for the aviation sector. This program will provide $5 million per year through 2024-25 to offset training costs and support the growth of more highly skilled jobs in the aviation and aerospace sector, while promoting the aviation sector as an appealing and rewarding career choice for Albertans. Employers in the aviation sector are eligible for up to $30,000 per employee to offset training costs related to a new or vacant position.

In 2023-24, the ministry provided a $1.4 million grant to Southern Alberta Institute of Technology (SAIT) to support the development of the Alberta Aerospace Research Centre. The Centre will support Alberta's growing aerospace manufacturing industry, including through providing companies in the aerospace supply chain with access to research facilities, specialized training programs and collaborative networks.

Alberta’s regional airports connect people, create jobs and help local businesses reach new markets. In 2023-24, government awarded 10 regional airports with a total of $1.13 million in grant funding to support the development of airport improvement business cases and feasibility studies. This investment will support the growth of Alberta’s regional airports by enabling airports to identify, explore and prioritize improvements and opportunities that will improve connectivity and increase their economic competitiveness.

In addition, the Renewed Alberta Advantage seeks to harness Alberta's innovative capabilities and robust infrastructure to enhance competitiveness in Alberta’s supply chain and logistics value chains. Alberta’s logistics sector is crucial for integrating supply chain solutions that can support industry developments and drive economic expansions. In 2023-24, the ministry led the implementation of two key Memorandums of Understanding (MOUs) with the Prince Rupert Port Authority and the Vancouver Fraser Port Authority, which seeks to encourage movement of Alberta’s goods through the ports through strategic integration of market access, improving export capacities, engagements on trade and investment attraction activities and collaboration on research areas.

### 1.3 Engage with businesses and stakeholders to develop and implement policies that create an environment that attracts investment and job creation opportunities from across Canada and around the world.

In 2023-24, the ministry engaged industry stakeholders, industry associations and relevant partners in the investment ecosystem to ensure that stakeholders have: access to program and policy information, robust solutions to address labour force challenges and other necessary supports to attract investments and jobs.

#### Dow Canada Path2Zero Project

Working in collaboration with Dow Canada, the ministry successfully coordinated cross-ministry investment concierge services that contributed to a positive final investment decision for the Path2Zero project by Dow’s United States-based global board on November 28, 2023. Alberta competed with the U.S. Gulf Coast for Dow’s investment on establishing the world’s first net-zero integrated ethylene cracker and derivatives facility.

At $11.6 billion, the Path2Zero project is one of the largest private sector investments in Alberta’s history. Specifically, the project will decarbonize a portion of Dow’s global ethylene capacity, while growing polyethylene supply in the province. The increase in ethylene and polyethylene capacity from the site allows Alberta to significantly strengthen the province’s export potential to global markets. Key components of this project include retrofitting Dow’s existing site at Fort Saskatchewan to net-zero carbon emissions, decarbonizing about 20 per cent of Dow’s global ethylene capacity, growing Dow’s polyethylene capacity by two million metric tonnes per annum and reducing Dow’s net annual carbon emissions by an additional 15 per cent by 2030 (compared with its 2020 baseline), with expected carbon neutrality by 2050.

The project is expected to create 6,000 temporary jobs during peak construction and approximately 400 to 500 permanent jobs once fully operational.

## 1.4 Support regional efforts to diversify and grow the economy, attract investment and maintain a positive and competitive business environment.

### Regional Economic Development

Alberta's government is supporting regional economies in a variety of ways including funding regional growth by providing support to local and regional economic development organizations offering a suite of programs, tools and resources to create job growth and diversify Alberta's economy.

A variety of grants have been provided to support regional economic development efforts including:

- Economic Developers Alberta was provided a grant for $150,000 to implement a series of activities that will assist in accelerating economic development capacity building, education and networking over a three-year period (2024-27); and
- Sturgeon County was provided a $100,000 grant for the Economic Developers of Canada conference, which addresses relevant economic development topics, builds capacity in Alberta communities and includes an Indigenous cultural showcase.

In 2023-24, grants to nine independent regional economic development alliance (REDA) organizations were executed for 2024-25. These grants totaled $1,016,552, with agreements in place on a funding formula to support two more years of transitional funding as the organizations prepare to become operationally self-sufficient over the next three years.

To ensure Alberta's regional economies can continue to prosper, the Northern and Regional Economic Development (NRED) program provided $7.3 million to 74 unique projects in 2023-24 in 57 communities across the province. This included: $3.1million to 28 projects based in northern Alberta and Indigenous communities; and $4.2 million to 46 projects based outside of northern Alberta and Indigenous communities.

The NRED program helps to attract job-creating investment and support economic growth and diversification across Alberta by providing up to $200,000 in funding to projects that help deliver business supports, increase labour force attraction and retention, enhance tourism and build capacity for economic growth.

Since its launch in 2022-23, the NRED program has supported a total of 144 initiatives to date, with funding for feasibility studies and planning, economic sustainability strategies such as investment attraction and sector development, and support for local small businesses, among many other relevant and impactful projects.

The 2023-24 grants provided by the NRED program include funding to Biohubx, a not-for-profit that provides support to health ventures and the life science ecosystem in Alberta; Samson Cree Nation's strategic tourism plan, including conceptual design and costing of a Cree Cultural Powwow Centre; Stoney Nakoda Nations' sustainable economic growth strategy; and the City of Cold Lake's hosting of the 2025 Aerospace Industry Symposium in collaboration with aerospace and defence sectors.

### Alberta Site Selector Tool and Data Applications

In April 2024, the ministry launched the Alberta Site Selector Tool, a new best-in-class pathfinding service that consolidates information on property listings with infrastructure and socio-economic data from the Alberta Regional Dashboard into a user-friendly interface. The benefits of this tool are twofold: it gives businesses and investors access to the data they need to make informed decisions about expanding or setting up a business in Alberta and it gives municipalities and economic developers a platform to raise the profile of opportunities in their communities. This tool supports the ministry's strong focus on job creation, investment attraction and economic diversification as well as our mandate to enhance pathfinding services and other business-attraction initiatives.

The ministry also provides a suite of related, publicly accessible data applications, including the Alberta Economic Dashboard, Alberta Regional Dashboard, Alberta Major Projects and Export Alberta. The ministry's data applications give Alberta a competitive advantage for attracting investment and make government more responsive to business needs. They help economic developers across the province to promote their regions, investors to analyze investment opportunities, and help guide Alberta businesses through the export process, including identifying export opportunities for their products. In 2023-24 (excluding October 5 – December 19, 2023 due to a reporting issue), the ministry's data applications had a total of 2,248,862 page views, up 30.2 per cent from the same period last year.

### 1.5 Deliver programs and tools to support Alberta's economic growth and diversification, including the Alberta Film and Television Tax Credit.

#### Business Link

Business Link is a non-profit organization that helps Alberta's small businesses start and succeed. They provide free one-on-one coaching and advice for entrepreneurs and small business owners, in-person and virtually. They help small business owners learn how to navigate the startup process, access market research, attend events and webinars, find online resources and build a network. They also provide support for Indigenous and immigrant entrepreneurs. Business Link's previous three-year grant agreement was for $3,720,257, from 2021-24 and ended on March 31, 2024. In 2023-24, the ministry provided Business Link with $624,303 in funding.

Business Link served a total of 5,372 unique clients, including 3,710 core clients, 504 Indigenous entrepreneurs and 1,158 Newcomer and Immigrant entrepreneurs, with advisory services in 2023-24. The organization supported nearly 8,446 aspiring and established Alberta entrepreneurs through their Core Program, Canadian Digital Adoption Program and Digital Economy Program. They hosted 51 webinars and three in-person events, with 1,879 webinar attendees, 263 in-person attendees and 103 participants in 10 cohorts of their Peerpreneur program. Business Link also launched their Mentor Program in January 2023; to date, the program has garnered a total of 268 mentees and 69 mentors. Business Link reached a total of 197 communities and served 417 market research clients.

#### BizConnect – Pathfinding Support For Small Business

BizConnect is a pathfinding service that provides support to Alberta's entrepreneurs and helps small businesses start, grow and succeed. It serves as a direct line of communication between small businesses and the ministry, helping businesses navigate over 300 small business organizations and provides timely, targeted and relevant referrals and business supports to them, including how to access advice, financing and training. Referrals to partner organizations include small business providers, business associations, chambers of commerce, financial institutions, post-secondary institutions, non-profit organizations offering loans and all levels of government.

In 2023-24, the BizConnect team received 452 inquiries. Of the 452 inquiries, 204 dealt with funding and grants, 211 were regarding questions around entrepreneurs, start-up and business development, eight were for Indigenous supports and grants for business, four were specific to finance and 25 were general/other.

### Futurpreneur Program

Futurpreneur is a national, non-profit organization that provides seed financing, mentoring and other support tools to young entrepreneurs aged 18 to 39. The organization's loan program provides up to $60,000 in collateral-free, low-interest loan financing ($20,000 from Futurpreneur and up to $40,000 from the Business Development Bank of Canada). A single application process, adjudicated by Futurpreneur, facilitates access to these funds. Futurpreneur with $750,000 in grant funding from 2020-23, provides business supports, which was extended to March 31, 2025 for another $375,000.

Between November 1, 2022 and October 31, 2023, Futurpreneur helped launch 107 new businesses and $1.95 million was invested by Futurpreneur (which is 162 per cent of the annual $1.2 million target), through their various loan programs. $2.2 million in loan capital was leveraged through their adjudication and co-lending partnership with the Business Development Bank of Canada (BDC) and the total loan capital investment during the period was $4.2 million. Futurpreneur helped launch 14 Black-led businesses, nine Indigenous businesses, 43 women-led businesses and five part-time businesses through their Side-Hustle program.

### Women's Economic Recovery Project

Launched in 2021-22, the Women's Economic Recovery Project helps to address the negative impact the pandemic had on women's economic participation, which threatened both gender equality and Alberta's economic recovery.

At the end of 2022-23, an additional $2 million was invested into the Capital Growth Initiative of the recovery project, allowing Alberta Women Entrepreneurs and the Community Futures Network of Alberta to continue offering loan financing and business support to women entrepreneurs who face challenges in accessing loans through conventional lending institutions. The initial $6 million in funding provided under the Capital Growth Initiative prior to the start of the 2022-23 year, along with the additional $2 million in funding prior to the start of the 2023-24 year has allowed these two organizations to provide business loans to over 178 women entrepreneurs across Alberta since the start of this initiative.

An investment of $1 million was also made through the Science, Technology, Engineering and Mathematics (STEM) Bursary Grant, which provided three Alberta post-secondary institutions funding to establish bursary programs aimed at reducing financial barriers that prevent underprivileged women from pursuing post-secondary education leading to employment in STEM related fields. Bow Valley College, Norquest College and Yellowhead Tribal College each created bursary programs from the investments made in 2021-22. These bursary programs are still underway. During the 2022-23 academic year, the STEM bursaries supported a total of 36 students.

### Film and Television Tax Credit Program

The Film and Television Tax Credit continues to support a thriving Alberta film and television industry. To participate in the program, productions must first apply to the program and be authorized to participate. Once filming is complete, the production then applies for their tax credit certificate.

| Film and Television Tax Credit | | |
|---|---|---|
| | **2022-23** | **2023-24** |
| Number of productions authorized during the year | 68 | 43 |
| Total value of Alberta investment (expenditures) expected by authorized productions | $353 million | $293 million |
| Number of productions approved for tax credits during the year | 24 | 36 |
| Total value of tax credits approved during the year | $26.7 million | $103.3 million |
| Total value of Alberta investment (expenditures) from productions with approved tax credits | $112.4 million | $443.4 million |

In 2023-24, the Film and Television Tax Credit program authorized 43 new productions (68 in 2022-23) to participate in the program, which supported the creation of thousands of jobs in Alberta. These productions have expected investments (expenditures) totalling $293 million ($353 million in 2022-23).

In 2023-24, 36 productions were approved for $103.3 million in tax credits during the year ($26.7 million for 24 productions in 2022-23). These productions spent $443.4 million in 2023-24 ($112.4 million in 2022-23). Tax credit requests may not be received in the same year in which a production is authorized to participate in the program. The tax credit approval occurs within 42 months of authorization.

Since the program's launch in 2020, the program has been successful in attracting numerous large productions to the province. Notable productions include: The Last of Us Season 1, Fargo Season 5, Under the Banner of Heaven, The Abandons and Joe Pickett Seasons 1 and 2. Once completed, these five productions combined are expected to have invested more than $580 million in the Alberta economy and supported thousands of jobs.

**Jobs, Economy and Northern Development: Performance Measure 1.a: Net investment in Alberta film and television productions for every $1 of Alberta Film and Television Tax Credits ($ dollars)**

| Prior Years' Results | | | | 2023-24 Target | 2023-24 Actual |
|---|---|---|---|---|---|
| 2019-20 | 2020-21 | 2021-22 | 2022-23 | | |
| N/A | N/A | 4.00 | 4.20 | 4.20 | 4.30 |

This measure reflects the associated expenditures in Alberta by production companies for every $1 in tax credit issued to eligible production firms. This demonstrates the efficacy and effectiveness of Alberta's FTTC program in attracting investments for every dollar in tax credit spent in alignment with the government's commitment to grow cultural industries.

## Film and Television Tax Credit Performance Measure

| | 2022-23 | 2023-24 |
|---|---|---|
| Total value of Alberta investment (expenditures) from productions with approved tax credits | $112.4 million | $443.4 million |
| Total value of tax credits approved during the year | $26.7 million | $103.3 million |
| Net investment for every $1 of Alberta Film and Television Tax Credits ($ dollars) | $4.20 | $4.30 |

2023-24 represents the third full year of reporting on this measure. The target for 2023-24 was set to achieve $4.20 of the corresponding investment by film and television productions for every dollar of tax credit issued in 2023-24. The actual result for 2023-24 was $4.30, which exceeded the target for the measure. These productions provide substantial benefits to many other sectors such as the travel and hospitality sector. This result demonstrates part of the benefit that Alberta derives from providing the tax incentive for the film and television sector.

**Jobs, Economy and Trade: Performance Indicator 1.b:**
**Year-over-year change in Alberta's economic activity (per cent)**

| Prior Years' Results | | | 2022-23 |
|---|---|---|---|
| 2019-20 | 2020-21 | 2021-22 | |
| -5.30 | 7.11 | 5.51 | 1.64 |

Growth in Alberta's economic activity has moderated since recovery from the COVID-19 pandemic but remains strong. The Alberta Activity Index (AAX) combines a number of economic indicators into a single index to give a summary of Alberta's economic activity. The indicator demonstrates the ministry's success in enabling a nationally and internationally competitive investment environment. The indicator also gives context to the ministry's performance in contributing to economic growth, while providing a broad picture of the state of Alberta's economy.

| Alberta Activity Index Annualized Results* | | | | |
|---|---|---|---|---|
| **October 2019** | **October 2020** | **October 2021** | **October 2022** | **October 2023** |
| -0.30 | -5.30 | 7.11 | 5.51 | 1.64 |
| * Year-over-year percent change in the 12-month average of Alberta Activity Index values | | | | |

While growth of the AAX between October 2022 and October 2023 was lower than between October 2021 and October 2022, Alberta's economy continued to expand. The AAX gained momentum in 2022 as strong commodity prices and global demand boosted activity in the business and energy sectors. In 2023, the AAX started at robust levels, driven by the ongoing strength in energy and business sectors and progress in the household sector. The AAX took a step back in June as wildfires and outages weighed on activity. Subsequently, the AAX regained momentum as a result of renewed strength in housing starts and ongoing gains in the labour market, while activity in the business and energy sectors levelled off.

## Children's Services Outcome One: Access to early learning and child care options that enable parents and families to participate in training, education, or the workforce.

Access to safe, high quality and affordable child care is critical to ensure Alberta parents can pursue education, training and career opportunities to achieve financial independence and security and support Alberta's economy.

The ministry remains committed to making quality child care affordable, accessible and responsive to the needs of parents in Alberta.

The ministry enables access to high quality and affordable child care for children 0 to kindergarten-age with investments under two agreements with the federal government: the $3.8 billion Canada-Alberta Canada-wide Early Learning and Child Care Agreement (CACWELCC) and the $291 million Canada-Alberta Early Learning and Child Care Agreement.

Although the federal agreements focus on child care for children 0 to kindergarten-age, the ministry continues to support families with school-aged children. This includes funding subsidies and wage top-ups for out-of-school care and successfully lowering fees for kindergarten-age children by negotiating the inclusion of kindergarten-age children in the federal funding agreement.

## Key Objectives

### 1.1 Increase access to child care through initiatives that support affordable, quality, safe and inclusive programs enabling parents to participate in and support Alberta's economic recovery.

**Affordability – Lowering Child Care Fees**

Alberta's government is committed to making child care more affordable for Alberta families. Since January 2022, child care fees for parents have been reduced, on average, by over 50 per cent in licensed child care for all families of children up to kindergarten-age and in January 2024, fees were further reduced to an average of $15 per day.

In 2023-24, $576.8 million was provided to licensed child care providers through Affordability Grants to reduce child care fees for children up to kindergarten, enrolled in child care spaces in daycare facilities, family day homes and preschools.

The ministry also supported families with children up to kindergarten-age by providing a child care subsidy for families with a household income of less than $180,000 annually, further reducing fees for those that need it most. In 2023-24, $253.6 million was spent on subsidies. As of March 2024, 68,900 children received some level of subsidy.

Alberta's government recognizes the importance of out-of-school care programs. In 2023-24, $51.9 million in subsidies was provided to school-aged children from households with an annual income of less than $90,000. As of March 2024, approximately 13,800 received subsidy.

Further, during July and August 2023, the subsidy rate for out-of-school care increased from $366 to up to $644. The rate increase helped parents with an annual household income of less than $90,000 offset the full-time child care fee for school-aged children during the summer months.

Additionally, to help keep parent fees stable, operators with an Affordability Grant were provided with $46.2 million in Cost Increase Replacement Funding to assist with inflationary and administrative costs.

The ministry also offers the Infant Care Incentive program to support child care affordability for families with infants. The program encourages licensed child care operators to offer child care for infants between the ages of 0 to 18 months by providing $150 each month for infants receiving care for eight hours or more per month. In 2023-24, $14.5 million was provided to licensed child care providers under the program.

Following the announcement of the Cost Control Framework in January 2023, Alberta is continuing to develop an Early Learning and Child Care (ELCC) Funding Formula which will reflect the typical costs of operating a child care space. In April and May 2023, Alberta met virtually with 357 child care providers over two technical briefings to provide information on the framework. In addition, between November 1 and December 7, 2023, the ministry met with 767 facility-based operators, preschool operators, family day home agencies and family day home educators to gather feedback on the proposed funding formula approach. Two virtual Engagement Kick Off Sessions, 13 in-person sessions in seven communities (Fort McMurray, Grande Prairie, Lethbridge, Medicine Hat, Red Deer, Calgary and Edmonton) and six virtual sessions on the proposed funding model approach took place over a five-week period. The ministry also received over 600 written responses from child care operators, family day home agencies and educators across the province.

Between January 15 and February 11, 2024, almost 11,000 Alberta parents completed the Early Learning and Child Care Parent Engagement Survey to share their thoughts on what is most important to them in high-quality child care. The survey was available in eight languages: English, French, Spanish, Punjabi, Tagalog, Simplified Chinese, Traditional Chinese and Ukrainian. Results will be available in 2024-25.

### Payments To Child Care Providers

Alberta child care providers are a critical part of ensuring the province has a strong economy. Starting March 1, 2024 child care providers received about 80 per cent of their monthly claim at the beginning of each month, in addition to the fees they collect from parents. This change to monthly claim advances help achieve the government's commitment to stabilizing child care operator finances by introducing a new payment approach, ensuring that child care providers receive grant payments sooner.

In addition, by providing the majority of funding up front, Alberta's government is helping to reduce financial pressures on child care providers as the government continues to move forward in reducing child care fees to $10 per day by 2026.

### Increasing Affordable Child Care Spaces

Through the CACWELCC Agreement, Alberta has committed to creating up to 68,700 child care spaces for children up to kindergarten-age. As of March 2024 there were 128,300 spaces for children up to kindergarten-age across the province. This represents an increase of ten per cent or 11,700 spaces compared to March 2023, when there were approximately 116,600 licensed spaces.

Alberta also supports school age children who require before and after school care. In total, there are approximately 58,700 licensed out-of-school spaces across the province. In addition, school-aged children can access child care spaces through family day homes.

In 2022, the Space Creation grant was launched targeting non-profit and Family Day Home (FDH) Agencies. In October 2023, it was expanded to include private operators to enable them to create spaces in areas of limited availability or high demand. As of March 31, 2024, the ministry provided Space Creation Grants totaling $35.4 million to 126 successful applicants who committed to creating approximately 9,000 full-time licensed child care spaces. Of these, 5,100 spaces already opened and are child care for Alberta families.

### Supporting Inclusion

Parents and families across Alberta rely on licensed child care programs every day to support the growth and development of their children. Ensuring families have access to inclusive child care is necessary for children who require developmental or behavioural supports to participate meaningfully in the program. It also ensures that parents can go to school or work knowing their child's needs are being met.

Licensed child care programs and family day home agencies across the province have access to a range of inclusion supports. These supports build operators' and educators' capacity and confidence to include children who have extra support needs; increase families' access to inclusive child care and prevent the exclusion or removal of children from a licensed child care program.

The Inclusive Child Care Program is voluntary and uses evidence-based resources, on-site consultation and training to support educators' inclusive practices. Such practices enable licensed child care programs to have the capacity to care for children with extra support needs and to receive short-term, intensive resources and supports that include:

- access to on-site coaching and consultation, training and professional development;
- short-term funding to address the cost of extra staff so primary educators increase the knowledge and skill development to include children with extra support needs; and
- referrals to relevant community supports and assisting child care programs and families to navigate these services.

In 2023-24, five regional community partner agencies received $5.4 million to provide inclusive child care coaching and capacity-building supports. In total, 1,015 licensed child care programs participated in the Inclusive Child Care Program in 2023-24, compared to 705 programs in 2022-23.

### Unlicensed Child Care

The *Early Learning and Child Care Act* allows for unlicensed child care for up to six children not including the caregiver's own children. Unlicensed child care includes nannies, private family day homes and informal arrangements with friends, neighbours, or family.

The ministry investigates complaints about unlicensed child care providers when there is reason to believe a person is providing care for more than six children, not including their own, or an imminent threat exists to the health, safety, or welfare of any child to whom the person is offering or providing care. In 2023-24 ten stop orders were issued to unlicensed child care providers.

### 1.2 Enhance quality licensed child care through workforce investments that strengthen the recruitment and retention of skilled early childhood educators and support their capacity to deliver quality child care.

The ministry supports the recruitment, recognition and retention of qualified early childhood educators (ECEs). As part of the CACWELCC, the ministry is committed to recruiting and retaining additional ECEs by 2026.

Since signing the CACWELCC Agreement in November 2021, Alberta has seen a net increase of approximately 9,800 ECEs employed in child care and approved family day homes for a total of 27,900 ECEs across Alberta.

Using innovative grants, Alberta is investing in ways to further recruit, retain and recognize ECEs across the province. These grants demonstrate the Government of Alberta's commitment to strengthening the ECE workforce through strategic partnerships with community organizations and post-secondary institutions, ultimately strengthening the delivery of child care and fostering a more diverse, skilled and responsive ECE sector.

Specifically, the ministry has funded grants to three organizations aimed at achieving these goals: Calgary Immigrant Women's Association (CIWA), Child Development Dayhomes Fort McMurray (CDDHFM) and the YMCA of Northern Alberta (YNAB).

CIWA, in partnership with Bow Valley College, provides virtual early learning and child care education and other essential pre-employment training tailored to the specific needs of immigrant and vulnerable women. The ministry allocated $1.45 million to CIWA ($826,000 for 2023-2024), aimed at enhancing access to early child care education for 229 women across the province, helping to launch new careers as ECEs. In 2023-24, CIWA successfully reached 100 per cent of their Level 1 ECE target, enrolling 129 individuals and achieved 92 per cent of its Level 2 ECE target with 92 out of 100 participants.

In partnership with Portage College and funded with $659,325 ($73,258 provided in 2023-24) by the ministry, the CDDHFM project to enhance FDH educators' certification levels through a tailored program, ultimately improving the quality of child care provided in family day homes. This initiative seeks to equip educators with the necessary skills and knowledge to create nurturing and developmentally appropriate environments, thereby advancing professionalism and expertise within the sector. As of March 2024, 56 FDH educators had been enrolled into both the Level 2 certification and Level 3 diploma programs, with varying start and end dates. Additionally, two FDH educators have successfully achieved their Level 2 certificate and are currently enrolled in the Level 3 diploma program.

With an investment of $505,000 ($130,000 provided in 2023-24) the YNAB launched a one-year pilot to strengthen the recruitment, retention and recognition of ECEs at YMCA child care centers across Edmonton and the underserved regions of Grande Prairie and Wood Buffalo. In collaboration with MacEwan University, the YNAB will implement a program to place 40 Level 1 ECEs into a one-year work-integrated learning program, with the goal of achieving Level 2 certification in one year.

### Wages and Benefits

The ministry supports the child care workforce through a long-standing wage top-up program that provides all front-line certified ECEs working with children in licensed child care programs with a wage enhancement. Wage top-ups are available for all paid time worked by ECEs during operational hours, up to a maximum of 181 hours per month, for frontline child care and the supervision of children.

The ministry provides wage top-ups that vary by ECE certification level: $2.64 per hour for Level 1, $5.05 per hour for Level 2 and $8.62 per hour for Level 3. Together with Alberta's minimum wage, the wage top-up ensures a base salary for all certified ECEs. The ministry also invested $17.4 million ($14.3 million in CACWELCC funding and $3.1 million in provincial funding) in payments to operators to offset increased costs for mandatory employer contributions for increased payroll expenditures due to increases in wage top-ups for ECEs.

### Certification

The ministry reviews education and training to determine eligibility for certification. Individuals who work in licensed child care programs must hold provincial certification issued by the ministry.

As of March 2024, there were a total of 27,900 certified ECEs in the province. 11,800 certified as Level 1, 4,200 as Level 2 and 9,800 as Level 3. This is an increase of 3,500 from March 2023 to March 2024.

The ministry has made it easier to enter the child care field and attaining Level 1 ECE certification by expanding access to the child care orientation course to all residents of Alberta at least 16 years of age, a Canadian citizen, a Permanent Resident Card holder or a Work or Study Visa holder legally residing in Alberta who do not have post-secondary educational studies in early learning and child care. The course is funded by the ministry and is available in both English and French. As of March 2024, 20,457 people registered in the Level 1 child care orientation course (19,995 in English and 462 in French), with 6,252 people having completed the course (6,124 English and 128 French).

ECEs receive certification for Levels 2 and 3 through post-secondary certificate, diploma or degree programs offered by an Alberta college or university, or an approved educational equivalency.

### Professional Development

To support ECEs to reach higher levels of certification and advance their careers, Alberta's government provides up to $4,387.50 in professional development and release time funding per ECE per fiscal year. Funding assists with approved post-secondary tuition, textbooks and approved conferences or workshops for eligible ECEs. It also includes release time funding that allows certified ECEs to be paid while they are studying, completing post-secondary coursework and attending workshops or conferences that have been approved for professional development funding. In 2023-2024, approximately 10,000 ECEs accessed Professional Development funding, totaling $14.5 million.

Professional development funding includes more access for Level 3 ECEs for skill building opportunities that will assist them to advance in their careers in leadership, build their capacity in managing and sustaining child care operations and support retention of ECEs in the sector. In 2023-2024, 343 ECEs took the pedagogical leadership course.

In 2023-2024, the ministry supported various training and professional development initiatives aimed at enhancing child care quality. Under these initiatives, approximately 7,074 ECEs accessed training related to child and infant mental health and mental health first aid and brain story certification. Additionally, 218 programs were supported in developmental screening training and 418 programs, which includes 259 licensed programs and 159 start-ups, accessed business supports.

A key aspect of high-quality early learning and child care is a strong curriculum. The ministry's Flight curriculum framework is evidence-based, maximizing learning and development opportunities using children's play and care experiences. In 2023-24, 799 educators were trained on Flight. In addition, 197 programs were supported and 121 ECEs participated in Pedagogical Partner Supports, which offers mentoring and coaching to implement the Flight curriculum. Additionally, a total of 2,534 ECEs participated in introductory, intermediate and leadership learning series on implementation of the Flight curriculum framework.

### Supporting Operators

An affordable, inclusive quality child care system that gives Alberta parents the choice they want cannot be accomplished without dedicated operators. The ministry supported operators in the past year by:

- Providing $46.2 million in Cost Increase Replacement Funding to assist with inflationary and administrative costs for operators with an Affordability Grant;
- Investing $17.4 million in payments to operators to offset increased costs for mandatory employer contributions for increased payroll expenditures due to increases in wage top-ups for ECEs;
- Providing access to business supports, including access to information, professional development and business mentoring to promote long-term business sustainability and efficient administrative practices for 1,348 programs; and
- Developing video tutorials and other resources, such as the Affordability Grant Financial Reporting Guide, to assist operators in completing agreements and submitting claims.

**Children's Services: Performance Measure 1.a:**
**Percentage change in the number of licensed child care spaces.**

| Prior Years' Results | | | | 2023-24 Target | 2023-24 Actual |
|---|---|---|---|---|---|
| 2019-20 | 2020-21 | 2021-22 | 2022-23 | | |
| 5% | 4% | 6% | 7% | 11% | 9% |

The ministry supports Alberta's economy by improving access to affordable, high-quality, safe and inclusive child care options that create employment opportunities and support parents' participation in the workforce. This measure reports the percentage increase in the number of licensed child care spaces. Spaces refer to the maximum number of children a child care program can accommodate. Child care programs include facility-based programs (daycare, out-of-school care and preschool programs), home-based programs (family day homes under a licensed agency and group family child care programs) and innovative child care programs.

In 2023-24, the number of licensed child care spaces increased by nine per cent, relative to the previous year, falling short by two per cent from the estimated target of 11 per cent. There are several factors that impact space creation, such as construction delays, delays in applicants collecting approval and collateral, a large number of Space Creation Grant applications submitted to the newly opened Category 5 and the availability of certified Early Childhood Educators (ECEs) to staff new or expanded facilities.

This increase is likely influenced by operators responding to increased demand for child care throughout the province as out-of-pocket costs to parents have decreased through implementation of the CA-ELCCA. Space creation efforts implemented by the provincial government have likely also contributed to this increase and this result may be further influenced by population trends (including growth and interprovincial migration), labour market participation and personal choice.

**Children's Services: Performance Indicator 1.b:**
**Enrollment in Facility-Based Child Care programs, Family Day Home and Group Family Child Care.**

| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|---|---|---|---|---|
| Total number of spaces (preschool) | 121,700 (16,700) | 127,900 (15,600) | 136,900 (15,400) | 146,500 (15,800) | 161,600 (14,900) |
| Number of children enrolled (preschool) | 97,600 (11,800) | 71,600 (12,700) | 101,400 (18,000) | 128,900 (19,900) | 140,100 (18,700) |
| Per cent of total enrollment (preschool) | 80% (71%) | 56% (81%) | 74% (117%) | 88% (127%) | 87% (126%) |
| Number of children receiving subsidy | 28,300 | 23,000 | 55,300 | 74,100 | 82,700 |

This indicator reports on the total number of child care spaces, the number of children enrolled, the percentage enrolled with respect to the available spaces and the number of children receiving subsidy. Child care spaces include daycare, family day home, out of school care and group family child care programs. Preschool spaces and enrollment are reported separately (in parenthesis) from other types of child care spaces and enrollment. Innovative child care programs are not included in calculations for this indicator as these are legacy programs that typically do not charge child care fees to parents or receive funding to lower costs to parents. As a result, enrollment data is not captured by the ministry.

In 2023-24, there were 158,800 children enrolled in a licensed child care program, an increase of approximately 10,000 over 2022-2023 (totals may not match numbers shown in the table above due to rounding). Enrollment rates dropped slightly for both preschool and non-preschool programs compared to 2022-23, but this difference is likely not noteworthy. Increasing total enrollment is likely influenced by the decrease in out-of-pocket costs to parents that has resulted from the implementation of the CACWELCCA. Total enrollment and enrollment rates may also be influenced by population trends, labour market participation and personal choice.

In total 82,700 children were supported through a full or partial child care subsidy in 2023-2024, an increase of approximately 8,500 from 2022-23 (totals may not match numbers shown in the table above due to rounding). Increases in the number of children supported by subsidy likely reflect the similar growth in spaces and enrollment, while the higher levels of children on subsidy compared to previous years may be influenced by continued recovery from reductions in enrollment due to COVID-19, increased subsidy eligibility for children at higher incomes after the implementation of CACWELCC, and the inclusion of temporary residents with a work permit, refugees and Ukrainian newcomers fleeing the war.

## Trade, Immigration and Multiculturalism Outcome One: Alberta's trade and investment interests are advanced to support a strong and prosperous Alberta

Increase Alberta's international trade and attract investment to the province and ensure the province's international trade interests are advanced and protected to enhance Alberta's economic competitiveness, growth and prosperity.

### Key Objectives

#### 1.1 Enhance Alberta's trade market access in collaboration with partner ministries and deliver programs and services to help Alberta businesses diversify into new international markets.

**Alberta Export Expansion Program**

The Alberta Export Expansion Program (AEEP) provides funding to export-ready small and medium-sized enterprises, including non-profit organizations, to travel to global markets to promote their products, make business connections and explore partnership opportunities. 295 Alberta businesses, municipalities, Indigenous communities and industry associations were supported through AEEP in 2023-24 to access international markets and attract global buyers. In 2023-24, over $835,000 was expensed for completed projects.

The program was revised to reduce red tape, clarify program criteria and promote increased consistency and access. Optimizing this program ensures companies can better use their time to build their businesses and focus on exporting to new markets. These changes were implemented when the program reopened on April 2, 2024.

#### 1.2 Engage key stakeholders, including businesses and other governments, to promote and support export expansion and investment attraction efforts, and work with partner ministries and Invest Alberta Corporation to deliver programs and path-finding services for prospective investors.

Export development and diversification is key to overall economic growth. By helping Alberta companies gain new market contacts and navigate the complex network of international policies, partners and resources, the ministry supports job creation, revenue growth and a more resilient consumer base for Alberta companies. The ministry does this by:

- providing market intelligence and strategic advice on priority markets and sectors for export-ready Alberta businesses;
- helping companies build their knowledge of the trade and export system, including understanding potential markets and navigating trade rules and customs procedures;
- supporting market-entry initiatives by showcasing technologies, products and services through targeted trade missions; and
- strengthening bilateral partnerships and promoting Alberta as a premier trade and investment environment by hosting incoming international delegations including during Alberta-hosted trade shows such as the annual Global Energy Show and the 24th World Petroleum Congress.

Private sector investment is a critical driver of sustained prosperity and job growth. Investment into Alberta helps drive the economy by creating new and supporting existing jobs, improving diversification, expanding business opportunities, accelerating innovation, building competitive advantage and increasing export globally.

The ministry leads a cross-government Investment and Growth Community of Practice to ensure investors are provided timely and seamless end-to end investment services including:

- facilitating connections to relevant programs, services and expertise within government;
- sourcing information and escalating enquiries/issues to relevant ministries as required; and
- helping companies navigate a complex investment attraction ecosystem efficiently and seamlessly, ensuring they have the answers and support they need to help them make a positive investment decision.

The role of the Community of Practice is to coordinate a streamlined, focused and consistent cross-ministry approach to investor experience and attraction, retention and expansion efforts across all relevant all relevant Government of Alberta ministries.

### Investment and Growth Fund

The Investment and Growth Fund (IGF) is a key element of Alberta's Investment and Growth Strategy. It aligns with the government's Alberta at Work initiative and complements other initiatives, such as the Agri-Processing Investment Tax Credit and the Innovation Employment Grant, to increase Alberta's competitiveness and capacity for economic growth.

Since program inception in Fall 2021, more than $20.51 million in IGF grants have been awarded, of which $6 million was granted in 2023-24. These grants are expected to support nearly 1,000 permanent full-time and almost 600 temporary jobs and over $421 million in capital spending in Alberta. Based on the grant funding to capital spending ratio of projects to date, for every $1 million in IGF grants awarded, more than $20 million is spent in the province.

In 2023-24, IGF announced the following projects:

- English Bay Chocolate Factory: A new facility in Stony Plain to house production, warehousing and office space will create 73 permanent jobs and 90 temporary jobs during construction (announced on April 6, 2023).
- S3 Group: A newly developed 22,000-square-foot facility in Medicine Hat for this agricultural equipment company will create 100 new permanent and 14 temporary jobs (announcement on October 18, 2023).
- Structural Truss Systems Ltd.: A new 180,000-square-foot facility in Fort Macleod will create 33 permanent and 12 temporary jobs (announced on November 10, 2023).
- Fortinet: Investment of $30 million in a new facility in Calgary that will create 85 high-skilled, high-value permanent jobs and 80 temporary jobs, contributing to the growth of Alberta's technology sector (announced on March 8, 2024).

## Trade Missions

The ministry is committed to working with its national and international partners to advance shared interests that can lead to new opportunities for people and businesses in Alberta and around the world.

The ministry led a total of 33 international outgoing missions for companies from across the province. The programming for these missions included targeted business-to-business meetings, information sessions and networking opportunities.

Minister Jones led two international outgoing missions for companies from across the province to expand their in-market intelligence and establish valuable relationships.

Outgoing missions included:

- Mission to the United Arab Emirates (UAE) (October 2-5, 2023) The Abu Dhabi International Petroleum Exhibition and Conference was the anchor event for the Minister Mission to the UAE. While in market, the Minister met with numerous companies and stakeholders from the Middle East to discuss trade and investment opportunities. A total of 48 Alberta oil and gas technology and service companies took part by exhibiting at the show, taking targeted business-to-business meetings and attending market briefings and networking events. The ministry partnered with the Canada Business Council Abu Dhabi to help identify and curate market opportunities for participating Alberta organizations. The Minister also met with leaders in Dubai on issues of technology, artificial intelligence, agriculture and logistics.
- Mission to Japan (January 26 – February 3, 2024) The Minister led a mission to Tokyo to continue strengthening trade and investment ties with Japan across key sectors, with a focus on clean technologies and advanced manufacturing. Eight Alberta small and medium-sized technology and innovation organizations participated to promote their products, expand their networks and explore new business opportunities. The Minister met with government officials, trading houses and retailers to show how Alberta's strengths in hydrogen, agriculture and technology can enable Japan to meet its energy and food security needs.

## Dow Canada Path2Zero Project

Please see Jobs, Economy and Northern Development Key Objective 1.3, page 21 for 2023-24 outcomes.

## 1.3 Advance and defend Alberta's interests with the federal government in the negotiation of international agreements to enhance trade and investment.

The ministry coordinates the government's engagement in international trade negotiations, the implementation of finalized international trade agreements and the ongoing management of Alberta's interests under these agreements. Alberta currently benefits from Canada's 15 in-force international trade agreements, covering 51 countries. This includes agreements with significant trade partners in North America, the Indo-Pacific and Europe, including the Canada-U.S.-Mexico Agreement (CUSMA), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Canada-European Union Comprehensive Economic and Trade Agreement (CETA).

In 2023-24, the ministry promoted Alberta's economic and jurisdictional interests in active or planned negotiations with the United Kingdom, India, Indonesia, the Association of Southeast Asian Nations (ASEAN) and Ecuador. The United Kingdom and India negotiations were paused during the year, while the Indonesia and ASEAN negotiations remained active, and preparations were undertaken to launch negotiations with Ecuador. Efforts by the ministry included stakeholder engagement, intergovernmental dialogue and virtual and in-person involvement in trade rounds.

**Trade, Immigration and Multiculturalism: Performance Measure 1.a: Number of Alberta businesses and associations that receive funding and supports through the Alberta Export Expansion Program (AEEP) (number)**

| Prior Years' Results | | | | 2023-24 Target | 2023-24 Actual |
|---|---|---|---|---|---|
| 2019-20 | 2020-21 | 2021-22 | 2022-23 | | |
| 25 | 1 | 0 | 94 | 200 | 210 |

The AEEP provided funding support to Alberta small and medium-sized enterprises, municipalities, industry associations, Indigenous communities and economic development organizations promoting Alberta exports through:

- outbound international business travel; and
- bringing international buyers to Alberta.

Relevant data is collected from organizations to review and report on the success of the program. Data includes international sales growth, involvement in government missions, countries of interest, leads generated, travel expense information, non-profits' support to Alberta based organizations, new tech-based organizations and growth in a variety of industries.

From April 1, 2023, to March 31, 2024, 210 unique Alberta businesses, municipalities, Indigenous communities and industry associations were supported through 295 AEEP grants, with over 92 per cent of those supported being small and medium-sized enterprises, or technology start-ups. Over $835,000 was expensed for completed projects. Top sectors supported by AEEP were:

- oil and gas products and services;
- life sciences and health technology; and
- Information and communications technology (ICT).

### Trade, Immigration and Multiculturalism: Performance Measure 1.b: Cumulative value of capital investment in Alberta committed to by recipients of the Investment and Growth Fund (IGF) program ($ million)

| Prior Years' Results | | | | 2023-24 Target | 2023-24 Actual |
|---|---|---|---|---|---|
| 2019-20 | 2020-21 | 2021-22 | 2022-23 | | |
| N/A | N/A | N/A | N/A | 245.1 | 421.1 |

Actual data on Capital Expenditures (CAPEX) is collected through grant reporting from recipients, typically in annual submissions of progress reports. Recipients are required to submit invoices for CAPEX items expended for verification. Qualified CAPEX items include land, building, machinery and equipment and any other item(s) that recipients need to specify upon submission.

Forecasted data for subsequent years is based on the company's application, which is included as part of the grant agreement. Current version of forecasted data lists the full amount of CAPEX in the fiscal year when the project is completed. This will be validated upon receipt of progress and final reports and then updated with actuals as they are expended across the time span of the grant term.

There is no historical data on the program.

### Trade, Immigration and Multiculturalism: Performance Indicator 1.c: Value of Alberta's non-residential capital investment ($ million)

| Prior Years' Results | | | | 2023 |
|---|---|---|---|---|
| 2019 | 2020 | 2021 | 2022 | |
| 59,441 | 48,641 | 55,797 | 70,108 | 69,362 |

Non-residential capital investment is a sign of a growing, healthy economy. As companies expand, they purchase property, build facilities and buy equipment. This contributes to Alberta's GDP and improves Alberta's long-term economic performance and investment attraction ecosystem.

Alberta non-residential investment was $69,362 million in 2023, a decrease of 1.1 per cent from 2022. Mining, quarrying, and oil and gas extraction accounted for 42 per cent of total capital investment in Alberta, followed by transportation and warehousing (14 per cent) and utilities (nine per cent). Investment in mining, quarrying, oil and gas extraction increased by four per cent from 2022, contributing $29 billion in annual investment for Alberta's economy. Investment in arts, entertainment and recreation, finance and insurance, public administration and health care and social assistance also increased by 46 per cent, 23 per cent, and 23 per cent and 15 percent respectively.

**Trade, Immigration and Multiculturalism: Performance Indicator 1.d: Value of Alberta's exported products ($ million)**

| Prior Years' Results | | | | |
|---|---|---|---|---|
| **2019** | **2020** | **2021** | **2022** | **2023** |
| 117,202 | 92,001 | 138,071 | 204,963 | 174,882 |

The total value of Alberta exports of domestic goods to international markets is a key indicator of trade and export growth. Increased exports are a signifier of economic growth and prosperity in Alberta.

In 2023, Alberta's exports were $174.9 billion, a decrease of 14.7 per cent from 2022.

The energy sector was particularly hard-hit, in large part due to a lower oil price, with exports of energy products to the United States seeing a decrease of $27.9 billion from 2022 to 2023. This decline in energy exports played a major role in the overall decrease in the value of Alberta's exports.

The decline in energy exports led to a reduction in the total value of exports to the United States, which fell from $183.83 billion in 2022 to $156.12 billion in 2023, a decrease of 15.1 per cent.

Most of Alberta's other key markets also saw decreases in exports in 2023, including Japan (-44.4 per cent), South Korea (-36.4 per cent) and Mexico (-33.7 per cent). The primary exception was Alberta second largest trading partner China, which saw an increase of 8.4 per cent in merchandise exports.

Motor vehicles and parts had the highest increase in exports (36.1 per cent) between 2022 and 2023, followed by industrial machinery, equipment and parts (33.9 per cent). Many products also had large decreases in exports in the same period, including metal ores and non-metallic minerals (-49.7 per cent), Forestry products and building and packaging materials (-29.1 per cent) and energy products (-18.8 per cent).

## Jobs, Economy and Northern Development Outcome Two: Alberta has a skilled and resilient labour force.

The ministry supports Albertans by providing training and up-skilling programs that helped them find and keep a job and succeed in the workplace. Targeted attraction and retention strategies promote Alberta as a destination of choice for skilled talent from domestic markets. The ministry develops and aligns evidence-based policies and programs to influence and adjust training to ensure workers have the skills and knowledge required to support Alberta's economy in both the short and long term. Robust economic and labour market intelligence facilitates efficient delivery of training programs, which help to build a workforce that meets the province's short and long-term labour market needs.

### Key Objectives

#### 2.1 Implement Alberta at Work initiatives to address current and longer-term labour market challenges by supporting Alberta's workforce through responsive programming, attracting talent and advocating for Albertans.

**Alberta at Work**

Alberta at Work initiatives provide a framework to address current and longer-term labour market challenges including attracting talent, delivering responsive programming and ensuring businesses have access to the skilled workforce required to grow and diversify Alberta's economy. Beginning in 2022, the Government of Alberta committed to investing more than $600 million over three years, from 2022-2025, to support workers with skills development, training and wage programs as well as enhanced labour market information. *Budget 2024* extended the ministry's funding commitment to 2025-2026, which includes approximately $50 million over the next two years to support skills development and training programs, robust data, analytics and labour market information projects and workforce attraction initiatives such as Alberta is Calling.

**Workforce Strategies Grants**

As part of Alberta at Work (AAW), Workforce Strategies grants support organizations with innovative solutions to help Albertans develop new skills and assist employers and industry to grow their workforce.

AAW grants were awarded under the Skills Development Stream in late 2022-23. Programs focussed on skilling to careers in Information Technology, Culinary Arts, Hospitality, Supply Chain, Transportation and Environmental Technology. Since April 1, 2023, 565 participants have been accepted into skills or employment training funded by those grants. Of these, approximately 53 per cent of participants have completed their programs and have found employment.

The ministry continues to look for new ways to respond to the needs of workers and employers. The Virtual Reality (VR) Soft Skills program at NorQuest College is one example. The program, which had its official launch on September 13, 2023, is designed to benefit both workers and employers. Through the use of VR, jobseekers are immersed in scenarios that help them improve the soft skills that will enhance their ability to land jobs, including interview skills and advocating for themselves in their job search. Employers also get an opportunity to make their human resource skills more effective and navigate challenging situations through the program.

Another example is the Culinary Skills Training Program for Newcomers delivered by the Edmonton Mennonite Centre for Newcomers (EMCN) which combines essential workplace and occupational-based skills and access to the labour market for unemployed or marginally employed participants. The program will enable newcomers to familiarize themselves with the norms and expectations of Canadian food service workplaces while developing and applying their skills during a mentored work exposure in the industry. Out of the 44 participants that have completed training so far, 27 have found employment in local restaurants.

**Enhanced Labour Market Information**

Under Alberta at Work, the government is working to improve the labour market information available to students, employees and employers. In 2023-24, the ministry took a significant step forward by supporting the establishment and research activities of an Alberta Centre for Labour Market Research at the University of Alberta. The Centre will involve economists from across the province. The ministry committed a total of $1.2M over three years to establish the centre.

The centre's mandate is to provide Albertans with balanced, independent and credible research and analysis on labour market issues affecting the province, by:

- developing and implementing a coordinated research agenda; and
- building and maintaining a network that may include researchers at other post-secondary institutions with a focus on labour market issues in Alberta.

### 2.2 Deliver responsive training and employment programs and develop skills that enable workers to succeed in our increasingly diverse economy.

**Labour Market Transfer Agreements**

Labour Market Transfer Agreements between Alberta and the federal government provide funding for the delivery of skills training and employment programs that include work placement and career planning services. There are two Labour Market Transfer Agreements in place: the Labour Market Development Agreement and the Workforce Development Agreement. The agreements serve both employment insurance eligible and non-eligible clients and focus on stable employment as the primary outcome.

Skills training opportunities are critical to getting Albertans back to work. Alberta utilizes federal funding to help connect Albertans to jobs and to develop labour market information to support industry and communities with workforce planning.

Funding under the Labour Market Development Agreement and the Workforce Development Agreement supports programs and services delivered by the ministries of Advanced Education; Indigenous Relations; Jobs, Economy and Trade; Seniors, Community and Social Services; Immigration and Multiculturalism; and Transportation and Economic Corridors. The Ministry of Jobs, Economy and Trade administers the Canada-Alberta Job Grant; Training for Work programs; the Alberta Jobs Now program; labour market information; the Labour Market Partnerships program; and the Indigenous Employment Training Partnership program.

### Canada-Alberta Job Grant

The Canada-Alberta Job Grant is a federal-provincial partnership through which employers and government share the cost of training employees to increase their knowledge and skills to meet the needs of job creators and Alberta's economy. An example of training that may be covered under the grant is a 10-hour software skills training course and an 18-hour project management course for one trainee, totalling 28 hours of training.

| Canada-Alberta Job Grant | | |
|---|---|---|
| | **2022-23** | **2023-24** |
| Applications received | 11,259 | 11,048 |
| Applications approved | 9,352 | 8,783 |
| Albertans approved for training[1] | 12,647 | 12,172 |
| Grant expense | $29.8M | $26.8M |
| Unique employers | 3,298 | 3,747 |

Data are extracted from administrative databases and are current as of time of publishing.

[1] An individual Albertan may have participated in more than one training course.

Employers in all areas of the province and across all sectors, such as oil and gas, construction, manufacturing and technical services can apply for the Canada-Alberta Job Grant.

Demand for the program remained high in 2023-24. During the year, $26.8 million was used to support more than 3,700 employers to train more than 12,000 new and existing employees. The sectors that made the most use of the program were oil and gas extraction, professional, scientific and technical services, and support activities for mining, oil and gas extraction.

During the year, the program completed part two of an automation project that reduced staff time on manual, repetitive administrative tasks. Results include refining the roles and value-added work conducted by staff; eliminating unnecessary steps (e.g., manually attaching files to emails); identifying administrative roles that can be revised to support other parts of the processing workflow; maximizing resources and organization structure; and clearing backlogged, non-priority tasks within the database.

### Alberta Jobs Now Program

The Alberta Jobs Now Program (AJNP) encouraged employers to hire and train new staff to gain current and updated skills. The third and final intake closed on June 30, 2022, and in 2023-24 AJNP staff continued to support employers in submitting their completion forms and completing their grants.

In 2023-24, the program processed 6,741 completion forms and 9,101 payments to 1,835 unique employers to support the employment and training of new staff.

### Training for Work Programs For Unemployed Or Underemployed Albertans

Training for Work programs provide training opportunities to help Albertans gain skills in order to find work, improve their employment situation and increase their ability to cope with changing labour market conditions. There are five streams under Training for Work, including: Workplace Training, Immigrant Bridging, Self-Employment, Transition to Employment Services and Integrated Training.

In 2023-24, programs continued to support the labour market participation of various demographic groups within Alberta's labour force including youth (age 18-24), older workers (age

40+), newcomers, women and skilled professionals as well as the general population, providing a broad suite of programming to help Albertans in various stages of their work life to secure employment.

Training for Work programs invested $24.2 million in 65 urban and rural communities across Alberta. In total, 88 contracted training and employment programs were offered. Substantial procurement activity occurred in the final two quarters of the 2023-24 fiscal year in order to establish new programs for the following year. This includes implementing new approaches to short-term training delivery in key priority sectors such as Transportation and Construction.

Training and employment programs were added or expanded in Edmonton, Calgary, Lethbridge, Medicine Hat, Brooks, Rocky Mountain House, Drumheller, Taber, Crowsnest Pass, Airdrie, Fort McMurray, Whitecourt, Lloydminster, Camrose and Wetaskiwin in response to growing demand in these communities. These programs aimed to provide unemployed Albertans with the training and skills they need to obtain jobs within the construction, energy, business and accounting, transportation, hospitality/tourism and supply chain/logistics sectors. In addition, self-employment training programs were extended in both rural and urban communities as well as employment services and on-the-job training supporting a variety of sectors and occupations in demand.

Over 4,000 unemployed or underemployed Albertans accessed Training for Work programs in 2023-24, consistent with the previous year. Over 74 per cent of participants were employed or in further training or education 90 days after training, a slight decrease from the previous year and still well above the target of 70 per cent.

Program success is impacted by the engagement of individuals, business and industry, training providers, communities and other levels of government. Training for Work programs measure employment outcomes through established program performance evaluation criteria to satisfy provincial requirements as well as federal requirements as part of the Labour Market Transfer Agreements.

### Indigenous Employment Training Partnerships

The Indigenous Employment Training Partnerships Program funds Indigenous-led training and work experience projects to help unemployed or underemployed Indigenous people gain the necessary training, skills and experience to be successful in the workplace and maintain long-term employment. Depending on the needs of the participants and employers, locally created training projects can address employee readiness and ensure relevant skills training and certification are being provided. Projects may include enhanced cultural supports for participants, such as the inclusion of community Elders in programming to support the completion of training.

Projects are developed in partnership with government, industry, First Nations communities, Treaty councils and Indigenous organizations to create projects to fill identified labour force needs. Partners include Rupertsland Institute, Metis Settlements and Indigenous employers.

In 2023-24, 36 Indigenous Employment and Training Partnership projects were approved with 165 Indigenous partners. A total of 749 individuals participated in training across these projects and approximately 82 per cent completed the training (67 per cent of participants found employment) upon completion of training.

The ministry continues to collaborate with Indigenous partners to support upcoming training projects identified by Indigenous communities and organizations.

### Northern Alberta Development Bursary – FNMI Stream

The Northern Alberta Development Bursary program supported Indigenous learners with funding support through the First Nations, Métis and Inuit (FNMI) bursary.

In 2023-24, 339 applications were received and awards were provided to 97 students. Overall, the bursary program has been successful in retaining talent in Northern Alberta. The 2023 return of service rate for the FNMI program is 82.3 per cent.

### 2.3 Leverage targeted attraction and retention strategies, including Alberta is Calling, to attract talent to Alberta from international markets and markets in Canada and to retain those workers in Alberta.

### Alberta Is Calling

Over the course of the year, the ministry developed targeted attraction strategies, including the Alberta is Calling Moving Bonus. The *Financial Statutes Amendment Act, 2024* amended the *Alberta Personal Income Tax Act* (APITA) to implement the Alberta is Calling Moving Bonus. The Moving Bonus is a one-time, $5,000 refundable tax credit aimed at attracting out-of-province workers to Alberta to work in the skilled trades. The attraction bonus will help fill labour shortages in the skilled trades, with applications considered on a first-come, first-served basis. The $10 million budgeted for the program will support 2,000 workers in receiving a moving bonus. To be eligible for the bonus, applicants would need to move to Alberta in 2024, file their 2024 income tax return as an Alberta resident and meet other eligibility criteria. The application portal will open for application intake starting May 2025.

### Aviation Skills Grant

The Aviation Skills Grant was launched in 2023-24 to grow and diversify the province's aviation and aerospace industry. The program supports training and re-skilling to help workers gain new skills and supports employers develop the workforce they need to grow their businesses.

Forty grants were awarded to 33 employers for a total amount of almost $13 million. Half this amount will be expensed in 2023-24 and half will be expensed in 2024-25. The grants are expected to result in training for more than 2,000 individuals who will benefit from up to $30,000 in funding for training, equipping them with the tools to meet the evolving needs of employers. Training will focus on programs for pilots, instructors, multi-engine operation and wing conversion training, as well as nighttime or mountain flight training for both airplanes and helicopters.

### Targeting, Referral and Feedback Service

Targeting, Referral and Feedback (TRF) is a service that allows contracted service providers to contact Employment Insurance (EI) applicants early in their claim to offer services and help them return to work.

| Targeting, Referral and Feedback Service | | |
|---|---|---|
| | **2022-23** | **2023-24** |
| Number of clients | 10,344 | 10,631 |
| Number of clients interested in further services | 2,119 (20%) | 2,252 (21%) |
| Number of clients not interested in further services | 8,225 (80%) | 8,379 (79%) |
| Number of service providers | 27 | 32 |
| Number of contracts | 48 | 51 |
| Participating municipalities | 332 | 256 |
| Data are extracted from administrative databases and are current as of time of publishing. | | |

At the end of 2023-24, there were 51 TRF contracts in place with 32 service providers. These contracts provide services to residents of 256 Alberta municipalities. Of the 10,631 EI applicants contacted and offered employment services, 21 percent accepted the offer. The top reason given for not being interested in these services was that these individuals had already secured other employment.

In an effort to increase service uptake, feedback from service providers and clients was used to prepare TRF system changes and improvements. These changes will be implemented in 2024-25.

### Coal Workforce Transition Program

The Coal Workforce Transition Program provides financial supports to workers in the coal industry impacted by the government decision to phase-out of coal-fired electricity. 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; and
- Relocation Assistance, which provides financial support for those who have moved at least 40 kilometers to start a new job.

In 2023-24, the program provided a total of $1.6 million in financial support for employees affected by the phase-out of coal-fired electricity generation, compared to $3.1 million in 2022-23. The amount distributed each year varies depending on the upcoming plans for closures and conversions and the associated workforce impacts. In the past year, six Albertans received a Bridge to Re-employment grant, while 14 Bridge to Retirement grants were issued.  No relocation grants were issued in 2023-24.

**Workforce Partnerships Grants**

Workforce Partnerships grants enhance workplace human resource development and labour market adjustment strategies through community and sector-level partnerships. In 2023-24 a total of $4.8 million in grants supported 43 projects across multiple sectors, including:

- Pinpointing Challenges that Contribute to the Driver Shortage will collect information to better understand why commercial truck drivers continues to experience high vacancies and the career trajectory of newly trained drivers.
- The Immigrant Tech Connect Series will support the job attraction strategies of employers in Calgary's tech sector by connecting them directly with job seekers.
- Youth Works Development Program led by Tolko Industry Ltd in High Prairie will provide Indigenous youth with practical skills that encourage them to complete their high school education and provides an opportunity to work directly with one of the largest employers in the region.
- Bi-Provincial Try-A-Trade Career Expo with the Lloydminster Construction Association is an opportunity for Albertans to explore career opportunities in the trades with hands-on learning experiences, such as laying bricks or welding a joint, and interactions with employers and education institutions.
- Apprenticeships in Alberta: Facilitating Pathways to Apprenticeship and Careers in the Skilled Trades for Racialized Youth and Newcomers Canadian Apprenticeship Forum will support entry into apprenticeships by creating awareness  about apprenticeship with racialized youth and parents and connecting racialized youth and employers through events and job matching services.

Grants are posted online at: https://www.alberta.ca/workforce-partnerships-grants.aspx

### Jobs, Economy and Northern Development: Performance Measure 2.a: Outcomes for Training for Work program clients

| Prior Years' Results | | | | 2023-24 Target | 2023-24 Actual |
|---|---|---|---|---|---|
| 2019-20 | 2020-21 | 2021-22 | 2022-23 | | |
| 75.1% | 67.2% | 75.5% | 75.8% | 70% | 74.3% |

The percentage of Training for Work clients who report they are either employed, self-employed or in further education or training after leaving a Training for Work 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 and/or training programs encourage attachment to the labour market.

It is difficult to isolate any single factor contributing to the modest changes in the performance measurement outcome compared to the previous year. However, it can be noted that the consistent increase in the labour force over the previous fiscal year due to new arrivals in the province has meant more competition for available jobs. This may have contributed to certain program participants failing to secure/maintain employment following completion of programming. This aligns with the increase in unemployment rate observed across the province over the last year. While there was a slight decrease in the performance measure from 75.8 per cent in 2022-23 to 74.3 per cent in 2023-24, the result is still above the target level.

## Jobs, Economy and Northern Development: Performance Indicator 2.b: Employment Rate

| Prior Years' Results | | | | 2023 |
|---|---|---|---|---|
| 2019 | 2020 | 2021 | 2022 | |
| 66.8% | 61.1% | 63.8% | 65.7% | 65.5% |

The employment rate is estimated as the number of employed persons expressed as a percentage of the population 15 years of age and over. This is calculated as a 12-month average for the calendar year.

According to Statistics Canada's Labour Force Survey, the employment rate in Alberta remained steady between 2018 and 2019, hovering around 67 per cent. The COVID-19 pandemic and low oil prices led to significant drops in employment in 2020 and the employment rate fell to 61.1 per cent.

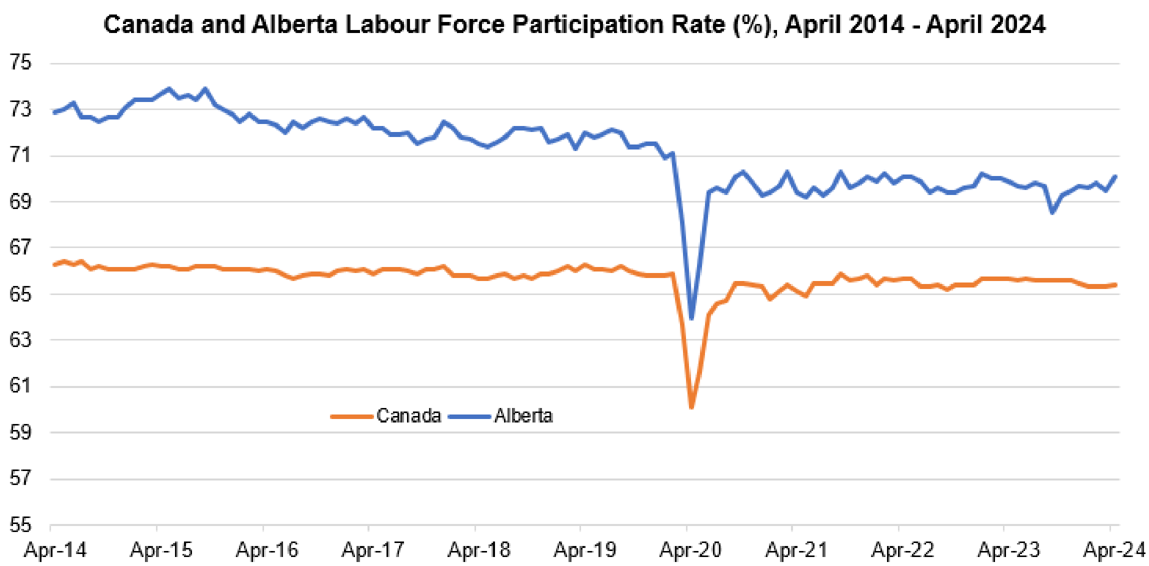
The employment rate in Alberta rose to 63.8 per cent in 2021 and to 65.7 per cent in 2022 from the bottom point in 2020, as Alberta's economy was getting back on track from the COVID-19 downturn. In 2023, the employment rate slightly declined to 65.5 per cent, as the net international and interprovincial migration inflows increased substantially. The employment rate for the core working age (25 to 54 years) reached 84.4 per cent in 2023.

In 2023, the employment rate for males was up 0.3 percentage points from 69.6 per cent in 2022 to 69.9 per cent in 2023. The employment rate for females decreased by 0.6 percentage points from 61.8 per cent in 2022 to 61.2 per cent in 2023.

Regionally, the employment rate in 2023 increased in five out of seven of Alberta's Economic Regions. The leading regions with the highest employment rates were the Wood-Buffalo and Cold Lake region at 71.0 per cent followed by Banff-Jasper-Rocky Mountain House and Athabasca-Grande Prairie-Peace River at 67.1 per cent. The employment rates in the Calgary and Edmonton regions were above the provincial rate at 66.3 per cent and 65.7 per cent, respectively. The Lethbridge-Medicine Hat; Camrose-Drumheller; and Red Deer regions were below the provincial rate at 61.9 per cent, 62.3 per cent and 60.0 per cent, respectively.

## Labour Force Participation Rate

The labour force participation rate is the proportion of Alberta's working-age population (15 years and over) engaged actively in the labour market, either by working or looking for work. It reflects the supply of labour available to support the province's economic activity relative to the working-age population. Generally, labour force participation rate can be defined as the percentage of the population that is in the labour force.




Source:Statistics Canada. Table 14-10-0287-01 Labour force characteristics, monthly, seasonally adjusted

Alberta historically has the highest participation rate among provinces, influenced by various factors like demographics and economic trends. In the last 10 years, Alberta's participation rate exceeded the national average. In April 2024, Alberta recorded a robust participation rate of 70.1 per cent, (4.7 percentage points higher than the national average), which indicates a very active workforce.

## Jobs, Economy and Northern Development Outcome Three: Albertans are safe at work and treated fairly in the workplace

The ministry focuses on keeping Albertans safe and healthy at work by monitoring for compliance with labour legislation while helping Alberta to be a more attractive and competitive place to work and do business. The ministry collaborates with workers, employers, health and safety associations, industry associations, and labour groups to promote an informed and knowledgeable workforce regarding their rights and responsibilities through efforts such as the Prevention Initiative. The ministry uses an evidence-based approach and research to identify emerging trends and areas where it deems proactive action would be beneficial. A stable and balanced approach to compliance supports capital investment, job creation and most importantly, workplaces that are safe, fair and healthy. Reducing workplace illness and injury also helps to reduce costs for employers.

### Key Objectives

**3.1 Work with stakeholders, employers and workers to implement changes to the Occupational Health and Safety Code to protect the health and welfare of Alberta workers.**

**Occupational Health and Safety (OHS) Code Review**

In 2023-24, the ministry continued to execute its three-year review plan to keep the OHS Code current. An updated and easier-to-understand OHS Code helps employers keep workers healthy and safe and supports Alberta's economy. Regularly updating the OHS Code allows it to keep pace with changing work practices, evolving technologies, emerging issues and interprovincial trade agreements that support harmonization and labour mobility. It also provides an opportunity to clarify work site party responsibilities and improve health and safety outcomes while enabling innovation, competitiveness and streamlining requirements.

The focus of the ministry's work in 2023-24 was on reviewing Parts 27 (Violence and Harassment), 33 (Explosives) and 37 (Oil and Gas Wells) as well as miscellaneous changes, such as minor editorial revisions.

Proposed changes have been developed for Parts 27, 33 and 37 based on input from technical working groups which included industry experts (for Parts 33 and 37) as well as public consultation, which ran from February 20 to April 2, 2024. Proposed changes are intended to improve health and safety outcomes, reflect modern Alberta workplaces, improve clarity, reduce red tape and correct errors. These changes will be brought forward for government decision in 2024-25.

### 3.2 Support a coordinated provincial occupational health and safety approach through education and outreach-based prevention initiatives; regulatory compliance through proactive, evidence-based inspections; and reactive inspection and investigation programs.

**Occupational Health and Safety**

OHS legislation sets out the minimum health and safety standards for Alberta's workplaces. Effective health and safety management systems support workers' health and safety and help to reduce employer costs related to worker injury and illness. The ministry works with employers, workers, health and safety associations, industry associations and labour groups to promote a workforce that is informed and knowledgeable on workplace rights and responsibilities. Education and enforcement activities are complementary and both tools help work site parties achieve compliance with the legislation.

In 2023-24, the ministry conducted 9,801 inspections and 5,975 re-inspections, compared to 9,571 inspections and 4,146 re-inspections in 2022-23. The increase in inspections and re-inspections in 2023-24 is a result of an operational shift to an evidence-based and intelligence-led approach in the development of inspection initiatives, selection of sectors of focus and overall strategic use of resources. Proactive inspections are evidence based and focus on employers or industries that have higher injury and incident rates in order to support improved OHS systems. Reactive inspections respond to an injury, illness, complaint, fatality disciplinary action complaints, referrals from other agencies or work refusal. In 2023-24, 35 per cent of OHS inspections were proactive and 65 per cent were reactive.

**Occupational Health and Safety**

| | 2022-23 | 2023-24 |
|---|---|---|
| Inspections conducted | 9,571 | 9,801 |
| Re-inspections conducted | 4,146 | 5,975 |
| OHS orders written | 9,099 | 12,594 |
| Unique work sites visited | 7,092 | 7,548 |
| New businesses contacted for the first time | 12,342 | 14,603 |
| Online resources viewed | 652,794 | 696,188 |

OHS officers issued 12,594 orders in 2023-24, compared to 9,099 in 2022-23. OHS officers use a risk-based approach to compliance, focusing on issues with the highest risk of worker injury to monitor work site party compliance. Employers receive OHS orders when there is evidence of non-compliance with OHS legislation. OHS orders include compliance orders, stop work orders and stop use orders.

### 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.

| Occupational Health and Safety Contact Centre | | |
|---|---|---|
| | 2022-23 | 2023-24 |
| Telephone inquiries | 15,446 | 13,155 |
| Email inquiries | 5,095 | 5,143 |
| Total inquiries | 20,541 | 18,298 |

In 2023-24 the OHS Contact Centre received 13,155 telephone inquiries (15,446 in 2022-23) and 5,143 email inquiries (5,095 in 2022-23) from both workers and employers seeking additional information and guidance.  Telephone inquiries continued to drop, a trend since 2019-20. This could be due to the implementation of several on-line self-serve reporting portals by the OHS and no new major changes to OHS Legislation. Common topics for the inquires include bullying and harassment, first aid and asbestos. Additionally, OHS provides an after-hours call service to help employers and workers report serious incidents and express OHS concerns. In the 2023-24 fiscal year, there were 703 calls received, roughly the same as observed in 2022-23 fiscal year (694).

### Occupational Health and Safety Specialized Professional Services

Specialized Professional Services (SPS) strives to reduce occupational related illness and injuries in Alberta by supporting OHS program delivery and external stakeholders with technical and subject matter expertise (SME).  SPS supports inspection and investigation activities by providing technical expertise in the fields of engineering, occupational medicine, occupational hygiene, ergonomics and mining.  Key activities include providing subject matter expertise for complex inspections and investigations, expert witness services in support of prosecutions, administration and delivery of regulated programs, review and issuance of legislative variances and support for legislation development. In 2023-24 SPS completed:

- 282 activities in support of regulated programs;
- 328 SME support activities for compliance and investigation units; and
- 33 legislative support activities.

### Tickets

OHS officers can issue tickets to employers and workers for observed non-compliance with specific sections of OHS legislation. Examples include an employer failing to ensure that workers are using or wearing required equipment, or an employee failing to have a valid entry permit when entering a confined space. In 2023-24, 12 tickets were issued totaling $5,400, compared to 27 tickets totalling $11,280 in 2022-23. Seven tickets were issued to employers, two tickets were issued to supervisors and three tickets were issued to workers. The largest ticket issued to an employer was $600. The largest ticket issued to a worker was $240.

### Occupational Health and Safety Administrative Penalties

Administrative penalties may be issued to either employers or workers for serious or repeat non-compliance with OHS legislation. The purpose of administrative penalties is to improve workplace health, safety and legislative compliance. In 2023-24, 21 administrative penalties totaling $102,000 were issued to employers or workers (compared to 17 totaling $62,025 in 2022-23) with individual fines ranging from $1,000 to $20,000. Penalty amounts are based on the severity and duration of the non-compliance.

### Serious Incident Investigations

A serious incident is defined, under Section 40 of the *Occupational Health and Safety 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.

In 2023-24, investigations were initiated for 586 reportable incidents including traumatic incidents and fatalities. Charges were laid on 19 cases against work site parties in violation of the *Occupational Health and Safety Act*, Regulation and Code, compared to 13 in 2022-23. These charges represent the most serious OHS infractions. Convictions in the year resulted in monetary fines totaling $3,599,800 (compared to $1,740,750 in 2022-23). The amount of monetary fines can fluctuate based on the type of infractions and the number of convictions each year. These fines ranged from $75,000 to $745,000. The number of charges laid depends on several factors, including the number of serious incidents that occur. The fine amounts depend on the specific facts of each case, including instances of noncompliance and whether it can be proven that it was reasonable for the work site party to address the unsafe work conditions leading to the incident. OHS recommends charges when it is believed that there are reasonable and probable grounds for the offences that have been identified as a result of the investigation.

### Creative Sentencing/Corporate Probation

The *Occupational Health and Safety Act* has provisions for the courts to consider when sentencing work site parties. Having regard for the nature of the offence, the courts may impose a creative sentence where fines are directed towards projects, programs, research or education that will further the goal of achieving healthy and safe work sites. In some instances, work site parties are also placed on enhanced regulatory supervision with probation-like conditions that can include public acknowledgement of the offence, specific health and safety training courses and an external audit of their health and safety management program.

Creative sentencing was initiated eight times in 2023-24. From these sentences, a total of $2,430,000 (included in the $3,599,800 in fines referenced above) was ordered to be paid to not-for-profit organizations, educational institutions and to health and safety associations to further the goal of achieving healthy and safe works sites. In 2023-24, two companies were placed on enhanced regulatory supervision (corporate probation) and required to comply with specific conditions (e.g., publicly acknowledge the offense, undertake specific health and safety training courses). In addition, there was one charge laid regarding a breach of Enhanced Regulatory Supervision conditions.

## Occupational Health and Safety – Disciplinary Action Complaints

The *Occupational Health and Safety Act* includes provisions to protect workers by prohibiting any person from taking disciplinary action against them for exercising their rights or duties under the legislation. The onus is on the employer to show that disciplinary action was taken against a worker for a reason other than fulfilling an OHS duty or responsibility.

In 2023-24, 91 disciplinary action complaints (DAC) were triaged compared to 105 in 2022-23. Out of 91 DACs, three were resolved by voluntary resolution; 15 were abandoned; four were denied (no investigation), 13 were withdrawn and 17 decisions were rendered.

## Potentially Serious Incidents

The *Occupational Health and Safety Act* requires prime contractors or employers (if there is not a prime contractor) to investigate potentially serious incidents (PSIs) that occur on work sites. Once the investigation is complete, a report is submitted via the OHS Online Incident Reporting service. A worker may also choose to report an incident to the OHS Contact Centre. A PSI is reportable when the incident had a likelihood of causing serious injury or illness and there is a reasonable cause to believe that corrective action may need to be taken to prevent reoccurrence. A PSI is not limited to workers. If someone who is not a worker is involved, it is considered to be a PSI if it resulted from work activities at the work site or could have happened to a worker. In 2023-24, 631 PSIs were submitted.

Aggregate PSI data summary reports are shared monthly with external health and safety associations and used to inform program delivery within the ministry. Quarterly PSI data is provided to Energy Safety Canada as part of an information sharing agreement. Ministry staff worked to raise awareness of PSIs through presentations to health and safety associations and Certificate of Recognition Certifying Partners. Staff also worked to increase awareness of PSIs by sending over 2,200 letters and emails to employers that may not have submitted a PSI report based on WCB claims data. As a result, 113 employers submitted a PSI after receiving PSI awareness correspondence. In addition, 24 serious incidents were identified through the OHS Contact Centre following PSI awareness correspondence.

## Online Searchable Legislation Tool

In July 2022, Alberta launched an occupational health and safety legislation search tool to give employers and workers an easier way to access information. The legislation search tool consolidates the *Occupational Health and Safety Act*, Regulation and Code into one interactive, online resource. A searchable web-based version of the legislation means people can navigate, download, print, copy and share, both individual and multiple, sections from all three components of OHS legislation. The tool enables employers and workers to more efficiently access and apply the health and safety rules that apply to their workplace. It is designed for use on both computers and mobile devices. From April 2023 to March 2024, there have been 111,000 users that have viewed the tool over 500,000 times with over 1.5 million events (searches, saves, prints and downloads).

Currently, there is an update being undertaken in partnership with the Ministry of Technology and Information to upgrade the search tool for easier use, more streamlined access and usability and the ability to connect the user searches to occupational health and safety information resources.

### Occupational Health and Safety Information Resources

The ministry develops and maintains information resources to engage and support internal and external stakeholders. Resources, including bulletins, templates, toolkits, eLearning programs and webinars, are designed to support understanding of and compliance with Alberta's OHS legislation. In 2023-24, the ministry published 70 new resources and updated 48 resources. Resources, posted on an online portal, received more than 696,000 views. Examples of resources published/updated include: Noise at the work site, excavations, lithium batteries, and translated information in Arabic, Chinese, French, Punjabi, Spanish and Ukrainian. The ministry also develops an e-newsletter, OHS eNews, with approximately 19,000 subscribers who received 12 monthly and two special edition e-newsletters in 2023-24.

### Heroes' Fund

The Heroes' Fund recognizes the sacrifices of first responders who die as a result of performing their duties. A one-time, tax-free payment of $100,000 is provided to eligible families of first responders, including police officers, firefighters, paramedics, sheriffs and provincial correctional officers. Payments administered from the Heroes' Fund are separate from regular workers' compensation fatality benefits.

The Heroes' Fund supported 12 families in 2023-24, compared to 14 families in 2022-23. The fund pays for fatality benefits in the year in which they are accepted versus when deaths may have occurred; WCB-Alberta's adjudication process can take time and invoices can be received by the ministry at a later date. The Heroes' Fund has an annual budget of $1.5 million and has supported 58 families since its creation.

## Proactive Occupational Health and Safety Programs

While Alberta's workplaces may have effective health and safety management systems, the ministry conducts a number of industry and employer specific programs and initiatives to support specific industry and employer health and safety practices. Targeted programs not only contribute to safe and healthy workplaces, but also support Alberta's competitive advantage in attracting investment to the province. OHS officers take a risk-based approach to regulatory compliance and enforcement, starting with an education-based approach. Focusing on employers that need the most support is the best use of OHS resources and the best opportunity to effect change that makes workplaces safer. Over the long term, this approach can save these employers and others in their WCB rate group on premium costs if there are fewer claims.

| Proactive Inspections Program | Inspections | Orders |
|---|---|---|
| Mill | 18 | 46 |
| Enhanced Compliance Intervention Program – Select Employers | 95 | 82 |
| Automotive Repair | 586 | 2,131 |
| Cannabis Shops | 273 | 711 |
| Commercial Construction | 310 | 147 |
| Hail Damage | 4 | 7 |
| Liquor Stores | 393 | 874 |
| Mines | 31 | 69 |
| Residential Construction | 381 | 473 |
| Residential Rebuild | 62 | 67 |
| Vape Shops | 89 | 298 |
| Sand and Gravel | 68 | 129 |
| Continuing Care (Healthcare) | 179 | 80 |
| Manufacturing | 230 | 417 |
| Wholesaling, Warehousing and Department Stores | 62 | 34 |
| Cities | 311 | 119 |
| Selected Industry - Fire Protection Cooperatives, Iron & Steel Foundries, Refractory Linings, Timber Management | 36 | 13 |
| **Total** | **3,128** | **5,697** |

## Occupational Health and Safety Proactive Inspection Program

The proactive inspections program provides support to high-risk sectors or employers. The initiative focuses on selected industries and emerging trends. The ministry chooses employers and sectors with relatively high injury and illness rates, high frequency of incidents or complaints of persistently low rates of compliance and looks for emerging trends. The proactive inspections program enhances employers' awareness of their responsibilities under the *Occupational Health and Safety Act*, Regulation and Code. The program aims to protect workers' health and safety 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.

## Occupational Health and Safety – Prevention Initiative

The OHS Prevention Initiative clarifies priorities of the Alberta OHS system based on evidence and consultation with various collaborators and interested parties including employers, health and safety associations, labor organizations, service providers (consultants, trainers and auditors), the Workers' Compensation Board – Alberta (WCB), government and workers. The initiative supports the use of best practices for an effective OHS system through outreach and education campaigns based in user-centered design and knowledge translation principles.

The long-term goals of the initiative are:

- workplaces engage in behavior that supports preventing priority diseases in and outside of their workplace;
- the prevention of incidents of slips, trips and falls, musculoskeletal disorders injuries and psychosocial disease and injuries;
- system partners increase participation in educational opportunities to prevent priority disease and injury; and
- increasing sharing and partnership of system partners' resources for coordination and alignment.

The initiative focuses on three priority injuries and diseases: musculoskeletal disorders due to repetitive use, overexertion and heavy lifting; slips, trips and falls; and psychosocial hazards, including workplace violence, harassment and mental health. It also focuses on priority workforce types, which include small businesses and workers with vulnerabilities.

The Prevention Initiative took steps to re-evaluate its approach following the development and release of information materials in the previous years and focused on engagement and outreach related to the three priority areas.

Program area staff met with internal and external stakeholders to identify opportunities for collaboration, share resources and receive feedback on the initiative. External outreach activities included meetings held with those representing healthcare, secondary and post-secondary institutions, professional associations and organizations and other provincial governments.

Program area staff coordinated with other internal areas to improve communication, share best practices and conduct cost-effective outreach to small businesses and workers with OHS vulnerabilities. Through this coordinated approach, staff provided information on workplace injury and illness prevention to workers, employers and interested parties at 16 conferences, symposiums and events. Links to OHS prevention initiative resources were added to Alis.alberta.ca and to an introductory email distributed to over 1,000 new employers each month. OHS prevention initiative resources continue to receive strong online traffic, with over 20,000 views from April 2023 to March 2024.

### Engaging New Businesses

Contacting newly established businesses provides an opportunity to proactively engage and educate employers on OHS and employment standards requirements and build effective programs. Beginning in 2021-22, the new employer contact program began contacting all newly registered WCB employers by email. The email includes an information package with important OHS and employment standards legislated requirements for new businesses. Employers are invited to contact the OHS Contact Centre if they have questions or need more information. A total of 14,603 emails were delivered to new employers in 2023-24, compared to 12,342 in 2022-23.

**New Employer Contact Program**

| | 2022-23 | 2023-24 |
|---|---|---|
| Number of new employers contacted | 12,342 | 14,603 |

In addition, the ministry contacted selected new WCB employers directly though individual phone calls with an offer to provide additional information about OHS and Employment Standards. Over the year, 335 employer contacts were attempted, resulting in 153 successful contacts with 52 virtual meetings conducted and 71 information packages sent.

### Supporting Psychological Health in First Responders Grant Program

The Supporting Psychological Health in First Responders Grant (SPHIFR) program provides grants to improve services for first responders who are living with or are at risk of developing post-traumatic stress injuries (PTSI). Services that the grants support include early intervention and resilience building. The grant program has two streams: Services, which focuses on supporting not-for-profit organizations in the delivery of services to first responders; and Applied Research, which supports research to inform prevention or interventions for post-traumatic stress injuries. The budget for the program is $1.5 million per year. The program will be reviewed in 2024-25 to ensure that the grant program continues to meet Alberta's needs.

The grant program supported 19 projects in 2023-24, including the following highlights:

- Alberta Critical Incident Advisory Council: Delivering and Evaluating CISM Peer Support Training for First Responders in Alberta ($99,375) - The project will provide training of the International Critical Incident Stress Foundation's (ICISF) Critical Incident Stress Management (CISM) peer support training modules to 265 frontline first responders throughout Alberta. The ICISF CISM model of peer support is a best practice model of psychological resistance, resilience and recovery delivered in-house by the first responders who participate.
- Alberta Paramedic Association: PTSI Workshop for First-Repsonders and their Families. ($68,540) This project will provide six four-hour workshops for paramedics struggling with PTSI and their families. Led by an experienced groupfacilitator from Wounded Warriors Canada, each workshop will impart tools and techniques for learning resiliency, adaptability, compassion and empathy without losing a sense of individual or collective/familial identity to an expected audience of 180 beneficiaries.
- Stoney First Nation: Mental Heatlh Resiliency for Stoney Nakoda EMS First Responders ($75,083) This project aims to provide Mental Health and Wellness services for all EMS first responders to address stress, anxiety, trauma, grief and PTSD/PTSI. Stoney Nakoda EMS want to incorporate activities and services that encompass the physical, emotional, mental and spiritual aspect of mental health and wellness. Land base opportunities (wweats, picking sage/wweatgrass), smudging, inter-connected activities, water-based activities, meditation, all with an aim to assist all 70 EMS first responders working in Stoney.

### Applied Research

The ministry supported a variety of applied research in Occupational Health and Safety in 2023-24, including:

- Lee (University of Alberta): A wristband-based daily monitoring of post-traumatic stress injury risk for preventive interventions ($98,448.00);
- Brémault-Phillips (University of Alberta) Workplace Reintegration Initiatives for Public Safety Personnel in Alberta ($195,410.85); and
- Duffet-Leger (University of Calgary) Development and Pilot Testing of an Intelligent Online Psychoeducational Support Program (SENSE) ($217,394.29).

A complete list of SPHIFR Services and Applied Research projects is available at: https://www.alberta.ca/first-responders-mental-health-grants

**Partnerships in Injury Reduction – Certificate of Recognition (COR) program**

Partnerships in Injury Reduction is a voluntary program where Certifying Partners, safety associations, industry, the Workers' Compensation Board and government collaborate to support employers to build effective health and safety management systems. Under the program, employer participants register and receive training from one of 10 Certifying Partners, implement or improve their health and safety management systems and then undergo an audit conducted by an auditor who is trained and certified by their Certifying Partner. If the employer successfully passes the audit, a Certificate of Recognition is jointly issued by the ministry and the Certifying Partner. By improving health and safety, the social and financial costs of workplace injury and illness are reduced.

**Certificate of Recognition Holders**

| | 2022-23 | 2023-24 |
|---|---|---|
| Number of COR holders | 10,230 | 9,834 |
| Number of workers covered under COR | 761,797 | 749,316 |
| Percentage of workforce covered | 39.9% | 37.3% |

As of March 31, 2024, there are 9,834 Certificate of Recognition holders across Alberta covering about 37.3 per cent of the total Alberta workforce reported to the WCB in 2023, a decrease of 2.6 per cent from the previous year. Holding a Certificate of Recognition contributes to reduced workplace injury and illness and is often a requirement to bid on jobs with larger employers and project owners in Alberta.

Partnerships conducted detailed quality assurance audits of three Certifying Partners during the year.

A total of 31 On-Site Audit Reviews were completed to validate auditor performance and improve the quality of COR audits conducted by auditors.

### 3.3 Work with employers and employees to promote compliance with employment standards by providing timely complaint resolution, effective enforcement and assistance to vulnerable workers.

**Employment Standards Code**

The *Employment Standards Code* establishes minimum standards for employment relationships in Alberta, with the exception of those working in federally regulated industries. Standards include minimum wage, overtime pay, vacation pay, general holiday pay, termination pay and various protected leaves that apply to the majority of employers and employees in the province. Individual employers, a group of employers, or an employer association may apply to the Director of Employment Standards for a variance or exemption to certain minimum standards under special circumstances. Employees are encouraged to resolve employment standards concerns at their workplace and if they are unable to resolve the issue with their employer, they may make a complaint or anonymous tip. When an employment standards complaint is received, it is either resolved through a complaint resolution process or an investigation.

## Employment Standards Complaint Resolution

Employment standards officers support workers and employers to resolve complaints if minimum standards are believed to have not been met. Officers work to resolve complaints in a timely manner focusing on voluntary resolution through high--quality administratively fair investigations.

Each complaint is unique and can be complex. Complex investigations take additional time and resources. While the ministry strives for timely completion, officers must ensure in all cases that investigations are thorough, of high quality and fair to all parties.

**Employment Standards Complaint Resolution**

| | 2022-23 | 2023-24 |
|---|---|---|
| Complaints received | 4,140 | 4,565 |
| Complaints completed | 3,259 | 4,315 |
| Complaints concluded[1] | 3,324 | 4,351 |
| Percentage of complaints completed within 180 days | 93% | 79% |
| Average number of days to begin an investigation | 45 | 91 |
| Average days to resolve a complaint | 101 | 143 |

1 Complaints are not always resolved in the same fiscal year they are received.

In 2023-24, 79 per cent of employment standards complaints received were completed within 180 days of the date received. This represents a 14 percentage point decrease when compared to 2022-23. The average number of days to begin an investigation was 91 in 2023-24. The average time for complaints to be resolved was an average of 143 days (compared to an average of 101 days in 2022-23). The increase in processing time to begin a complaint and to resolve a complaint was impacted by the increase in complaint volumes received during the year, as well as the complexity in the types of complaints received.

In 2023-24, the ministry concluded 311 complaint related inspections compared to 199 in 2022-23. During the year, the ministry transferred 333 files to Treasury Board and Finance for collections compared to 222 in the prior year.

A complaint is considered complete when the investigation phase is no longer under the control of an officer. A complaint is considered concluded when the officer has collected money on behalf of the complainant or has exhausted all available options for resolving the complaint, whether through voluntary resolution, issuing an order or decision, the appeal process or the conclusion of the collections process.

## Employment Standards Appeals

The ALRB is the appeal body that oversees the appeal of employment standards orders, penalties, declarations, certificates and notices listed in section 95(2) of the Code. Employment standards received 114 new appeals and completed the processing of 84 appeals overall. A total of 31 appeals were mediated by Employment Standards or voluntarily resolved with the parties prior to the hearing date. During the year, a total of 71 appeals were received for referral to the Alberta Relations Board (ALRB) for adjudication.

### Voluntary Resolution

If an employee believes their employer is not fulfilling legislated responsibilities, the employer and employee are encouraged to work together to come to a fair and equitable resolution. While enforcement action by employment standards is possible, a process of mediation or voluntary resolution between an employer and employee is encouraged to resolve complaints. Voluntary resolution is a more efficient process and can lead to a fair arrangement that both parties agree to, with minimal involvement of an officer. 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.

**Employment Standards Voluntary Resolution**

| | 2022-23 | 2023-24 |
|---|---|---|
| Percentage of employment standards complaints resolved voluntarily | 84% | 84% |
| Number of employment standards complaints eligible for voluntary resolution | 2,963 | 3,831 |
| Number of employment standards complaints resolved voluntarily | 2,481 | 3,199 |

Employment standards concluded 4,351 complaints in 2023-24. Of those, 3,831 were eligible for voluntary resolution and 3,199, or 84 per cent, were resolved voluntarily. The 2023-24 result is on par with the result from 2022-23. It is an indication of continued allocation of additional resources and implementing strategies to address aging files and complaint volumes. In general, Alberta's economic conditions can influence how many employment standards complaints are resolved through voluntary resolution. In an economic downturn, for example, 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.

### Employment Standards Contact Centre

The Employment Standards Contact Centre makes information and education readily accessible for Albertans. In 2023-24, the contact centre received a total of 68,895 inquiries (telephone and email) from employees and employers seeking information and guidance. With a two per cent decrease in overall inquiries year over year topics of interest continue to be termination pay, payment of earnings and questions related to hours of work.

**Employment Standards Contact Centre**

| | 2022-23 | 2023-24 |
|---|---|---|
| Telephone inquiries | 58,121 | 56,602 |
| Email inquiries | 12,125 | 12,293 |
| Total inquiries | 70,246 | 68,895 |

### Suspected Human Trafficking

The ministry investigated 338 complaints with signs of human trafficking in 2023-24, compared to 208 in 2022-23. Employment standards staff investigate potential non-compliance with employment standards legislation where signs of human trafficking exist and coordinate a response with the Temporary Foreign Worker Advisory Office and other enforcement agencies, as appropriate. Additionally, the ministry has an information sharing agreement with Employment and Social Development Canada to enable exchange of temporary foreign worker related information, which helps to strengthen protections for victims of human trafficking. The information sharing agreements enable provincial and federal agencies to identify issues and communicate on specific matters, which facilitates enforcement of legislation under the respective jurisdictions.

In addition to responding to inquiries, the Temporary Foreign Worker Advisory Office provides wraparound supports to victims of human trafficking and assists victims in applying for Temporary Residency Permits and Open Work Permits under the federal Temporary Foreign Worker program. The Temporary Foreign Worker Advisory Office supported 42 foreign workers with completing permit applications in 2023-24. The office also provides referrals to appropriate enforcement agencies as well as various community-based groups.

### Employment Standards Administrative Penalties

Administrative penalties encourage compliance with employment standards legislation and may be issued to employers for failing to comply with an enforcement action or repeated noncompliance. Standard penalty amounts may begin at $500 and are issued in a progressive manner for repeated contraventions. Administrative penalties can also be issued for economic benefits derived from noncompliance. In 2023-24, employment standards issued one administrative penalty in the amount of $1,500 (compared to zero in 2022-23).

### Chronic Non-Compliance

Employment standards officers identify chronic non-compliance during the triage of all employment standards complaints. Initially, inspections are conducted to provide one-on-one education, assess willingness of employers to comply and conduct an audit of compliance of employment records against minimum employment standards. If additional complaints or tips are received, advanced enforcement options, including Orders of Officer, administrative penalties and prosecution may be utilized where employers refuse to comply. In 2023-24, 19 inspections of chronically non-compliant employers were completed, compared to 26 in 2022-23.

### Employment Standards Anonymous Tips and Inspections

In 2023-24, the ministry received 1,369 anonymous tips (compared to 1,148 in 2022-23). Anonymous tips are triaged by employment standards staff and where vulnerable workers or chronic non-compliance are identified, are selected for in-person inspection.

**Employment Standards Anonymous Tips and Inspections**

| | 2022-23 | 2023-24 |
|---|---|---|
| Anonymous tips received | 1,148 | 1,369 |
| Inspections conducted | 690 | 1,026 |

The ministry conducted 1,026 inspections in 2023-24 (compared to 690 in 2022-23). The employment standards inspection process identifies areas of non-compliance and may require employers to carry out an officer-directed audit to remedy violations for all affected employees.

### Jobs, Economy and Northern Development: Performance Indicator 3.a: Occupational Health and Safety (OHS)

| | Prior Years' Results | | | | 2023-24 Actual |
|---|---|---|---|---|---|
| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | |
| OHS Field Activities | 24,456 | 35,306 | 26,392 | 21,950 | 24,565 |
| | Prior Years' Results | | | | 2023 Actual |
| | 2019 | 2020 | 2021 | 2022 | |
| Lost-Time Claim Rate | 1.58 | 1.73 | 1.87 | 2.00 | 1.44 |

OHS laws are in place to ensure workers return home safely at the end of their shift. Compliance starts with education and ensuring that all work site parties are able to follow the rules. It is everyone's responsibility to promote a safe and healthy work culture.

The lost-time claim rate represents the number of lost-time claims per 100 person-years worked, focusing specifically on cases where workers have experienced injuries or diseases resulting in lost time from work. Fluctuations in these rates highlight the challenge of reducing and maintaining them at a low level.

The lost-time claim rate in 2023 was 1.44, down from 2.00 in 2022, a 28 per cent decrease. This rate is the lowest in the last five years and the lowest level reached since 2017. COVID-19 remained to be one of the causes of workplace related injuries diseases in 2023, accounting for six per cent of the total lost-time claims identified by Workers' Compensation Board – Albert (WCB). The lost-time claim rate for 2023 was 1.35 when COVID-19 claims were removed from calculations. Excluding COVID-19 claims, the lost-time claim rates were 1.39 for 2020, 1.49 for 2021, 1.49 for 2022 and 1.35 for 2023. Additionally, there were an undetermined number of lost-time injury claims that were related to the COVID-19 pandemic, but not necessarily directly a result of COVID-19 (e.g., lost-time claims for skin conditions caused by personal protective equipment).

Despite being the industry sector with highest lost-time claim rate over the past five years, the provincial and municipal government, education and health services had the third lowest percentage growth in its workforce, by five per cent in terms of person-years worked between 2019 and 2023. Only the agriculture and forestry sector and the mining and petroleum sector had a lower growth rate. However, its lost-time claim rate showed an increase of nearly eight per cent, from 2.67 in 2019 to 2.88 in 2023, while the LTC rate decreased for all other sectors during the same period. Agriculture and forestry had the largest drop in LTC rate (37 per cent) in the last five years, followed by construction and construction trade services, which experienced a 23 per cent LTC rate decrease in the same reporting period.

Many factors can influence the lost-time claim rate. These may include, but are not limited to, the workers' compensation system processes such as the eligibility criteria and the claim adjudication process, the efforts made by employers to implement safety programs and to foster a culture of safety among their workers and the attitudes and behaviors of employers and workers, such as their awareness of risks and their willingness to report injuries. In addition, external forces arising from the economic cycle also have an impact on the injury rates.

Irrespective of external factors outside of the ministry's control, it has always been a priority to lower injury rates over time to ensure all Albertans can work in a safe and healthy environment. The ministry is striving to bring these rates down by working closely with all stakeholders, including employers, workers, industry associations and the WCB. The ministry has many programs that promote safe and healthy practices in the workplace and influence these results including raising awareness to promote health and safety through educational materials on how to work safely and stay healthy on the job and via the Certificate of Recognition program, which is awarded to employers that establish standardized health and safety management systems. The ministry continues to update metrics to identify employers with a high rate of injury and disease and works with them to improve their workplace health and safety practices and management systems. Programming is continuously adjusted to address emerging concerns to prevent work-related injuries, illnesses and deaths.

**OHS field Activities Breakdown**

| | **2019-20** | **2020-21** | **2021-22** | **2022-23** | **2023-24** |
|---|---|---|---|---|---|
| Inspections | 9,628 | 14,502 | 11,798 | 9,571 | 9,801 |
| Re-inspections | 2,920 | 3,175 | 3,770 | 4,146 | 5,975 |
| Investigations | 1,092 | 1,138 | 856 | 888 | 859 |
| Continuations of Investigations | 816 | 899 | 736 | 878 | 1,311 |
| Presentations | 55 | 8 | 21 | 7 | 10 |
| Meetings | 3,140 | 2,489 | 1,202 | 637 | 629 |
| Publications Delivered | 6,805 | 13,095 | 8,009 | 5,823 | 5,980 |
| Total OHS Field Activities | 24,456 | 35,306 | 26,392 | 21,950 | 24,565 |

OHS field activities support safe and healthy workplaces. The OHS program undertakes a number of field activities based on proactive and reactive work as part of a balanced approach to regulatory enforcement and to help workplaces become more self-reliant.

In 2023-24, the ministry conducted 24,565 OHS field activities, compared to 21,950 in 2022-23, representing a 12 per cent increase. The increase was primarily due to a higher-than-usual field activities conducted in 2023-24 to support the province's proactive work. The 2023-24 result was roughly equal to the 2019-20 result, after dropping from the highest point in 2020-21 and the second highest in 2021-22 in the past five years.

OHS field activities include inspections, re-inspections, investigations, continuation of investigations, presentations, meetings and publications delivered. The number of continuation of investigations has significantly increased from 878 in 2023-24 to 1,311 in 2023-24, These activities are based on incidents reported and any required follow up with those investigations, which can vary greatly depending on individual circumstances.

The number of meetings fluctuated the most among these metrics in the last three years. It dropped sharply from over 2,400 per year before 2020-21 to 1,202 in 2021-22 and to 637 in 2022-23 and then it remains similar in 2023-24 with 629 meetings.

***Supplemental Information:***

| Disabling Injury Rate | | | | |
|---|---|---|---|---|
| **2019** | **2020** | **2021** | **2022** | **2023** |
| 2.71 | 2.66 | 2.89 | 3.05 | 2.50 |

The disabling injury rate represents the probability or risk of a disabling injury or disease to a worker during one year of work. The rate represents the number of claims per 100 person-years worked and includes claims made for both lost-time and modified work. The disabling injury rate decreased to 2.50 in 2023 from 3.05 in 2022. The 2023 disabling injury rate was the lowest rate in the last five years. Without COVID-19 claims, the disabling injury rates were 2.32 for 2020, 2.51 for 2021, 2.53 for 2022 and 2.41 for 2023. Agriculture and forestry had the largest drop in disabling injury rate (37 per cent) over the past five years, followed by the construction and construction trade services sector, with a 23 per cent decrease during the same reporting period.

In 2023, 106 workers died as identified in WCB accepted fatality claims, a decrease from 120 in 2022. Within these claims, 29 fatalities were the result of traumatic workplace incidents, which is higher than the 25 cases in 2022.

## Jobs, Economy and Northern Development Outcome Four: Better services for workers, investors and employers

During the year, the ministry implemented legislative changes and service enhancements to reduce the costs of employment for employers, while maintaining protections for workers. Balanced, stable and responsive labour laws enhanced Alberta's competitive advantage, supported economic growth and recovery, protected workers, reduced regulatory burden and promoted ease of access to services for Albertans. Labour laws not only maintain Alberta's high standards for safe, fair and healthy workplaces, they also promote the free movement of labour.

Work under this outcome also represents the collective work of the Alberta Labour Relations Board, the Appeals Commission for Alberta Workers' Compensation and the Department of Jobs, Economy and Trade's Mediation Services to promote positive labour and management relations throughout Alberta.

Mediation services provided by the ministry supported a healthy and robust labour climate in Alberta by supporting unions and employers. The ministry was also responsible for promoting positive labour and management relations throughout Alberta. In addition, the Appeals Commission for Alberta Workers' Compensation and its programs were committed to fair, efficient and client-focused services, which are independent of the WCB.

### Key Objectives

#### 4.1 Ensure labour legislation, regulation, programs and policies are responsive to meet the needs of employers to enable economic growth and diversification while protecting workers' rights.

**Occupational Health and Safety Code Review**

Work continues on the review and update of the OHS Code following the approved review plan in 2023. Maintaining a three-year review cycle for the OHS Code allows it to keep pace with changing work practices, evolving technologies, emerging issues and interprovincial trade agreements that support harmonization and labour mobility.

In 2023-24, the review of Parts 27 (Violence and Harassment), 33 (Explosives) and 37 (Oil and Gas Wells) was initiated and this included the launch of public consultation through an online survey.

**Firefighter Workers' Compensation Cancer Presumptions**

The *Workers' Compensation Act* creates a presumption for firefighters employed by a municipality or Métis settlement where specified cancers are presumed to be related to the job, if exposure periods are met, unless proven otherwise. While a presumption does not guarantee claim acceptance, it simplifies the WCB claims process.

As of April 5, 2023, presumptions were granted for four additional cancers (mesothelioma, pancreatic cancer, soft tissue sarcoma and thyroid cancer) and the exposure period requirement of colorectal cancer was reduced from 20 years to 15 years. Firefighters who are diagnosed with one of these cancers face less administrative burdens when seeking workers' compensation benefits.

### Consultation on Union Dues Election Requirements and Charitable Donations

The ministry consulted with Alberta unions on February 1 to March 31, 2024 on ways to reduce red tape in aspects of the *Restoring Balance in Alberta's Workplaces Act* that may make it unduly onerous for unions to make charitable donations.

The engagement was focused on identifying the issues that unions may face in implementing the framework, how those issues are impacting charitable donations and identifying opportunities to address red tape around charitable giving.

## 4.2 Remove barriers and support the growth of entrepreneurs and businesses, by reducing red tape and implementing policies and programs.

### Red Tape Reduction

In support of the government-wide red tape reduction initiative, the ministry, including its agencies, boards and commissions, reduced its regulatory requirements by 44.1 per cent since the red tape reduction initiative began in May 2019. This result exceeds the target of 33 per cent.

Following the June 2023 and February 2024 government reorganization, the ministry's baseline count was updated. As of March 31, 2024, the ministry has 39,363 baseline regulatory requirements, including 18,078 baseline regulatory requirements under legislation and regulation and 21,285 in forms and policies. Legislation and regulations account for 45.9 per cent of the ministry's baseline requirements, while forms and policies account for 54.1 per cent. Of the 39,363 baseline requirements, 7,332 belong to the ministry of Jobs, Economy and Trade agencies, boards and commissions.

**Red Tape**

The ministry's baseline count (including agencies, boards and commissions) is 39,363 regulatory requirements including 18,078 regulatory requirements under legislation and regulation and 21,285 in forms and policies.

Having surpassed the 33 per cent reduction target in 2022-23, no significant regulatory reductions or additions occurred in 2023-24. However, the ministry remains committed to regulatory approaches and program delivery that reduce unnecessary government oversight and emphasize outcomes, to improve access to government services.

### Agencies, Boards and Commissions' Red Tape Reduction Activities

The Workers' Compensation Board (WCB) continued to streamline forms and policies with a net reduction of 70 requirements during the year. This work led to technology solutions and process streamlining that impacted both staff and customer interactions.

The Appeals Commission remains committed to reducing administrative burden for Albertans where possible. The Appeals Commission is currently in the initial phase of an Information Technology enhancement project. The new Information Technology solution aims to enhance and modernize operations, ensuring improved client and user experiences, increased efficiency and enhanced accuracy in processing claims across all four branches of the Commission.

The Alberta Labour Relations Board launched electronic voting with a number of votes conducted electronically. Under s.15 of the *Labour Relations Code*, the board may require, conduct or supervise votes. Board conducted votes are held throughout the province of Alberta. Votes are typically conducted in-person, either by a Labour Relations Officer or a Deputy Returning Officer contracted to the board, or by mail.  Electronic votes allow the Alberta Labour Relation Board to conduct votes under the *Labour Relations Code* faster and more efficiently, especially in cases where bargaining units are geographically dispersed or there are varying shift schedules. Electronic voting removes the requirement for voters to travel to a voting location, facilitating access to voting for individuals who otherwise may have difficulty attending the vote.

**Small Business Supports**

The BizConnect portal allows for individuals to connect directly with the Small Business Supports team for any inquiries related to small business through email or phone calls, with a quick turnaround time, allowing Albertans immediate, direct access to information on business supports. For more information on BizConnect, please see page 23.

The ministry manages a number of grants that provide funding to organizations that deliver supports to Alberta small businesses. Business Link received $624,303 in grant funding for 2023-24. Business Link interacts with clients directly and provides a range of coaching, advice and resources. A new three-year grant agreement with Business Link, valued at $3,906,000 through 2024-27 will continue to help Alberta businesses.

Futurpreneur provides advice to entrepreneurs and small businesses regarding available supports and offers a loan program. The ministry provided Futurpreneur with $375,000 grant funding for June 2023 to March 2025 to deliver core services. The ministry has also provided Futurpreneur with a $125,000 grant to run a two-year pilot program (November 2023 to March 2025) that provides information on and supports for business succession planning.

The ministry awarded the Alberta Chambers of Commerce $200,000 in grant funding to raise awareness of small business supports and to advance emergency preparedness (from April 2024 to August 2025.) The Alberta Chambers of Commerce will host a comprehensive and accessible online database of preventative and response resources to enhance business resiliency. They will also raise awareness of resources available through their network's information hub and promote the benefits of strengthening business resiliency and emergency planning.

### 4.3 Support Alberta industry, businesses and investors through improved concierge services to navigate approvals and attract investment.

**Dow Canada Path2Zero Project**
Please see Jobs, Economy and Northern Development Key Objective 1.3, page 21 for 2023-24 outcomes.

**Alberta Site Selector Tool and Data Applications**
Please see Jobs, Economy and Northern Development Key Objective 1.4, page 22 for 2023-24 outcomes.

## 4.4 Promote positive labour and management relations and provide effective labour relations dispute resolution services through ministry-appointed mediators.

### Ministry-Appointed Mediation Services

In Alberta, there are approximately 1,335 collective bargaining relationships covering just over 485,500 employees under provincial jurisdiction across all industry sectors. Collective bargaining agreements must be renegotiated at the end of the fixed term of the agreement. Typically, about 420 collective bargaining agreements are negotiated each year and approximately 80 per cent are resolved without needing the assistance of a mediator.

| Mediation | | |
|---|---|---|
| | **2022-23** | **2023-24** |
| Number of mediations concluded where a ministry-appointed mediator was engaged to assist the parties in their negotiations | 125 | 118 |
| Number of mediations with a ministry-appointed mediator that were settled without a work stoppage | 125 | 118 |
| Percentage of collective bargaining agreements with the assistance of a ministry-appointed mediator settled without a work stoppage | 100% | 100% |

Mediation services supports the labour relations community by providing mediators to assist in the resolution of collective bargaining disputes and grievance arbitrators to resolve differences arising from the interpretation, application or operation of a collective agreement. 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*.

The ministry evaluates the effectiveness of ministry-appointed mediators and tracks numbers of mediations concluded without a work stoppage. In 2023-24, of the 118 mediations that were concluded with the assistance of a ministry-appointed mediator, 100 per cent were settled without a work stoppage.

In 2023-24, the number of mediation appointments slightly decreased to 118 from 125 the previous year. The decrease in the number of appointments represents a reduced backlog from files that were on hold due to the pandemic.

### 4.5 Provide efficient, timely, effective and consistent services through the Alberta Labour Relations Board.

#### Alberta Labour Relations Board

During the last year, the Alberta Labour Relations Board continued to provide efficient, timely, effective and consistent services to Alberta's labour relations community.

The number of applications filed with the Board increased from 687 applications in 2022-23 to 715 applications in 2023-24. This number includes 15 appeals under the Occupational Health and Safety Act and 43 appeals under the Employment Standards Code. The number of hearings the Board conducted increased from 629 in 2022-23 to 680 in 2023-24 representing 7.5 per cent increase.

**Alberta Labour Relations Board**

| | 2022-23 | 2023-24 |
|---|---|---|
| Number of applications | 687 | 715 |
| Number of hearings | 629 | 680 |
| Number of certification applications received by the Alberta Labour Relations Board | 121 | 130 |
| Average number of days from acceptance of an application to first hearing | 54 | 80 |

The Alberta Labour Relations Board remains committed to scheduling matters in a timely fashion. In 2023-24, the average number of days from the acceptance of an application to the date of the first hearing was 80 days, compared to 54 days in 2022-23. A number of factors impacted this measure, including the availability of the parties, the availability of adjudicators and the number and complexity of matters that came before the Board.

#### Informal Settlement Process

The Alberta Labour Relations Board offers informal settlement options to assist parties to resolve disputes prior to the formal hearing process.

In 2023-24, the Board's settlement rate remained relatively stable at 65 per cent, which is one percent lower than in 2022-23 and well above the Board's target of 57 per cent.

**Alberta Labour Relations Board**

| | 2022-23 | 2023-24 |
|---|---|---|
| Percentage of applications, with Board involvement, settled before reaching a formal hearing | 66% | 65% |

#### Key Decisions of the Alberta Labour Relations Board

During the 2023-2024 fiscal year, the Alberta Labour Relations Board released a broad range of decisions interpreting different aspects of Alberta's labour legislation. Alberta Labour Relations Board decisions interpreting Alberta's labour legislation help provide certainty to stakeholders and ensure the fair and consistent application of that legislation. At the beginning of 2024, the Alberta Labour Relations Board transitioned to a neutral citation model for its published decisions.

Noteworthy decisions from the Board in 2023-24 included:

- Issuing an order suspending the payment of union dues in response to an illegal strike that affected a number of health care facilities during the pandemic and dismissing a *Charter* challenge to the dues suspension provisions contained in the *Labour Relations Code*: *Alberta Health Services and The Alberta Union of Provincial Employees and Crown in Right of Alberta*, 2023 ALRB 2;
- Providing guidance in the area of construction labour relations about sector boundaries between general construction and roadbuilding and heavy construction in the context of bridge building: *International Association of Bridge, Structural, Ornamental and Reinforcing Iron Workers, Local Union No. 725 affecting Technical Workforce Inc. and International Association of Bridge, Structural, Ornamental & Reinforcing Ironworkers, Local Union No. 720 v. Flatiron Constructors Canada Ltd. and The Construction Workers Union, CLAC Local 63*, 2023 ALRB 3;
- Developing a framework for how the ALRB will approach duty of fair representation complaints against unions with approved internal appeal processes*: Moench and International Union of Operating Engineers, Local Union No. 955***,** 2023 ALRB 5;
- Considering how to effectively evaluate electronic petition evidence in the context of certification applications and providing a list of considerations to guide that analysis: *United Food and Commercial Workers Canada Union, Local No. 401 and RMSI-JTAC Equipment Holdings LP; General Teamsters, Local Union No. 362 and Sofina Foods Inc.; United Food and Commercial Workers Canada Union, Local No. 401 and RMSI-JTAC Equipment Holdings Ltd*. 2023 ALRB 6; and
- Identifying factors relevant to determining how an employee's place of employment should be interpreted when employees who work remotely engage in picketing*: BioWare ULC and United Food and Commercial Workers Canada Union, Local No. 401*, 2023 ALRB 7.

## 4.6 Provide timely, fair and efficient appeal services independent of the Workers' Compensation Board through the Appeals Commission for Alberta Workers' Compensation.

### Appeals Commission for Alberta Workers' Compensation

The Appeals Commission for Alberta Workers' Compensation is an independent and impartial tribunal that hears worker and employer appeals arising from Workers' Compensation Board (WCB) review bodies. The Appeals Commission is a quasi-judicial tribunal that is independent from the WCB. The Appeals Commission provides a fair, client-focussed appeal experience. The Appeals Commission also provides free advocacy services through the Advisor Office and independent medical review through the Medical Panels Program.

### Appeals Commission

As of March 31, 2024, the Appeals Commission had 48 adjudicators, which includes the chief appeals commissioner, two vice-chairs, 14 full-time hearing chairs and 31 part-time commissioners. Approximately 65 per cent of appeals were held in-person by a three-person adjudication panel (includes teleconference and videoconference hearings).

**Appeals Commission**

| | 2022-23 | 2023-24 |
|---|---|---|
| Number of appeals received | 592 | 678 |
| Number of appeals concluded | 487 | 469 |
| Number of decisions successfully challenged | 5 | 4 |
| Average number of days from the date the appeal is filed to the first hearing date offered | 151 | 189 |
| Average number of days from the hearing to the decision issued date | 29 | 29 |
| Percentage of decisions not challenged, or if challenged, supported by the Appeals Commission's reconsideration process, the Court of King's Bench, the Court of Appeal, the Alberta Ombudsman | 99.8% | 99.1% |

Timelines and numbers 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 WCB.

The Appeals Commission received 678 appeals in 2023-24, compared to 592 appeals in 2022-23. The amount of time to prepare and schedule an appeal was 189 days in 2023-24, compared to 151 days in 2022-23. The increase in this metric is due primarily to a shortage of Hearing Chairs and is actively being addressed. The average number of days from the hearing date to the decision issued date was 29 days in 2023-24, compared to 29 days in 2022-23. In 2023-24, 99.1 per cent of decisions (99.8 per cent in 2022-23) were not challenged, or if challenged, were supported by the Appeals Commission's reconsideration process, the Court of King's Bench, the Court of Appeal, or the Alberta Ombudsman.

### Advisor Office

The Advisor Office offers employers and injured workers free advice, information and advocacy services throughout the WCB appeals process. The Advisor Office is an independent program of the Appeals Commission and is separate from the WCB.

In 2023-24, the Advisor Office received a total of 1,453 applications (1,352 in 2022-23) for service and closed 1,455 files (1,561 in 2022-23).

| Advisor Office | | |
|---|---|---|
| | **2022-23** | **2023-24** |
| Number of applications for service from workers | 1,202 | 1,286 |
| Number of applications for service from employers | 150 | 167 |
| Number of worker files closed | 1,436 | 1,302 |
| Number of employer files closed | 125 | 153 |

### Medical Panels for Alberta Workers' Compensation

The Medical Panels Program provides a medical panel convened by the Medical Panels Commissioner at the request of the WCB or the Appeals Commission. Medical Panels consist of three independent medical experts appointed by the Medical Panels Commissioner to address differences in medical opinion or other medical questions related to a workers' compensation claim. The Medical Panels Program is an independent program of the Appeals Commission and is separate from the WCB.

| Medical Panels | | |
|---|---|---|
| | **2022-23** | **2023-24** |
| Number of Medical Panel files open between April 1and March 31 | 15 | 17 |
| Number of new Medical Panel requests received from the WCB or the Appeals Commission between April 1 and March 31 | 7 | 2 |
| Number of Medical Panel files closed | 10 | 15 |

In 2023-24, the Medical Panels Program received a total of two requests for a medical panel (seven in 2022-23) and closed 15 files (10 in 2022-23).

### Jobs, Economy and Northern Development: Performance Measure 4.a: Collective bargaining cases with the assistance of a ministry-appointed mediator

| Prior Years' Results | | | | 2023-24 Target | 2023-24 Actual |
|---|---|---|---|---|---|
| 2019-20 | 2020-21 | 2021-22 | 2022-23 | | |
| 98% | 97% | 96% | 100% | 98% | 100% |

This performance measure is used to determine the percentage of collective bargaining agreements reached with the assistance of a ministry-appointed mediator that were settled without a work stoppage.

These results are consistent with the fact that Alberta typically does not see more than one or two strikes per year. With the last two fiscal years actuals results at 100 per cent of collective bargaining cases with the assistance of a ministry-appointed mediator settled without a work stoppage, it will be difficult to hold that pattern, in light of the number of expiring agreements that will be negotiated this year.

### Job, Economy and Northern Development: Performance Measure 4.b: Alberta Labour Relations Board (ALRB) decisions rendered within 90 calendar days

| Prior Years' Results | | | | 2023-24 Target | 2023-24 Actual |
|---|---|---|---|---|---|
| 2019-20 | 2020-21 | 2021-22 | 2022-23 | | |
| 80% | 68% | 67% | 69% | 85% | 66% |

This performance measure reflects the Alberta Labour Relations Board's (the Board's) commitment to issue decisions in a timely fashion.

In 2023-24, 66 per cent of decisions were rendered within the 90 calendar days from the completion of the hearing. This result is below the target of 85 per cent.

This measure is impacted by the complexity of matters that come before the board as a result of amendments to legislation and the expansion of the Board's jurisdiction.  For example, Employment Standards and Occupational Health and Safety appeals resulted in an additional 58 applications to the board in 2023-24.  Amendments to legislation lead to novel issues being raised for the board's consideration and add complexity to the hearing process. This results in additional hearing and writing time for adjudicators. Additionally in 2023-24, the number of hearings conducted by the board increased 7.5 per cent from 629 to 680.

The introduction of case management conferences prior to a hearing was in response to the move to virtual hearings as a result of the COVID 19 pandemic. However, these conferences proved so successful in streamlining and increasing the efficiency of Board hearings, the practice has been extended to all hearings whether they are conducted virtually or not. While pre-hearing conferences result in a more efficient hearing, they require preparation and increase the number of hearings conducted by the board's adjudicators which in turn impacts the time available to write decisions.

Finally, Vice-Chair vacancies result in additional workload for the Board's adjudicative staff and continued to impact this measure for 2023-24.

# Performance Measure and Indicator Methodology

No single measure or indicator can fully represent an outcome in the ministry annual report. The suite of performance measures and indicators reported in the report provide a better picture of overall progress toward achieving the ministry's outcomes.

Performance measures provide information on the ministry's progress toward achieving the outcomes and key strategies in the business plan. Results of performance measures can be attributed to the work of the ministry. Targets for the performance measures are intended to be aggressive but realistic. While the specific methodologies vary, all targets are set taking into consideration historical results and current environmental factors.

Performance indicators capture far-reaching outcomes that the ministry's programs and initiatives intend to influence over the long-term. These indicators are also influenced by many factors outside the ministry's control. Performance indicators reflect what the ministry intends to influence, as well as the larger societal context within which the ministry operates.

**Jobs, Economy and Northern Development: Performance Measure 1.a:**
**Net investment in Alberta film and television productions for every $1 of Alberta Film and Television Tax Credits ($ dollars)**

This measure demonstrates the efficacy of Alberta's Film and Television Tax Credit (FTTC) program and Alberta's ability to attract medium to large production firms and corresponding investments by film and television productions for every dollar of tax credit issued in 2023-24, in alignment with government's commitment to grow cultural industries.

Data for this performance measure is collected directly from applicants via the ministry's client relations management (CRM) database, which has security and privacy protocols in place. As part of the application and approval processes, successful applicants must provide audited financials to validate Alberta expenditures prior to tax credit issuance. Ministry staff review this information for accuracy and base the tax credit amount on its review findings and validation. The amount of expenditures from approved productions spent in Alberta in contrast to the tax credit issued are measured and reported.

$$\text{Net Investment} = \frac{\text{Total value of Alberta investment (expenditures) from productions with approved tax credits}}{\text{Total value of tax credits approved during the year}}$$

**Jobs, Economy and Northern Development: Performance Indicator 1.b: Year-over-year change in Alberta's economic activity (per cent)**

Treasury Board and Finance's (TBF's) Alberta Activity Index (AAX) is a weighted average of nine monthly indicators, each measuring an important aspect of macroeconomic activity:

- Employment;
- Average weekly earnings;
- Retail trade;
- Wholesale trade;
- Manufacturing shipments;
- New truck sales;
- Housing starts;
- Rigs drilling; and
- Oil production.

TBF collects the data and weights the variables. The ministry acquires the data from TBF and exports it to undertake the year-over-year percentage calculation. Historical results are recalculated each time the measure is presented to capture revisions to the underlying data.

$$\frac{\text{AAX current year 12-month average to October less AAX prior year 12-month average to October}}{\text{AAX prior year 12-month average to October}} = \text{Year-over-year percentage change in the 12-month average of the AAX to October}$$

Results are presented as a year-over-year percentage change in the 12-month average of the AAX up to and including October each year (i.e., October to October). The AAX data table can be accessed at: https://open.alberta.ca/dataset/alberta-activity-index-data-tables

**Trade, Immigration and Multiculturalism: Performance Measure 1.a: Number of Alberta businesses and associations that receive funding and supports through the Alberta Export Expansion Program (AEEP) (number)**

Applicant data (external stakeholders consisting of for-profit and non-profit organization) is collected via an application web portal and information is stored in a cloud based internal Client Resource Management (CRM) system managed by the Government of Alberta. Data is stored in accordance with Freedom of Information and Protection of Privacy and record retention requirements. Program manuals are updated as revisions are made to the program.

Organizations are required to submit a one-time annual report one year after project completion. Data from the reports will be used to evaluate the impact the program has on the organizations supported. Quantitative data is expected to include annual sales generated from the targeted market associated with the project supported by the program and the total annual sales in the most recent fiscal year, as compared with that listed in the application form. Qualitative data includes achieved outcomes and success stories from the export development projects. This provides an indication of the impact that the AEEP support has on Alberta organizations.

With the reporting cycle being one year after project completion, there is a time lag in the gathering and interpretation of report data. Once a full annual reporting cycle is completed, data collected provides an opportunity for program analysis and improvements.

### Trade, Immigration and Multiculturalism: Performance Measure 1.b: Cumulative value of capital investment in Alberta committed to by recipients of the Investment and Growth Fund (IGF) program ($ million)

Actual data on Capital Expenditures (CAPEX) is collected through grant reporting from recipients, typically in annual submissions of progress reports. Recipients are required to submit invoices for CAPEX items expended for verification. Qualified CAPEX items include land, building, machinery and equipment and any other item(s) that recipients need to specify upon submission.

Forecasted data for subsequent years is based on the company's application, which is included as part of the grant agreement. The current version of forecasted data lists the full amount of CAPEX in the fiscal year when the project is completed. This will be validated upon receipt of progress and final reports and be updated with 'actuals' as they are expended across the time span of the grant term.

### Trade, Immigration and Multiculturalism: Performance Indicator 1.c: Value of Alberta's non-residential capital investment ($ million)

Statistics Canada's Capital and Repair Expenditures Survey: Actual, Preliminary Actual and Intentions collects information from all industries once a year about their actual past years' capital investments, as well as their intended investments for the current year. On occasion, where economic changes justify the need, data on the revised intentions are also collected for the current year.

The survey is administered as part of the Integrated Business Statistics Program (IBSP). The target population comprises all business and government entities operating in Canada according to the North American Industry Classification System 2012 (NAICS) during the reference year. Outlays for used Canadian assets are excluded since they constitute a transfer of assets within Canada and have no effect on the aggregates of our domestic inventory. Assets imported from outside Canada are included as they increase our domestic inventory.

This is a sample survey with a cross-sectional design. Responding to this survey is mandatory. Data are collected directly from survey respondents, extracted from administrative files and derived from other Statistics Canada surveys and/or other sources.

After the questionnaires have been completed and returned, the process of quality assurance continues through data editing. Data are screened at the micro level for internal, survey over survey and year over year inconsistencies.

When some enterprises have reported data combining many units located in more than one province or territory, or in more than one industrial classification, data allocation is required. Factors based on information from sources such as tax files and Business Register profiles are used to allocate the data reported on the combined report among the various estimation units where this enterprise is in operation.

**Trade, Immigration and Multiculturalism: Performance Indicator 1.d: Value of Alberta's exported products ($ million)**

Data is estimated from a census of administrative records of customs received from multiple sources, which Statistics Canada then compiles. Exports are attributed to the country that is the last known destination of the goods at the time of export. This can be prone to error if the destination is incorrectly reported, which typically happens when goods are routed through intermediary countries. A monthly estimated adjustment is applied based on balance of payments data to correct for this.

**Children's Services: Performance Measure 1.a: Percentage change in the number of licensed child care spaces**

This measure shows the percentage change in the number of licensed child care spaces over time. Licensed child care spaces are the maximum number of children a child care program can accommodate. Child care programs include facility-based programs (daycare, out-of-school care and preschool programs), home-based programs (family day homes under a licensed agency and group family child care programs) and innovative child care programs. The number of spaces within a facility-based child care program is the total net floor area divided by the number of square metres per child, which varies depending on the program type. The maximum number of spaces in a family day home is capped at six spaces.

The percentage change in licensed child care spaces is calculated by using the difference in the available spaces between March of the previous year and March in the current year. March data is used in these calculations as it represents the end of the fiscal year. This number is then divided by the number of spaces in March of the previous year and expressed in percentage as indicated by the following formula:

Percentage = ((spaces in March of current year - spaces in March of previous year) / spaces in March of previous year) x 100

Source: Child Care Information System

This percentage is then rounded to the nearest whole number.

As child care data relies heavily on funding claims submitted by operators, the information used for these calculations may be subject to variation.

**Children's Services Performance Indicator 1.b: Enrollment in Facility-Based Child Care programs, Family Day Home and Group Family Child Care**

This indicator reports on the total number of child care spaces, the number of children enrolled, the percentage enrolled with respect to the available spaces and the number of children receiving subsidy. Child care spaces include daycare, family day home, out of school care and group family child care programs. Preschool spaces and enrollment are calculated and reported separately from other types of child care spaces and enrollment. Innovative child care programs are excluded from this analysis because enrollment for those programs is not collected.

Licensed child care spaces are the maximum number of children a child care program can accommodate. The number of spaces available reflects a point-in-time count measured at the end of March of the current fiscal year. March data is used in these calculations as it represents the end of the fiscal year.

Enrollment is the actual number of children served by child care programs and can include both part-time and full-time enrollments. March data is used in these calculations as it represents the end of the fiscal year.

Rate of enrollment is calculated by dividing enrollment by the number of licensed child care spaces and expressed as a percentage as indicated by the following formula:

Percentage = (enrollment / licensed child care spaces) x 100

Source: Child Care Information System

This percentage is then rounded to the nearest whole number.

All licensed space, enrollment and subsidy numbers reported in this document are rounded to the nearest 100 for numbers over 1,000 and to the nearest 10 for numbers less than 1,000. As child care data relies heavily on funding claims submitted by operators, the information may be subject to variation.

### Jobs, Economy and Northern Development: Performance Measure 2.a: Outcomes for Training for Work clients

The results for this measure are obtained through the Work Outcomes Reporting Project Survey. This project relies on administrative data from MOBIUS, a database managed internally by the Department of Seniors, Community and Social Services, to identify the survey population. An independent consultant is contracted to contact former program participants three months after they have left a Training for Work program delivered by the ministry of Jobs, Economy and Trade.

The Work Outcomes Reporting Project uses a census approach for ministry clients who have attended Training for Work programs, meaning all clients who took these programs will be contacted for inclusion in the survey, which is 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 the ministry's Training for Work programs and left their program between September 1 and August 31.

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

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

Calculation (weighted frequencies):

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

*Note that the calculation does not include the “don’t know” or “no response” categories.

**Jobs, Economy and Northern Development: Performance Indicator 2.b: Employment Rate**

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 in all provinces and territories. The current survey sample size for Canada is approximately 56,000 households, resulting in the collection of labour market information for approximately 100,000 people. Alberta’s sample size corresponds to its share of the national population. An average of 5,800 Alberta households and 8,100 people were surveyed each month. The coefficient of variation (the standard error as a percentage of the reported result) for the estimated 2,452,400 Albertans in the labour force (as of 2021) 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 Forces and the institutionalized population.

The employment rate is estimated as the number of employed persons expressed as a percentage of the population 15 years of age and over. This is calculated as a 12-month average for the calendar year.

The employment rate is calculated as:

$$\text{Employment Rate} = \frac{\text{Number of persons employed}}{\text{Total population}} \text{ X } 100$$

For more information on the methodology of the Labour Force Survey, please see *Guide to the Labour Force Survey (2020)*, Statistics Canada:
https://www150.statcan.gc.ca/n1/pub/71-543-g/71-543-g2020001-eng.htm

## Jobs, Economy and Northern Development: Performance Indicator 3.a: Occupational Health and Safety

*OHS Field Activities*

The OHS program undertakes a number of field activities based on proactive and reactive work to take a balanced approach to regulatory enforcement and help workplaces become more self-reliant.

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 in-scope OHS field activities.

Types of OHS Field activities:

Inspection: An assessment of a work site and/or associated documentation for compliance with the *Occupational Health and Safety Act*, Regulation and Code.

Re-inspection: A follow up assessment of a work site for compliance with the *Occupational Health and Safety Act*, Regulation and Code.

Investigation: An investigation is conducted on any workplace incident that is defined as 'reportable' under the *Occupational Health and Safety Act* section 40(1) prior to December 1, 2021 and the *Occupational Health and Safety Act* Section 33(1) after December 1, 2021.

Continuation of Investigation: This refers to an investigation that has commenced and is still underway.

Presentation: An activity that is used when an officer completes a presentation to a work site party/parties.

Meeting: An in-person, video or telephone conversation with a regulated party for the purpose of education regarding the *Occupational Health and Safety Act*, Regulation and Code, or as an escalation from previous compliance activities.

Publications Delivered: An activity that is used when the officer provides Government of Alberta authored documents to the work site party while on site.

*Lost-time claim rate*

The lost-time claim and disabling injury rates 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 records a lost-time claim or disabling injury claim when a worker, his/her physician or his/her employer submits an injury report form. A claim is considered a lost-time claim when the worker is on compensation for one or more days subsequent to the day of injury. A claim is considered a disabling injury 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 collects this information, calculates the estimated person-years worked and provides the data files to the ministry for analysis. The lost time claim and disabling injury rates are reported by calendar year and are calculated by dividing the number of lost-time claims or disabling injury claims by the number of estimated person-years worked.

$$\text{Lost-time claim rate} = \frac{\text{Number of lost-time claims}}{\text{Estimated person-years}} \text{ X } 100$$

$$\text{Disabling injury rate} = \frac{\text{Number of disabling injuries}}{\text{Estimated person-years}} \text{ X } 100$$

Each year, new data is sent to the ministry 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 WCB. 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.

### Jobs, Economy and Northern Development: Performance Measure 4.a: Collective Bargaining cases with the assistance of a ministry-appointed mediator

The measure provides an indication of the effectiveness of mediation in assisting parties to reach a collective bargaining agreement without a work stoppage taking place. Under the *Labour Relations Code*, mediation is mandatory prior to a legal strike or lockout taking place. Entering mediation always represents the escalation of a dispute. Appointing appropriate and effective mediators so that parties may come to a resolution, benefits both employers and workers.

The data used to determine the “percentage of collective bargaining agreements reached with the assistance of a ministry-appointed mediator that were settled without a work stoppage” (rate) is internally produced and validated. The data is housed in the Mediation Services Labour Relations Resolution Information (LRRI) database. Mediation Services runs a report called “MS Percentage of Alberta Mediation Appointments Resolved Without Work Stoppage”, which provides historical and current fiscal year to date information on the rate.

Mediation Services enters data related to all mediations into LRRI and the report is automatically generated from that data.

- Mediation appointed under the *Labour Relations Code* and *Police Officers Collective Bargaining Act* is entered into LRRI along with pertinent information such as the date the appointment was made, the date it is settled and other important milestones such as strike and lockout start and end dates.
- LRRI tracks the total number of mediations that result in a collective bargaining agreement reached within a given fiscal year. This number is the Denominator in the rate calculation.
- Specifically, LRRI counts the number of mediations where the Milestone Event “Settled” is entered as a milestone event.
- LRRI filters (mediation) records according to the following: those containing the “Settled” milestone and milestones that indicate work stoppage, i.e., Strike end (date), Lockout end (date); and those without work stoppage milestones. The number of the latter group is the Numerator in the rate calculation.

- Strikes and lockouts may overlap fiscal years beginning in one year and ending in the next. LRRI only counts the strike or lockout in the year in which it ends.
- LRRI automatically populates the numbers into the rate calculation and enters the result into the "MS Percentage of Alberta Mediation Appointments Resolved Without Work Stoppage" report for the appropriate year.

Numerator (number of mediations settled without a work stoppage) ÷ Denominator (total number of mediations settled x 100 = Percentage Rate

**Jobs, Economy and Trade: Performance Measure 4.b: Alberta Labour Relations Board decisions rendered within 90 calendar days**

This performance measure reflects the Alberta Labour Relations Board's commitment to issue decisions in a timely fashion.

The Alberta Labour Relations Board customer relationship management system tracks all data related to hearings and decision timelines. For this performance measure, a report is created from the customer relationship management system (CRM) 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 day 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 Alberta Labour Relations Board's new CRM system went live in November 2019 following rigorous testing and development of new procedures. Employment standards appeals were integrated into the system in September 2020. Occupational health and safety (OHS) appeals were integrated into the system in March 2022 and as a result OHS appeals are included in the 2022-23 reporting period.

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

# Financial Information

**Year Ended March 31, 2024**

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| | |
|---|---|
| [Original signed by] | [Original signed by] |
| Deputy Minister | Assistant Deputy Minister, Financial Services and SFO |

## Reporting Entity and Method of Consolidation

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

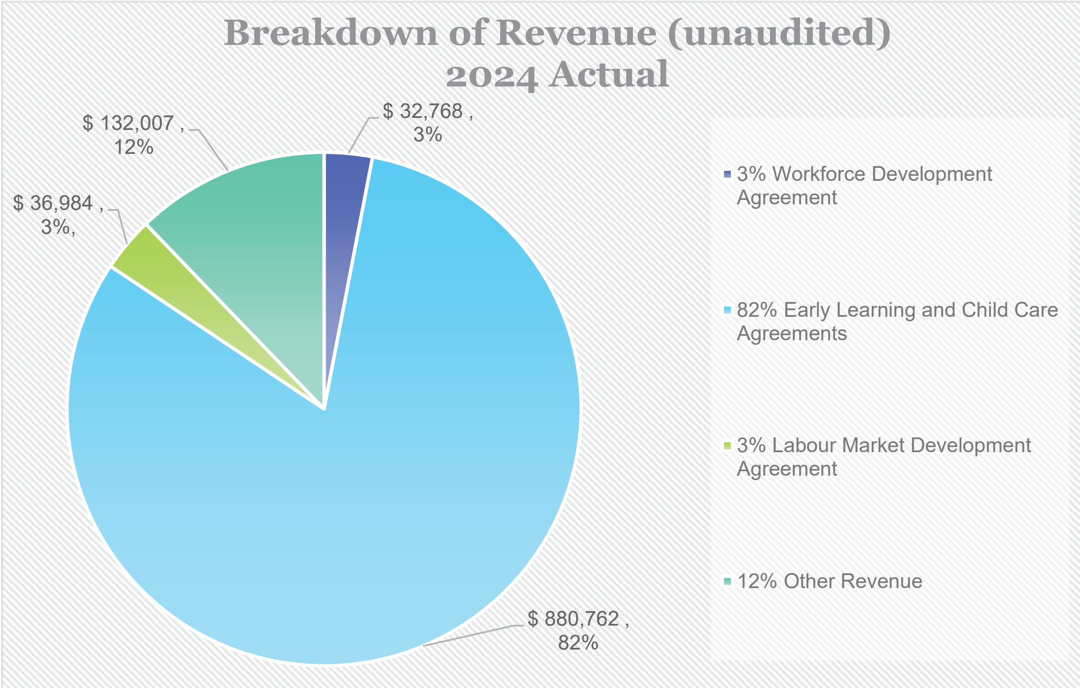
The reporting entity is the ministry for which the Minister is accountable. The accounts of the ministry are fully consolidated, which includes the department and the entities making up the ministry, on a line-by-line method. Under this method, accounting policies of the consolidated entities conform 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.

## Ministry Financial Highlights
## Statement of Revenues and Expenses (unaudited)
## Year Ended March 31, 2024

| | 2024 | | 2023 | Change from | |
|---|---|---|---|---|---|
| | Restated Budget | Actual | Restated Actual | Budget | 2023 Actual |
| | *(in thousands)* | | | | |
| **Revenues** | | | | | |
| Government Transfers | | | | | |
| Workforce Development Agreement | $ 32,768 | $ 32,768 | $ 51,077 | $ - | $ (18,309) |
| Labour Market Development Agreement | 42,365 | 36,984 | 39,865 | (5,381) | (2,881) |
| Early Learning and Child Care Agreements | 936,849 | 880,762 | 654,993 | (56,087) | 225,769 |
| Services to First Nations Reserves | - | 270 | 522 | 270 | (252) |
| Premiums, Fees and Licences | 55 | 252 | 197 | 197 | 55 |
| Other Revenue | 67,447 | 132,007 | 68,408 | 64,560 | 63,599 |
| Ministry Total | 1,079,484 | 1,083,043 | 815,062 | 3,558 | 267,981 |
| Inter-ministry consolidation adjustments | - | - | - | - | - |
| Adjusted ministry total | 1,079,484 | 1,083,043 | 815,062 | 3,558 | 267,981 |
| | | | | | |
| **Expenses - Directly Incurred** | | | | | |
| **Programs** | | | | | |
| Ministry Support Services | 4,637 | 4,881 | 4,863 | 244 | 18 |
| Workforce Strategies | 124,993 | 112,947 | 189,560 | (12,046) | (76,613) |
| Safe, Fair and Healthy Workplaces | 64,648 | 59,151 | 57,831 | (5,497) | 1,320 |
| Economic Development and Trade | 188,531 | 156,904 | 85,086 | (31,627) | 71,818 |
| Child Care | 1,278,282 | 1,218,758 | 975,953 | (59,524) | 242,805 |
| Labour Relations Board | 4,563 | 3,926 | 3,445 | (637) | 481 |
| Appeals Commission for Alberta Workers' Compensation | 17,020 | 17,038 | 15,905 | 18 | 1,133 |
| | 1,682,674 | 1,573,605 | 1,332,644 | (109,069) | 240,961 |
| Inter-ministry consolidation adjustments | (9,030) | (16,139) | (12,050) | (7,109) | (4,088) |
| Adjusted ministry total | 1,673,644 | 1,557,466 | 1,320,593 | (116,178) | 236,873 |
| **Annual surplus / (deficit)** | $ (594,160) | $ (474,423) | $ (505,532) | $ 119,736 | $ 31,108 |

# Breakdown of Revenues (unaudited)

| | 2024 | | 2023 |
|---|---|---|---|
| | Restated Budget | Actual | Restated Actual |
| | *(in thousands)* | | |
| **Revenues** | | | |
| Government transfers | | | |
| Workforce Development Agreement | $ 32,768 | $ 32,768 | $ 51,077 |
| Labour Market Development Agreement | 42,365 | 36,984 | 39,865 |
| Early Learning and Child Care Agreements | 936,849 | 880,762 | 654,993 |
| Services to First Nations Reserves | - | 270 | 522 |
| | 1,011,982 | 950,784 | 746,457 |
| Premiums, fees, and licenses | 55 | 252 | 197 |
| Other Revenue | | | |
| Workers' Compensation Board | 66,799 | 62,118 | 68,408 |
| Other Miscellaneous Revenue | 648 | - | - |
| Refund Expenditures - Prior Year | - | 69,888 | 7,753 |
| | 67,447 | 132,007 | 68,408 |
| Total Revenues | $ 1,079,484 | $ 1,083,043 | $ 815,062 |




**Workforce Development Agreement** - The objectives of this agreement are to increase participation of Albertans in the labour force and help them develop the skills necessary to find and keep employment. In addition, this agreement intends to improve employment outcomes for persons with disabilities by enhancing their employability and increasing their employment opportunities. The ministry's revenue allocation for 2023-24 was $33 million.

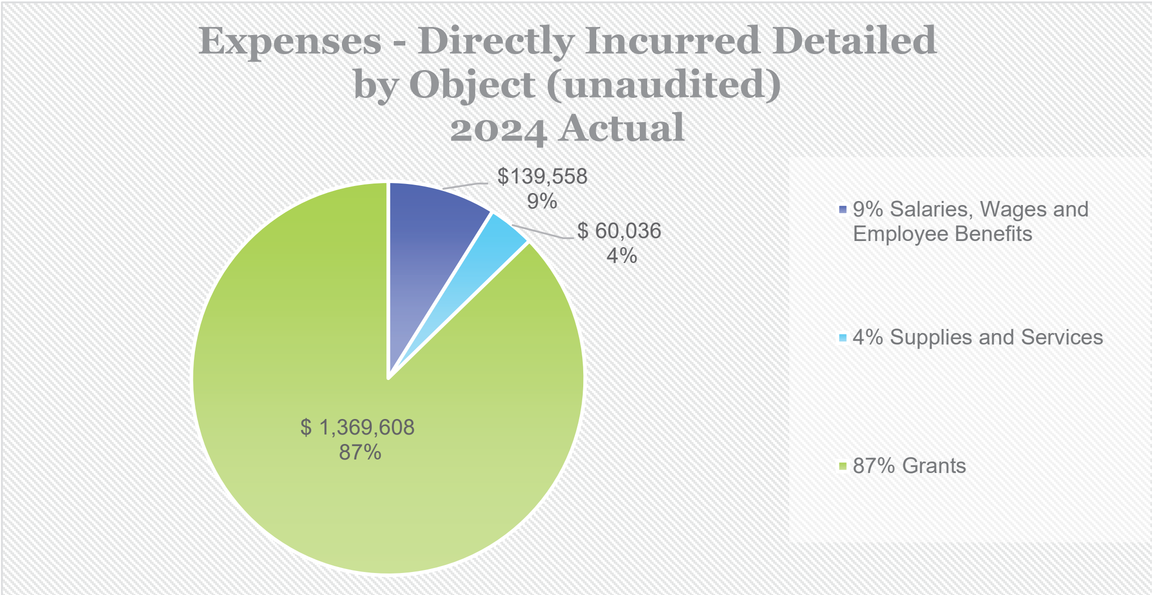
**Labour Market Development Agreement** - The objectives of this agreement are to help current and former Employment Insurance claimants gain skills and work experience, and to provide unemployed Albertans with employment assistance services. The ministry's revenue allocation for 2023-24 was $37 million.

**Early Learning and Child Care Agreements** - The objectives of these agreements are to support the expansion of affordable, accessible and high-quality child care for Albertans. The ministry's revenue allocation for 2023/24 was $881 million.

**Other Revenue -** This consists of revenue received from the Workers' Compensation Board to offset the costs related to the Occupational Health and Safety program and the Appeals Commission for Alberta Workers' Compensation, where the ministry's revenue allocation in 2023/24 was $62 million. In addition, this includes prior year revenue expenditures which totaled $70 million in 2023/24.

## Expenses - Directly Incurred Detailed by Object (unaudited)

| | 2024 | | 2023 |
|---|---|---|---|
| | Restated Budget | Actual | Restated Actual |
| | *(in thousands)* | | |
| Salaries, Wages and Employee Benefits | $ 149,348 | $ 139,558 | $ 129,082 |
| Supplies and Services | 103,236 | 60,036 | 61,554 |
| Grants | 1,419,894 | 1,369,608 | 1,141,144 |
| Capital Grants | 8,000 | - | - |
| Amortization of Tangible Capital Assets | 2,126 | 779 | 803 |
| Other | 70 | 3,624 | 61 |
| Total Expenses | $ 1,682,674 | $ 1,573,605 | $ 1,332,644 |




**Salaries, Wages and Employee Benefits**
Salaries, wages and employee benefits accounted for 9% of the ministry's total expenditures.  This represents the cost of the ministry's workforce located across the province delivering services and supports to Albertans.

**Supplies and Services**
Supplies and Services accounted for 4% of the ministry's total expenditures. The majority of these expenditures relate to contract service delivery of employment and training and child care programs and services.

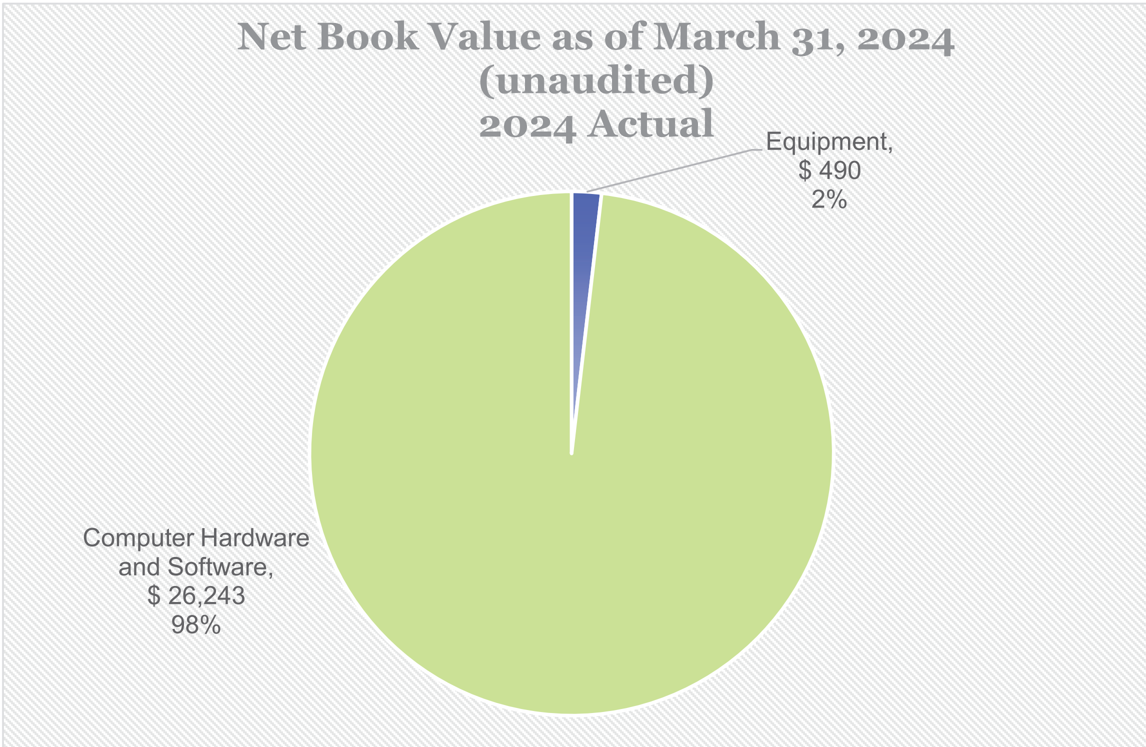
**Grants**
Grants accounted for 87% of the ministry's total expenditures. The majority of the grant expenditures are related to Child Care, the Film and Television Tax Credit, and the Canada-Alberta Job Grant.

## Tangible Capital Assets (unaudited)

| | Land | Land Improvements | Buildings | Equipment (1) | Computer Hardware and Software | Other (2) | 2024 Total | 2023 Total |
|---|---|---|---|---|---|---|---|---|
| **Estimated useful life** | Indefinite | 10-40 years | 10-50 years | 3-40 years | 3-10 years | 3-50 years | | |
| | | | | **In thousands** | | | | |
| **Historical cost (3)** | | | | | | | | |
| Beginning of year | $ - | $ - | $ - | $ 1,026 | $ 32,309 | $ - | $ 33,335 | $ 20,494 |
| Additions | - | - | - | 384 | 13,935 | - | 14,319 | 11,340 |
| Transfers and adjustments (4) | - | - | - | - | - | - | - | 1,501 |
| Disposals, including write-downs | - | - | - | - | - | - | - | - |
| | - | - | - | 1,411 | 46,244 | - | 47,655 | 33,335 |
| **Accumulated Amortization** | | | | | | | | |
| Beginning of year | - | - | - | 834 | 19,310 | - | 20,143 | 19,100 |
| Amortization expense | - | - | - | 87 | 692 | - | 779 | 803 |
| Transfers and adjustments (4) | - | - | - | - | - | - | - | 240 |
| Effect of disposals, including write-downs | - | - | - | - | - | - | - | - |
| | - | - | - | 920 | 20,001 | - | 20,922 | 20,143 |
| Net book value at March 31, 2024 | - | - | - | 490 | 26,243 | - | 26,733 | |
| Net book value at March 31, 2023 | $ - | $ - | $ - | $ 192 | $ 12,999 | $ - | | $ 13,192 |

(1) Equipment includes vehicles, heavy equipment, office equipment and furniture, and other equipment
(2) Other tangible capital assets include leasehold improvements
(3) Historical cost includes work-in-progress and asset retirement costs for tangible capital assets still in productive use
(4) Transfers and adjustments relate to accounting policy alignments and reclassifications between capital asset categories

## Tangible Capital Assets (unaudited) - continued




Total net book value of tangible capital assets is $26.7 million.

Computer Hardware and Software make up the largest component of tangible capital assets and represents $26.2 million or 98% of the total tangible capital assets Net Book Value (NBV). This primarily represents investments in information technology systems and enhancements.

The remainder is comprised of $490 thousand in equipment and commercial vehicles.

**Lapse/Encumbrance (unaudited)**
**Department of Jobs, Economy and Trade**

**YEAR ENDED March 31, 2024**

***In thousands***

| Program - Operating Expense | Voted Estimate[1] | Supplementary Supply | Adjustments[2] | Adjusted Voted Estimate | Voted Actuals[3] | Over Expended (Unexpended) |
|---|---|---|---|---|---|---|
| | | | *(in thousands)* | | | |
| **1.0** Ministry Support Services | | | | | | |
| 1.1 Minister's Office | $ 787 | $ - | $ - | $ 787 | $ 680 | $ (107) |
| 1.2 Deputy Minister's Office | 783 | - | - | 783 | 724 | (59) |
| 1.3 Strategic Corporate Services | 3,067 | - | - | 3,067 | 3,529 | 462 |
| | 4,637 | - | - | 4,637 | 4,933 | 296 |
| **2.0** Workforce Strategies | | | | | | |
| 2.1 Workforce Development Partnerships | 8,767 | - | - | 8,767 | 13,029 | 4,262 |
| 2.2 Labour Force Policy and Engagement | 9,597 | - | (2,038) | 7,559 | 6,621 | (938) |
| 2.3 Skills and Training Support | 96,511 | - | (200) | 96,311 | 87,808 | (8,503) |
| 2.4 Coal Workforce Transition Program | 5,400 | - | - | 5,400 | 1,767 | (3,633) |
| 2.5 Alberta Jobs Now Program | 4,550 | - | - | 4,550 | 3,533 | (1,017) |
| | 124,825 | - | (2,238) | 122,587 | 112,758 | (9,829) |
| **3.0** Safe, Fair and Healthy Workplaces | | | | | | |
| 3.1 Labour Relations | 1,746 | - | - | 1,746 | 1,759 | 13 |
| 3.2 Occupational Health and Safety | 49,134 | - | - | 49,134 | 44,941 | (4,193) |
| 3.3 Employment Standards | 13,301 | - | - | 13,301 | 12,074 | (1,227) |
| | 64,181 | - | - | 64,181 | 58,774 | (5,407) |
| **4.0** Economic Development and Trade | | | | | | |
| 4.1 Reg Economic Partnerships & Opportunity | 16,322 | - | - | 16,322 | 20,895 | 4,573 |
| 4.2 Economic Analytics and Industry Growth | 18,310 | - | - | 18,310 | 13,754 | (4,556) |
| 4.3 International Trade and Investment | 28,573 | - | - | 28,573 | 18,679 | (9,894) |
| | 63,205 | - | - | 63,205 | 53,328 | (9,877) |
| **5.0** Child Care | | | | | | |
| 5.1 Child Care Affordability and Access | 1,039,864 | - | - | 1,039,864 | 958,921 | (80,943) |
| 5.2 Child Care Quality and Worker Supports | 229,418 | - | | 229,418 | 259,350 | 29,932 |
| | 1,269,282 | - | - | 1,269,282 | 1,218,271 | (51,011) |

**Lapse/Encumbrance (unaudited)**
**Department of Jobs, Economy and Trade**

**YEAR ENDED March 31, 2024**

***In thousands***

| | Voted Estimate[1] | Supplementary Supply | Adjustments[2] | Adjusted Voted Estimate | Voted Actuals[3] | Over Expended (Unexpended) |
|---|---|---|---|---|---|---|
| | | | *(in thousands)* | | | |
| **Program - Operating Expense - continued** | | | | | | |
| **6.0** Labour Relations Board | 4,563 | - | - | 4,563 | 3,962 | (601) |
| **7.0** Appeals Commission for Alberta Workers' Compensation | 16,855 | - | - | 16,855 | 16,774 | (81) |
| Capital Grants | | | | | | |
| **5.0** Child Care | | | | | | |
| 5.1 Child Care Affordability and Access | 8,000 | - | - | 8,000 | | (8,000) |
| (Credit or Recovery) Shortfall | | | - | - | - | - |
| Total | **$ 1,555,548** | **$ -** | **$ (2,238)** | **$ 1,553,310** | $ 1,468,800 | $ (84,510) |
| **(Lapse)/Encumbrance** | | | | | | $ (84,510) |
| **Program - Capital Investment** | | | | | | |
| 1.3 Strategic Corporate Services | $ - | $ - | $ - | $ - | - | $ - |
| 2.2 Labour Force and Engagement | - | - | 2,038 | 2,038 | 1,886 | (152) |
| 2.3 Skills and Training Support | - | - | 200 | 200 | - | (200) |
| 2.5 Alberta Jobs Now Program | - | - | - | - | - | - |
| 3.2 Occupational Health and Safety | 900 | - | - | 900 | 384 | (516) |
| 4.1 Regional Economic Partnerships and Opportunity | 1,070 | - | - | 1,070 | - | (1,070) |
| 4.2 Economic Analytics and Industry Growth | - | - | - | - | 963 | 963 |
| 5.1 Child Care Affordability and Access | 10,000 | | 2,238 | 12,238 | 11,086 | (1,152) |
| 6 Labour Relations Board | - | - | | - | - | - |
| Total | **$ 11,970** | **$ -** | **$ 4,476** | **$ 16,446** | $ 14,319 | $ (2,127) |
| **(Lapse)/Encumbrance** | | | | | | $ (2,127) |

(1) As per the Current Estimate for "Expense" and "Capital Investment" on pages 5 and 6 of the 2023-2024 Supplementary Supply Estimates.

(2) Adjustments include encumbrances, capital carry over amounts, transfers between votes, credit or recovery increases approved by Treasury Board and credit or recovery shortfalls. 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.

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

WCB-Alberta

# Financial Statements and Notes

For the year ended December 31, 2023

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### Financial Statements


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## Responsibility for Financial Reporting

The 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 IFRS Accounting Standards.

In discharging its responsibility for the integrity and fairness of the 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, 2023 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 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 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 insurance liabilities included in the financial statements of the WCB and to report thereon in accordance with accepted actuarial practice.

The Office of the Auditor General, the independent auditor of the WCB, has performed an independent audit of the 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.

**Dr. Ray Block**
Chair, Board of Directors
Workers' Compensation Board – Alberta

**Trevor Alexander**
President & Chief Executive Officer
Workers' Compensation Board – Alberta

**Ron J. Helmhold,** FCPA, FCA
Chief Financial Officer
Workers' Compensation Board – Alberta

Auditor General OF ALBERTA

Independent Auditor's Report

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

## Report on the Financial Statements

### Opinion

I have audited the financial statements of Workers' Compensation Board — Alberta (the Board), which comprise the statement of financial position as at December 31, 2023, and the statements of financial performance and comprehensive income, changes in fund balance, and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2023, 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 Financial Statements* section of my report. I am independent of the Board in accordance with the ethical requirements that are relevant to my audit of the 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 *Workers' Compensation Board — Alberta 2023 Annual Report*, but does not include the financial statements and my auditor's report thereon.

My opinion on the 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 financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed on the other information, 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 financial statements**

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

In preparing the financial statements, management is responsible for assessing the Board'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 Board's financial reporting process.

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

My objectives are to obtain reasonable assurance about whether the 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 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 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 the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board'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 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 the Board to cease to continue as a going concern.

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, 2024
Edmonton, Alberta

ECKLER

# Actuarial statement of opinion

## on the valuation of the insurance liabilities as at December 31, 2023 of the Workers' Compensation Board – Alberta for its financial statements prepared in accordance with International Financial Reporting Standards

I have valued the insurance liabilities of the Workers' Compensation Board - Alberta for its financial statements prepared in accordance with International Financial Reporting Standards for the year ending December 31, 2023.

In my opinion, the insurance liabilities of $13,574.1 million make appropriate provision for the liabilities for incurred claims and the liabilities for remaining coverage. The liabilities for incurred claims provide for future payments for short-term disability, re-employment services, 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, as well as for future claims management costs, but do not include a provision for benefits and payments that are on a self-insured basis.

The data on which the valuation is based were provided by the WCB; I applied such checks of reasonableness of the data that 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 financial statements. In my opinion, the data on which the valuation is based are sufficient and reliable for the purpose of the valuation.

The discount rate assumption for computing the liabilities is consistent with the market data available as at December 31, 2023, reflecting the liquid risk-free rate of return and the liquidity characteristics associated with WCB benefits. The inflation assumption is aligned with the inflation rates implied by the market interest rates employed for discounting the cash flows.

Other 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. The increase of $1,203.1 million in the insurance liabilities, from $12,371.0 million at the end of 2022 to $13,574.1 million as at December 31, 2023, considers a reduction of $196.2 million resulting from updates of the discount rate and inflation assumptions. Additionally, changes made to the valuation basis for personal care allowances, economic loss payments, and non-economic loss payments led to a loss of $284.2 million, a loss of $50.3 million, and a gain of $29.5 million, respectively. In my opinion, the methods and the assumptions employed in the valuation are appropriate for the purpose of the valuation.

Details of the data, actuarial assumptions, valuation methods and results are set out in my actuarial report as at the valuation date, of which this statement of opinion forms part.

The valuation is 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.

In my opinion, the amount of the insurance liabilities for IFRS financial statements makes appropriate provision for all personal injury compensation obligations given WCB's accounting and the 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.

Richard Larouche

**Richard Larouche,** FSA, FCIA
Actuary, Eckler Ltd.
April 29, 2024

Workers' Compensation Board – Alberta

## Statement of Financial Position

*As at December 31*

| ($ thousands) | Notes | **December 31, 2023** | December 31, 2022 Restated (note 3) | January 1, 2022 Restated (note 3) |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and cash equivalents | 19(a) | $ 373,378 | $ 186,421 | $ 285,492 |
| Receivables and other assets | | 32,591 | 20,589 | 13,072 |
| Investments | 5 | 12,492,023 | 12,111,882 | 13,227,541 |
| Property, plant and equipment | 8 | 69,627 | 67,057 | 70,417 |
| Intangible assets | 9 | 36,125 | 43,335 | 48,147 |
| Pension plan assets | 11 | 34,650 | 57,537 | - |
| | | $ 13,038,394 | $ 12,486,821 | $ 13,644,669 |
| **LIABILITIES** | | | | |
| Trade and other liabilities | 10,19(b) | $ 62,635 | $ 56,194 | $ 83,080 |
| Safety rebates | 19(c) | 85,996 | 80,999 | 74,728 |
| Employee benefits | 11 | 45,563 | 39,705 | 99,323 |
| Insurance liabilities | 12 | 13,574,058 | 12,370,974 | 13,899,280 |
| | | $ 13,768,252 | $ 12,547,872 | $ 14,156,411 |
| **FUND BALANCE** | | (729,858) | (61,051) | (511,742) |
| | | $ 13,038,394 | $ 12,486,821 | $ 13,644,669 |
| **CONTINGENCIES AND INDEMNIFICATION** | 18 | | | |

Approved by the Board of Directors on April 30, 2024

**Dr. Ray Block**
Chair, Board of Directors
Workers' Compensation Board – Alberta

**Trevor Alexander**
President and Chief Executive Officer
Workers' Compensation Board – Alberta

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

Workers' Compensation Board – Alberta

## Statement of Financial Performance and Comprehensive Income

*Year ended December 31*

| ($ thousands) | Notes | 2023 | 2022 Restated (note 3) |
|---|---|---|---|
| **INSURANCE MANAGEMENT** | | | |
| ***Insurance revenue*** | | | |
| Premiums for insurance coverage | 13 | $ 1,353,301 | $ 1,195,526 |
| ***Insurance expense*** | | | |
| Cost of current year claims | 13 | (1,596,477) | (1,446,120) |
| Remeasurement of insurance liabilities (excluding discount rate changes) | 13 | (938,081) | (442,993) |
| Reversal of onerous contracts | 13 | 26,100 | 117,400 |
| | | (2,508,458) | (1,771,713) |
| **INSURANCE MANAGEMENT RESULT** | | (1,155,157) | (576,187) |
| **FINANCIAL MANAGEMENT** | | | |
| ***Investment income and expense*** | | | |
| Investment income | 6 | 1,021,549 | (709,017) |
| Investment management expense | 6 | (82,288) | (58,952) |
| | | 939,261 | (767,969) |
| ***Insurance finance income and expense*** | | | |
| Interest on insurance liabilities | 15 | (532,400) | (208,900) |
| Effect of discount rate changes on liabilities | 13 | 196,200 | 1,949,400 |
| | | (336,200) | 1,740,500 |
| **FINANCIAL MANAGEMENT RESULT** | | 603,061 | 972,531 |
| **ADMINISTRATION AND OTHER EXPENSE** | | | |
| Corporate administration | 16 | (95,134) | (91,790) |
| Injury reduction | 19(d) | 5,403 | 13,724 |
| Other expenses | | 1,187 | (2,990) |
| **ADMINISTRATION AND OTHER EXPENSE - NET** | | (88,544) | (81,056) |
| **OPERATING (DEFICIT) SURPLUS** | | (640,640) | 315,288 |
| **OTHER COMPREHENSIVE INCOME** | | | |
| ***Items that will not be reclassified to net operating (deficit) surplus*** | | | |
| Remeasurement of employee benefits | 11 | (28,167) | 135,403 |
| **TOTAL COMPREHENSIVE INCOME** | | $ (668,807) | $ 450,691 |

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

Workers' Compensation Board – Alberta

## Statement of Changes in Fund Balance

*Year ended December 31*

| ($ thousands) | Notes | Accumulated (deficit) surplus | Accumulated other comprehensive income | **Total Fund Balance** |
|---|---|---|---|---|
| Balance as at December 31, 2021, as previously reported | | $ 2,288,672 | $ 33,886 | $ 2,322,558 |
| Impact of adopting IFRS 17 | 3 | (2,834,300) | - | (2,834,300) |
| Balance as at January 1, 2022, restated | | (545,628) | 33,886 | (511,742) |
| Operating (deficit) surplus | | 315,288 | - | 315,288 |
| Other comprehensive income | | - | 135,403 | 135,403 |
| Balance as at December 31, 2022 | | (230,340) | 169,289 | (61,051) |
| Operating (deficit) surplus | | (640,640) | - | (640,640) |
| Other comprehensive income | | - | (28,167) | (28,167) |
| **Balance as at December 31, 2023** | | $ (870,980) | $ 141,122 | $ (729,858) |

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

Workers' Compensation Board – Alberta

## Statement of Cash Flows

*Year ended December 31*

| ($ thousands) | 2023 | 2022 Restated |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| ***Cash inflows (outflows) related to insurance management*** | | |
| Premiums for insurance coverage | $ 1,369,085 | $ 1,161,420 |
| Injury reduction recovery from premiums | 75,645 | 73,865 |
| Benefits to claimants and/or third parties on their behalf | (1,443,677) | (1,313,938) |
| Administrative and other goods and services | (283,358) | (255,684) |
| Statutory funding commitments for injury reduction programs | (69,369) | (93,915) |
| | (351,674) | (428,252) |
| **INVESTING ACTIVITIES** | | |
| ***Cash inflows (outflows) related to investment assets*** | | |
| Interest income received | 10,410 | 4,591 |
| Investment management expenses | (1,310) | (3,222) |
| Sale of investments, net of cash purchases | 550,000 | 344,889 |
| | 559,100 | 346,258 |
| ***Cash inflows (outflows) related to operating assets*** | | |
| Purchase of property, plant and equipment | (9,801) | (4,369) |
| Purchase of computer software | (7,643) | (9,463) |
| | 541,656 | 332,426 |
| **FINANCING ACTIVITIES** | | |
| ***Cash inflows (outflows) related to financing*** | | |
| Payments on lease and other financing | (3,025) | (3,245) |
| | (3,025) | (3,245) |
| **Net increase (decrease) in cash and cash equivalents** | 186,957 | (99,071) |
| Cash and cash equivalents, beginning of year | 186,421 | 285,492 |
| **CASH AND CASH EQUIVALENTS, END OF YEAR** | $ 373,378 | $ 186,421 |

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

# Notes to the Financial Statements

*For the year ended December 31, 2023 with comparatives for the year ended December 31, 2022 (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 workplace injuries or disease in the course of employment.

## 2. MATERIAL ACCOUNTING POLICIES

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

### GENERAL ACCOUNTING POLICIES

***Basis of preparation***

These financial statements have been prepared in accordance with IFRS Accounting Standards as at and applicable on December 31, 2023, and on a cost or amortized cost basis except for investments reported at fair value and employee benefit and insurance liabilities, which are actuarially determined. The principal accounting policies applied in the preparation of the financial statements are set out below.

***Financial statement presentation***

All financial information presented is rounded to the nearest thousand, unless otherwise stated.

WCB presents its Statement of Financial Position in order of liquidity.

The Statement of Financial Performance and 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 management and insurance liability valuation. Administration and other expense is presented in the Statement of Financial Performance and Comprehensive Income by function. Injury reduction is presented net of premium recovery. Other comprehensive income consists of net changes in remeasurement of post-employment defined benefit plan results, which is an item that will not be subsequently reclassified to income or expense.

***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. Critical judgements include the use of fair value measurement of investment assets, establishing the contract boundary for insurance contracts, concluding that the risk adjustment for insurance liabilities is zero, the selection of appropriate methodologies, assumptions and data inputs for measurement of insurance contract assets and liabilities and for employee benefit assets and liabilities.

Some accounting measurements require management's best estimates for those transactions for which sufficient information may not be available to record a precise amount. Actual results in subsequent periods could differ from the judgements and estimates used by management in these financial statements. These differences, which may be material, could require adjustment in those subsequent periods.

For further discussion of critical accounting judgements and estimates applicable to critical reporting items, see Note 5 *Investments*, Note 11 *Employee Benefits*, Note 12 *Insurance Contracts* and Note 15 *Insurance Finance Income and Expense*.

***Foreign currency translation***
WCB's financial statements are presented in Canadian dollars, which is also the functional currency. Monetary assets and liabilities denominated in foreign currency are translated into Canadian dollars at the exchange rate in effect at the date of the 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 within pooled funds are not typically 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 insurance liabilities, employee benefit plans and lease obligations.

#### SPECIFIC ACCOUNTING POLICIES

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

| Note | Topic | Page |
|---|---|---|
| 5 | Investments | 53 |
| 6 | Investment Income and Expense | 55 |
| 8 | Property, Plant and Equipment | 58 |
| 9 | Intangible Assets | 60 |
| 10 | Leases | 61 |
| 11 | Employee Benefits | 63 |
| 12 | Insurance Contracts | 67 |
| 13 | Insurance Revenue and Expenses | 74 |
| 15 | Insurance Finance Income and Expense | 82 |

### 3. ACCOUNTING POLICY CHANGES

#### STANDARD, AMENDMENTS, AND INTERPRETATIONS EFFECTIVE IN CURRENT YEAR

**Amendments to IAS 1 *Presentation of financial statements* and IAS 8 *Accounting policies, changes in accounting estimates and errors***
Narrow scope amendments to IAS 1 *Presentation of Financial Statements* (IAS 1) requires companies to disclose their material accounting policy information, rather than their significant accounting policies. The amendments clarify the definition of 'material' and provide guidance on applying the new definition in practice. The amendments to IAS 8 *Accounting policies, changes in accounting estimates and errors* (IAS 8) introduce a new definition of accounting estimates, clarifying the relationship between an accounting policy and the related accounting estimates and distinguishing the treatment between changes in accounting policies and changes in accounting estimates. WCB adopted the above amendments effective January 1, 2023. Application of these amendments did not have a significant impact on WCB's financial statements.

**IFRS 17 *Insurance Contracts***
IFRS 17 replaced IFRS 4 *Insurance Contracts* effective for annual periods beginning on or after January 1, 2023. Adoption of IFRS 17 resulted in material changes in financial position, performance and reporting. See detailed discussion of the transition to IFRS 17 in the following section.

## TRANSITION TO IFRS 17

***Definition of an insurance contract***

As defined in IFRS 17, an insurance contract exists if an entity is obligated to accept significant insurance risk for consideration from another party by agreeing to compensate the party for covered losses if occurrence of a specified uncertain future event adversely affects the party. An insurance contract may also arise from law or regulation, whereby WCB legislation constitutes an enforceable insurance contract.

Mandatory application of IFRS 17 required that the financial statements be presented on a full retrospective basis, as though WCB had always reported under the standard. The date of transition to IFRS 17 was January 1, 2022, at which date WCB remeasured its portfolio of insurance contracts as if IFRS 17 had always been in effect; derecognized any existing balances that would not exist under IFRS 17; and recorded the transitional adjustments to IFRS 4 reported results in opening Fund Balance. Comparative periods presented have been restated on an IFRS 17 basis.

## SIGNIFICANT IMPACTS IN ADOPTING IFRS 17

IFRS 17 accounting policies primarily affect these key operating results at transition:

***Impacts on financial results***

The significant changes from IFRS 4 to IFRS 17 related to recognition and measurement resulted in a/an:

- Increase in the liability for incurred claims related to use of current market bond yields for discounting, which are lower than the expected long-term investment return used in the IFRS 4 basis discount rate
- Increase in the liability for remaining coverage arising from recognition of the onerous contract loss for the group of contracts of the subsequent period when rates are set for the upcoming year
- Change in insurance interest expense due to the market-based rate used for accretion of the current portion of the liability for incurred claims
- No impact arising from application of the risk adjustment, which is set at zero because WCB does not require risk compensation

***Presentation and disclosure changes***

The significant differences between IFRS 4 and IFRS 17 presentation and disclosure include:

- New IFRS 17 basis Statement of Financial Performance and Comprehensive Income disaggregated into a prescribed subtotal for insurance management, with presentation of financial management result and administration and other expense as separate groupings
- Disaggregation of gross premiums into insurance revenue and non-insurance assessments classified as injury reduction recovery
- Presentation of premiums receivable as a component of the liability for remaining coverage
- Expanded and enhanced disclosures related to use of judgements, techniques, and assumptions in applying IFRS 17, primarily for development of discount rate and inflation curves, detailed reconciliation of insurance liabilities, and discussion of insurance risks and risk management

## TRANSITION METHODS

***Scope of application***

At transition, WCB reviewed the definition of an insurance contract and the related guidance and concluded that statutory workers compensation, except for self-insured employers, and related legislation fall within the scope of IFRS 17. In applying the requirements to its coverage, WCB tailored its approach considering the substantive differences between the commercial insurance model underlying IFRS 17 and the public workers compensation model.

***Contract boundary***

The coverage period of one year established by legislation is consistent with WCB's ability to fully reprice the risk of the group of contracts specific to each period. At transition, and for the comparative periods presented, WCB assessed the risks of its insurance contract portfolio for the coverage period and concluded that there were no practical constraints on fully repricing the risks of the renewing group.

***Grouping of contracts***
Based on a one-year contract boundary, each annual cohort constitutes a new group of contracts.

***Future cash flows***
Since cash flow estimates for all periods prior to the date of transition substantially meet IFRS 17 requirements, retrospective restatement of cash flow estimates for insurance contracts prior to the date of transition was not required, as future cash flows for each annual cohort represent a current direct measurement at each reporting date.

***Discount rates***
WCB used the current discount rate curves applicable for each of the comparative dates presented. Retrospective application was not required because there are no active contracts outstanding from pre-transition periods that must be remeasured on an IFRS 17 basis since inception. Accordingly, the effect of discount rate changes reflects only the year over year changes.

***Risk adjustment***
The WCB insurance and funding models do not require compensation, as defined in IFRS 17, for assuming non-financial risk; therefore, the risk adjustment is zero at transition to IFRS 17 and for all prior periods. A risk adjustment of zero corresponds to a confidence level of approximately 50%. This means that the total liability represents WCB's best estimate of expected future cash flows.

***Liability for remaining coverage***
The liability for remaining coverage would have an ending balance corresponding to premiums receivable and the loss component recognized in the current period when the group of contracts for the following period is onerous. Premiums receivable represent unpaid premiums for coverage provided in the current and prior periods. The amount of the loss component in each period was determined using the estimated value of the future cash inflows and outflows for the group of contracts of the subsequent coverage period. Each loss component prior to the date of transition would have been fully reversed in the subsequent coverage period.

***Liability for incurred claims***
Estimates of future cash flows are current measurements of claim liabilities of the current and all prior years. Periods prior to the date of transition are not restated because the Liabilities for Incurred Claims (LIC) does not have cumulative or carry forward amounts that must be retrospectively remeasured on an IFRS 17 basis. The risk adjustment, set at zero, was based on a current assessment of risk and risk tolerance at the date of transition.

***Insurance revenue and expense***
Insurance revenue and expense were retrospectively restated on an IFRS 17 basis for the comparative period presented, affecting mainly line items affected by the IFRS 17 basis discount rate, onerous contract losses and their reversal, reclassification of non-insurance premiums, liability remeasurement gains and losses and restatement and presentation of insurance interest expense.

### TRANSITIONAL IMPACTS

***Recognition of insurance contracts***

For non-onerous contracts, coverage under the Act is effective at the beginning of the calendar year and premiums are assessable. However, onerous contracts are recognized immediately, i.e., their effective issue date is when premium rates for the subsequent coverage period are published at the end of the current period. At transition, WCB determined that the group of contracts subject to initial application of IFRS 17, as well as the groups in the prior comparative periods presented, met the definition of an onerous contract, resulting in retrospective adjustments to insurance liabilities of $242.8 million as at December 31, 2022 (January 1, 2022 - $360.2 million).

***Measurement changes***

WCB applied the premium allocation approach for the liability for remaining coverage given the one year contract boundary. WCB also applied the IFRS 17 measurement requirements retrospectively for determining the liability for incurred claims. Using market-consistent inflation assumptions for estimating future cash flows and a liquidity-adjusted risk-free bond yield curve for discounting liabilities resulted in a net increase of $2,474.1 million as at January 1, 2022 in the liability for incurred claims.

Application of the premium allocation approach for developing the loss component resulted in an increase in the liability for remaining coverage of $360.2 million as at January 1, 2022. At transition, the total effect of the discount rate change on insurance liabilities, together with recognition of an onerous contract loss, resulted in a net decrease in Fund Balance of $2,834.3 million. See the table in *IFRS 17 transitional adjustments* for a breakdown of the measurement changes.

***Reclassification of insurance and non-insurance items***

WCB's total operating requirements, recovered in gross premiums, include amounts that are not directly attributable to insurance coverage.

At transition, reclassification of certain insurance revenue and expense items was required to conform with the presentation requirements of IFRS 17. Transition adjustments for the year ended December 31, 2022:

- Non-insurance premiums were disaggregated from gross premiums and classified as expense recovery $76.0 million within injury reduction
- Losses from remeasurement of the LIC of $443.0 million, other than the effect of discount rate changes, were grouped under insurance expense
- Effect of discount rate changes of $1,949.4 million were disaggregated and reclassified from remeasurement in insurance expense to insurance finance income and expense

***Presentation of insurance contracts***

Insurance contract liabilities are presented as a single bundle of contractual rights and obligations. Separate presentation of insurance revenue, insurance expense, and insurance finance income and expense is mandatory for the Statement of Financial Performance and Comprehensive Income, as well separate subtotals for results from insurance and financial management activities. WCB has elected to present insurance interest wholly in operating surplus (deficit), rather than disaggregated between operating surplus (deficit) and other comprehensive income.

***IFRS 17 transitional adjustments***

The following table provides details of the transitional changes arising from remeasurement of opening insurance liabilities on an IFRS 17 basis and the related impact on the financial statements.

| ($ thousands) | January 1, 2022 As reported | IFRS 17 impact Presentation | Measurement[1] | January 1, 2022 Restated |
|---|---|---|---|---|
| **Assets** | $ 13,713,887 | $ (69,218) | $ - | $ 13,644,669 |
| **Liabilities** | 11,391,329 | (69,218) | 2,834,300 | 14,156,411 |
| **Fund Balance** | 2,322,558 | - | (2,834,300) | (511,742) |

*[1] Remeasurement of opening insurance liabilities on IFRS 17 basis - $2,474,100, Net change in onerous contract loss component for the period - $360,200*

| | December 31, 2022 As reported | IFRS 17 impact Presentation | Measurement[1] | December 31, 2022 Restated |
|---|---|---|---|---|
| **Assets** | $ 12,582,262 | $ (95,441) | $ - | $ 12,486,821 |
| **Liabilities** | 11,641,913 | (95,441) | 1,001,400 | 12,547,872 |
| **Fund Balance** | 940,349 | - | (1,001,400) | (61,051) |

*[1] Remeasurement of opening insurance liabilities on IFRS 17 basis - $758,600, Net change in onerous contract loss component for the period - $242,800.*

***Standards, amendments, and interpretations issued as of year end but not yet effective***

On April 9, 2024, the International Accounting Standards Board (IASB) released IFRS 18 *Presentation and Disclosure in Financial Statements* (IFRS 18) to replace IAS 1. Many of the principles and requirements in IAS 1 will be retained with limited changes.

The key concepts introduced in IFRS 18 primarily affect the structure (i.e., presentation format) of the statement of profit or loss; new note disclosures for certain profit or loss performance measures that are reported outside an entity's financial statements (i.e., management-defined performance measures); and enhanced principles governing aggregation and disaggregation of results in the primary financial statements and notes.

WCB is in the process of assessing the impact of the new standard. IFRS 18 will be effective for reporting periods beginning on or after January 1, 2027, and retrospectively for all comparative periods presented. Early adoption is permitted.

## 4. FUND MANAGEMENT

### ACCIDENT FUND

The Act establishes 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, including the cost of administration.

### 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 Accident Fund balance. The primary objective in managing the financial status of the Accident Fund is to mitigate the risk of being unfunded, while a secondary objective is to minimize premium rate volatility caused by investment and claim liability risk. WCB manages the financial status of the Accident Fund by monitoring the funding level and making funding decisions in accordance with the Funding Policy.

The Funding Policy prescribes that evaluation of the funding status of the Accident Fund be determined on a funding basis wherein the claim benefit obligations are valued reflecting a discount rate assumption that is linked to the long-term return of the investment portfolio. To guide funding decisions, the Funding Policy sets a funding level target range of 114–128% as measured on a funding basis. When the funding level (total assets divided by total liabilities measured on a funding basis) falls below the target range, special funding requirements may be included in premium rates. When the funding level is above the target range, surplus distributions may be paid.

### FUNDING LEVEL

As at December 31, 2023 the Funded Ratio of the Accident Fund (total assets to total liabilities on a funding basis), was 107.3% or $889.5 million (2022 - 108.1% or $940.3 million). The funded ratio was below the funding level target range but exceeded the legislative requirement of 100%.

As at December 31, 2023 the fund balance on the Statement of Financial Position was in a deficiency position of $729.8 million (2022 - $61.1 million). Despite the fund balance deficiency, the mandate of the WCB and the Accident Fund allows for sufficient cash flows to continue operations and meet its obligations.

## 5. INVESTMENTS

### ACCOUNTING POLICY

WCB's portfolio investments are classified at fair value through income since its investment management objective is to hold investments for trading purposes and the portfolio is evaluated and managed on a fair value basis. The portfolio is invested exclusively in pooled funds covering various asset classes and mandates. Participants hold redeemable units in these funds with rights to a proportionate share of the fund's income and net assets, with no power to direct management of the fund. Consequently, WCB's risk exposure is limited to the amount invested in the respective fund. WCB is indirectly and proportionately exposed only to the associated economic risks and rewards of the pool, based on its share of the total units in the respective fund. Because the criteria for control of the funds are not met for consolidation or joint control accounting, WCB accounts for its investment in pooled funds as financial instruments.

As a financial instrument, the unit of the respective pooled fund is the unit of account and basis of accounting. Fund units are recognized in the Statement of Financial Position when WCB becomes party to the contractual provisions of the fund through purchase or transfer of the units. Similarly, fund units are derecognized when WCB is no longer bound by the rights and obligations attached to the units.

WCB utilizes trade-date accounting (i.e., the date when pooled fund units are purchased or redeemed) rather than at the date of their settlement. For recognition or derecognition of investment assets, WCB measures fund units at their fair value as at the respective trade date. Transaction costs, if any, are immediately expensed.

***Fair value hierarchy***

The fair value of WCB's investments in pooled funds recorded on the Statement of Financial Position was determined using one of the following valuation techniques:

**Level 1** Fair value is based on quoted prices in active markets for identical assets. WCB's pooled funds do not meet level 1 requirements.

**Level 2** Fair value is based on inputs, other than Level 1 prices, such as quoted prices for similar assets, quoted prices in markets that are not active or other inputs based on observable market data. Level 2 includes pooled funds invested in debt and public equity securities.

**Level 3** Fair value is based on unobservable inputs that are significant to the fair value of the assets and have little or no market activity. Level 3 includes pooled funds whose fair value is determined from valuations of underlying holdings using pricing models, discounted cash flow methodologies or similar techniques that entail use of significant judgement and/or unobservable inputs. This level includes pooled funds invested in private investments in mortgages, real estate, infrastructure and timberlands.

Fair value measurement applies primarily to WCB investments in pooled funds established and managed by the Alberta Investment Management Corporation (AIMCo). Valuation of these funds reflects the fair value of the underlying holdings. Certain pooled funds use valuation models for estimating and discounting future cash flows, which apply judgement in designing and building such models based on appropriate quantitative methodologies and selecting and/or customizing the key input assumptions from observable inputs. These valuations are performed by AIMCo on the various underlying investments based on external information, such as appraisals and third-party transactions, as well as internal assessments, such as discounted cash flows and other income approaches. As the unit of account is the unit of the respective pooled fund, there is not sufficient information to provide sensitivities on the underlying assumptions, given the funds are comprised of a number of different underlying investments.

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

| ($ thousands) | Fair value through income | | | | |
|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | 2023 | 2022 Restated |
| **Fixed income** | | | | | |
| Deposits and short-term investments[1] | $ - | $ 186,978 | $ - | $ 186,978 | $ 147,222 |
| Nominal bonds | - | 2,983,781 | 246 | 2,984,027 | 2,941,191 |
| Mortgages | - | - | 489,926 | 489,926 | 363,590 |
| Private debt | - | - | 110,426 | 110,426 | - |
| | - | 3,170,759 | 600,598 | 3,771,357 | 3,452,003 |
| **Equities** | | | | | |
| Domestic | - | 1,284,320 | - | 1,284,320 | 1,285,547 |
| Foreign | - | 3,069,875 | - | 3,069,875 | 2,884,366 |
| | - | 4,354,195 | - | 4,354,195 | 4,169,913 |
| **Inflation-sensitive** | | | | | |
| Real estate | - | - | 1,610,452 | 1,610,452 | 1,678,695 |
| Infrastructure | - | - | 2,090,776 | 2,090,776 | 2,015,125 |
| Timberlands | - | - | 601 | 601 | 3,532 |
| Real-return bonds | - | 664,642 | - | 664,642 | 792,614 |
| | - | 664,642 | 3,701,829 | 4,366,471 | 4,489,966 |
| **Total Investments** | $ - | $ 8,189,596 | $ 4,302,427 | $ 12,492,023 | $ 12,111,882 |

[1]*Reclassification of money market holdings to investments.*

### *Transfers between levels*

There were no material transfers between levels during 2023 or 2022.

### *Reconciliation of Level 3 activity*

| ($ thousands) | Fixed Income | Real Estate | Infrastructure | Timberlands | 2023 | 2022 |
|---|---|---|---|---|---|---|
| **Balance, beginning of year** | $ 364,179 | $ 1,678,695 | $ 2,015,125 | $ 3,532 | $ 4,061,531 | $ 3,768,188 |
| Fair value changes | 21,850 | (93,618) | 208,269 | (2,866) | 133,635 | 266,956 |
| Purchases of Level 3 investments | 255,188 | 28,366 | 117,225 | 50 | 400,829 | 517,588 |
| Sale/settlement of Level 3 investments | (40,619) | (2,991) | (249,843) | (115) | (293,568) | (492,330) |
| Transfers in and/or out of Level 3 | - | - | - | - | - | 1,129 |
| **Balance, end of year** | $ 600,598 | $ 1,610,452 | $ 2,090,776 | $ 601 | $ 4,302,427 | $ 4,061,531 |

### *Investment funding commitments*

Private investments in pooled funds managed by AIMCo have significant future capital commitments. Although the total commitment is known, the timing and amount of future funding calls are uncertain, as they are contingent on availability of appropriate investment opportunities. Under these circumstances, pooled fund participants have an indirect constructive obligation to fund their proportionate share of the respective pools if and when these opportunities are realized.

WCB's pro rata share of AIMCo's total unfunded commitments as at December 31, 2023, was estimated at approximately $248,064 (2022 - $485,640).

### *Reclassification from cash equivalents to investments*

In the current year, WCB revised its presentation of money market holdings. These holdings were reclassified as a short-term investment within the investment portfolio, which better represents their dual roles as a core long-term investment holding that also funds short-term operating requirements from time to time. As a result, as at December 31, 2022 and January 1, 2022, $147,222 and $126,763 respectively was reclassified from cash equivalents to investments.

## 6. INVESTMENT INCOME AND EXPENSE

### ACCOUNTING POLICY

WCB recognizes its proportionate share of investment income, earned and distributed to participants of the pooled fund, concurrently with investment gain or loss at remeasurement of the fund. Investment income and fair value remeasurement gains and losses are recognized in income in the period in which they arise. Investment expense comprises primarily external fund management fees and pooled fund costs and internal investment administration expenses.

### Investment Income

| ($ thousands) | Income[1] | Investment Gains (Losses)[2] | **2023** | 2022 |
|---|---|---|---|---|
| **Fixed income** | | | | |
| Deposits and short-term investments | $ 18,665 | $ - | $ 18,665 | $ 7,417 |
| Nominal bonds | 88,584 | 142,146 | 230,730 | (401,546) |
| Mortgages | 14,490 | 4,715 | 19,205 | (12,656) |
| Private debt | 2,448 | 2,095 | 4,543 | - |
| | 124,187 | 148,956 | 273,143 | (406,785) |
| **Equities** | | | | |
| Domestic equities | 308,895 | (163,235) | 145,660 | (36,441) |
| Foreign equities | 1,218,218 | (785,358) | 432,860 | (449,439) |
| | 1,527,113 | (948,593) | 578,520 | (485,880) |
| **Inflation-sensitive** | | | | |
| Real estate | 32,879 | (107,759) | (74,880) | 101,234 |
| Infrastructure | 119,811 | 115,864 | 235,675 | 217,671 |
| Timberlands | 22 | (2,876) | (2,854) | (5,165) |
| Real return bonds | 21,874 | (9,929) | 11,945 | (130,092) |
| | 174,586 | (4,700) | 169,886 | 183,648 |
| | $ 1,825,886 | $ (804,337) | $ 1,021,549 | $ (709,017) |

### Investment Expense

| ($ thousands) | **2023** | 2022 |
|---|---|---|
| External management fees | $ 80,998 | $ 57,375 |
| Investment administration[3] | 1,290 | 1,577 |
| | $ 82,288 | $ 58,952 |

[1] *Income represents income from interest, dividends and fund distributions earned by the respective pools and proportionately allocated to participants based on units held.*

[2] *Investment gains (losses) include realized gains and losses from disposition of pooled fund units based on average cost and unrealized gains or losses from remeasurement of the pools at the reporting date.*

[3] *Investment administration represents internal investment management expenses, see Note 16* Administration and Other 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 Statement and ongoing oversight of investment risks, performance and compliance.

WCB management is responsible for monitoring the investment portfolio, assessment of AIMCo performance and recommending changes to the Investment Policy Statement. WCB retains independent consultants to benchmark the performance of its investment portfolio, 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 insurance liabilities. In order to manage this funding risk, risk management for investments has been integrated with risk management of liabilities. The Investment Policy Statement target asset mix and associated risk and return characteristics, have been established to provide guidelines for maintaining a well-diversified portfolio 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:

***Equity market risk***

Equity market risk is the risk that the fair value of pooled fund units will decline due to future fluctuations in market prices of publicly traded equities held in the respective pooled funds. A change in market value of an equity pooled fund is considered significant when it exceeds one standard deviation of the normal range of its historical market values.

The table below provides an estimate of the impact on the carrying value of equity pooled fund units of a significant adverse change[1] in the key risk variable – the amount of portfolio volatility:

| ($ thousands) | 2023 | 2022 |
|---|---|---|
| **Equities** | **1 std dev** | 1 std dev |
| % change in portfolio | (15.8%) | (15.5%) |
| Canadian | $ (203,053) | $ (199,014) |
| % change in portfolio | (13.4%) | (13.5%) |
| Global | $ (322,888) | $ (328,632) |
| % change in portfolio | (14.5%) | (14.6%) |
| Emerging markets | $ (90,603) | $ (62,100) |

[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. The benchmark deviations are based on 2023 data.*

***Interest rate risk***

Interest rate risk is the risk that the fair value of pooled funds will decline due to future increases in market interest rates. The table below provides an estimate of the impact on the carrying value of fixed income pooled funds if market interest rates increased by 50 and 100 bps[1]:

| ($ thousands) | 2023 | | 2022 | |
|---|---|---|---|---|
| Change in nominal interest rate | **+50 bps** | **+100 bps** | +50 bps | +100 bps |
| Nominal bonds | $ (112,041) | $ (224,082) | $ (108,361) | $ (216,722) |
| Real return bonds | $ (44,332) | $ (88,663) | $ (56,395) | $ (112,789) |
| Mortgages | $ (10,484) | $ (20,969) | $ (7,345) | $ (14,689) |
| Private debt | $ (221) | $ (442) | $ - | $ - |

*[1] One basis point (bp) equals 1/100 of 1%; 50 bps = 50/100 of 1% or 0.5%.*

***Foreign currency risk***

Foreign currency risk is the risk that the fair value of pooled funds containing financial assets and financial liabilities denominated in foreign currencies will fluctuate due to changes in their respective exchange rates. WCB has indirect proportionate foreign currency exposures through pooled funds that are economically hedged to the Canadian dollar based on target hedge ratios (i.e., percentage of the exposure hedged to Canadian dollars) 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 indirect foreign currency exposures are to the U.S. dollar and the euro which are shown in the table below. All other currencies have unhedged exposures of $407,782 (2022 - $144,046).

The table below presents the currency exposure and provides an estimate of the impact on the carrying value of the portfolio should the Canadian dollar appreciate 10% against the reference currency:

| ($ thousands) | 2023 | | 2022 | |
|---|---|---|---|---|
| | **Unhedged Foreign exposure** | **10% CAD appreciation** | Unhedged Foreign exposure | 10% CAD appreciation |
| USD | $ 2,103,045 | $ (191,186) | $ 1,722,669 | $ (156,606) |
| EUR | $ 159,291 | $ (14,481) | $ 146,113 | $ (13,283) |

***Credit risk***

Credit risk refers to possible risk of loss resulting from the borrower failing to repay a loan or fulfil its contractual obligations. WCB has indirect exposure to credit risk mainly through pooled funds containing debt securities and derivative contracts.

***Credit spread risk***

Credit spread risk 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, which reflects the risk premium or risk-adjusted yield for specific issuers and/or instruments. WCB's investment portfolio is indirectly exposed to credit spread risk through participation in pooled funds with holdings in non-government fixed income securities.

***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. Pooled funds that hold fixed income products manage credit risk by investing in securities of high credit quality. As a portfolio strategy, derivatives may be used within pooled funds to manage specific characteristics and exposures, with derivative counterparties subject to minimum credit rating requirements. For all pooled funds that hold derivatives, the maximum counterparty default risk exposure is the fair value of all derivative contracts in a favourable (i.e., receivable) position.

***Liquidity risk***

Liquidity risk is the risk that WCB will encounter difficulty in meeting obligations associated with its insurance liabilities, which are funded from cash and cash equivalents and from investments where necessary. This risk stems from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize a loss. Pooled funds that hold private investments with no active market, or subject to contractual restrictions on redemption or transfer, would be exposed to liquidity risk. In addition, these funds may have significant capital commitments that must also be funded from other investments or cash and cash equivalents as required.

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 pooled fund units in volatile markets and by allocating a significant portion of the investment portfolio to pooled funds holding securities with high trading volume in active markets.

To cover unanticipated cash requirements when market conditions are unfavourable, WCB also has an available standby line of credit of up to $20 million, with provision for it to increase to $100 million for six months during the year, which has not been drawn down as at December 31, 2023 or 2022.

## 8. PROPERTY, PLANT AND EQUIPMENT

### ACCOUNTING POLICY

Property, plant and equipment expenditures 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.

WCB enters into leases of property, plant and equipment and contracts for supply of goods and services conveying a right to use identified assets that requires lease recognition. The resulting right-of-use asset is classified under the applicable class of property, plant, and equipment, and accounted for in accordance with the relevant accounting policy for that class.

After initial recognition, property, plant and equipment is carried at acquisition cost less accumulated depreciation and impairment (if applicable) with the exception of land, which is not depreciated. Leased assets and leasehold improvements are amortized over their expected lease term, including probable extensions or early termination and adjusted for impairment. All other items are depreciated over their expected economic or useful life. Depreciation expense is recognized when an asset is ready for use, and when WCB has control over the use of a lease asset.

Residual values, useful lives, expected lease terms, and depreciation/amortization rates are reviewed at each financial year-end and adjusted if appropriate. Depreciation and amortization expense are included in insurance expense and corporate administration in the Statement of Financial Performance and Comprehensive Income. WCB applies the following annual rates and methods for depreciation of owned assets:

| | |
|---|---|
| *Buildings* | *2.5% straight-line* |
| *Leasehold improvements* | *Straight-line over the expected lease term* |
| *Computer equipment* | *35% declining balance* |
| *Furniture and other* | *15% declining balance* |
| *Vehicles* | *20% straight-line* |

For leased assets, WCB applies straight-line amortization over the expected lease term.

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 or underutilization of an owned and/or a right-of-use asset. When the carrying value exceeds the amount of future economic benefit based on expected utilization, the item of property, plant and equipment is written down to the recoverable amount and the amount recognized as an impairment loss.

The following table provides details of property, plant and equipment (PPE) broken down between assets acquired through purchase and right-of-use assets arising from leasing.

| ($ thousands) | Land / Buildings | Leasehold Improvements | Computer Equipment | Office Furniture / Equipment | Vehicles | 2023 | 2022 |
|---|---|---|---|---|---|---|---|
| **Owned assets, at cost** | | | | | | | |
| Balance, beginning of year | $ 74,520 | $ 2,055 | $ 20,337 | $ 28,511 | $ 731 | $ 126,154 | $ 123,458 |
| Current period activity: | | | | | | | |
| Capitalized expenditure | 1,652 | 184 | 1,586 | 1,390 | - | 4,812 | 2,598 |
| Transfer from PPE under construction | (1,411) | (125) | (1,872) | (1,130) | - | (4,538) | (2,720) |
| Disposals | (116) | (254) | (4,884) | (28) | (357) | (5,639) | (1,720) |
| PPE under construction | 608 | - | 5,724 | 3,092 | - | 9,424 | 4,538 |
| **Balance, end of year** | 75,253 | 1,860 | 20,891 | 31,835 | 374 | 130,213 | 126,154 |
| **Accumulated depreciation and impairment** | | | | | | | |
| Balance, beginning of year | 32,354 | 1,750 | 12,677 | 19,847 | 632 | 67,260 | 63,050 |
| Current period activity: | | | | | | | |
| Depreciation | 1,700 | 189 | 2,674 | 1,214 | (228) | 5,549 | 5,930 |
| Disposals | (116) | (254) | (4,884) | (28) | (30) | (5,312) | ( 1,720) |
| **Balance, end of year** | 33,938 | 1,685 | 10,467 | 21,033 | 374 | 67,497 | 67,260 |
| Carrying value, beginning of year | 42,166 | 305 | 7,660 | 8,664 | 99 | 58,894 | 60,408 |
| **Carrying value, end of year** | 41,315 | 175 | 10,424 | 10,802 | - | 62,716 | 58,894 |
| **Right-of-use assets, at cost** | | | | | | | |
| Balance, beginning of year | 8,712 | - | 6,639 | 385 | - | 15,736 | 15,680 |
| Current period activity: | | | | | | | |
| Capitalized lease expenditure | - | - | 1,748 | 375 | - | 2,123 | 1,161 |
| Disposals | (865) | - | (147) | (199) | - | (1,211) | ( 1,105) |
| **Balance, end of year** | 7,847 | - | 8,240 | 561 | - | 16,648 | 15,736 |
| **Accumulated depreciation and impairment** | | | | | | | |
| Balance, beginning of year | 3,677 | - | 3,554 | 342 | - | 7,573 | 5,671 |
| Current period activity: | | | | | | | |
| Depreciation | 1,384 | - | 1,877 | 114 | - | 3,375 | 3,007 |
| Disposals | (865) | - | (147) | (199) | - | (1,211) | (1,105) |
| **Balance, end of year** | 4,196 | - | 5,284 | 257 | - | 9,737 | 7,573 |
| Carrying value, beginning of year | 5,035 | - | 3,085 | 43 | - | 8,163 | 10,009 |
| **Carrying value, end of year** | 3,651 | - | 2,956 | 304 | - | 6,911 | 8,163 |
| **Total owned and right-of-use assets** | | | | | | | |
| Carrying value, beginning of year | 47,201 | 305 | 10,745 | 8,707 | 99 | 67,057 | 70,417 |
| **Carrying value, end of year** | $ 44,966 | $ 175 | $ 13,380 | $ 11,106 | $ - | $ 69,627 | $ 67,057 |

See Note 10 *Leases* for accounting policy and further details on leased property, plant and equipment and Note 16 *Administration and Other Expense* for depreciation expense.

WCB has contractual commitments to complete various projects under construction. As at December 31, 2023, these commitments total $5,840 (2022 - $1,985).

## 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 insurance expense and corporate administration in the Statement of Financial Performance and Comprehensive Income (see Note 16 *Administration and Other Expense*).

WCB evaluates its intangible assets for indicators of impairment and performs annual impairment tests for assets under development. 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) | In Use | Under Development | **2023** | 2022 |
|---|---|---|---|---|
| **Cost** | | | | |
| Balance, beginning of year | $ 125,861 | $ 9,109 | $ 134,970 | $ 125,346 |
| Capitalized expenditure | - | 7,594 | 7,594 | 9,624 |
| Transfers from development | 13,660 | (13,660) | - | - |
| Disposals | (302) | - | (302) | - |
| **Balance, end of year** | 139,219 | 3,043 | 142,262 | 134,970 |
| **Accumulated amortization and impairment** | | | | |
| Balance, beginning of year | 91,635 | - | 91,635 | 77,199 |
| Depreciation | 14,804 | - | 14,804 | 14,436 |
| Disposals | (302) | - | (302) | - |
| **Balance, end of year** | 106,137 | - | 106,137 | 91,635 |
| Carrying value, beginning of year | 34,226 | 9,109 | 43,335 | 48,147 |
| **Carrying value, end of year** | $ 33,082 | $ 3,043 | $ 36,125 | $ 43,335 |

WCB has contractual commitments related to the completion of software projects. As at December 31, 2023, these commitments total $2,793 (2022 - $4,514).

## 10. LEASES

### ACCOUNTING POLICY

At inception of a lease or supply contract, WCB recognizes a right-of-use asset and a corresponding lease liability if both of the following conditions have been met throughout the contract period:

(a) WCB has the right to obtain substantially all the economic benefits from use of an identified asset; and

(b) WCB has the right to direct the use of the identified asset throughout the period of use.

The lease term begins at the commencement date, extends through the non-cancellable period of the lease and includes any renewal periods or early termination options that WCB is likely to exercise.

At the commencement date, WCB measures the lease liability at cost, representing the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease if it is known or readily determinable. If not, WCB uses its incremental borrowing rate as at that date for a loan of similar amount, payment terms, and maturity. The right-of-use asset is measured at the amount of the lease liability, less any lease incentives received and/or lease payments made at or before the lease commencement date. As well, at the commencement date, incentives received or due from the lessor to enter into or to extend the lease are recognized, measured at their present value and offset against the right-of-use asset.

Leases with low value assets (unit value of $5,000 or less), and leases with an expected term of 12 months or less at date of commencement are exempt from the requirements to recognize a right-of-use asset and lease liability. Although exempt, WCB applies IFRS 16 to groups of low value desktop computer equipment acquired under a master lease agreement. These lease asset pools (portfolios) are measured at their aggregate present value as at their commencement date, recognized as right-of-use assets and related lease obligations.

Subsequent measurement of right-of-use assets and liabilities for leases of individual assets and asset pools is at amortized cost. Right-of-use assets are depreciated on a straight-line basis over their expected lease term.

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

***Leasing objectives***

WCB's rationale for acquiring critical business assets through leasing is to realize operational flexibility, rather than to finance asset ownership. For critical information technology and office equipment, WCB uses leasing to manage obsolescence risk, to provide operational flexibility in meeting both short and long-term business demands and to access value-added services bundled with certain lease arrangements. For some critical technology, vendor pricing is more cost-effective through leasing rather than purchasing. For facilities, the economic benefits from leasing accrue mainly from flexibility in meeting short-term space demands, acquiring office space that does not warrant a long-term capital investment in real assets, but in some circumstances, the required space is only available through a long-term lease.

***Lease obligations***

WCB has obligations under non-cancellable lease agreements for computer and office equipment, typically for terms between three and five years. Some WCB facilities are under leases with remaining terms of between one and four years. On rare occasions, WCB may enter into short-term arrangements for office space and/or for low value assets; however, such commitments and the amounts charged to administration expense are generally not material.

The following table provides a reconciliation of lease transactions and obligations for the period ended December 31, 2023.

| ($ thousands) | Land / Buildings | Computer Equipment | Office Furniture | **2023** | 2022 |
|---|---|---|---|---|---|
| **Lease obligations** | | | | | |
| Balance, beginning of year | $ 5,662 | $ 3,153 | $ 46 | $ 8,861 | $ 10,661 |
| Current year activity: | | | | | |
| Additions | - | 1,748 | 375 | 2,123 | 1,161 |
| Disposals | (489) | - | - | (489) | - |
| Lease payments | (971) | (1,948) | (132) | (3,051) | (3,245) |
| Lease interest | 164 | 75 | 20 | 259 | 284 |
| **Balance, end of year** | $ 4,366 | $ 3,028 | $ 309 | $ 7,703 | $ 8,861 |

See Note 8 *Property, Plant and Equipment* for carrying values of lease right-of-use assets and their related depreciation and Note 19(b) *Trade and Other Liabilities* for presentation of lease obligations.

The undiscounted future cash outflows and the maturities related to these lease obligations are broken out in the table below.

| ($ thousands) | **2023** | 2022 |
|---|---|---|
| 2023 | $ - | $ 2,734 |
| 2024 | 2,606 | 2,002 |
| 2025 | 2,082 | 1,496 |
| 2026 | 1,516 | 1,229 |
| 2027 | 1,216 | 1,188 |
| 2028 and Beyond | 897 | 1,005 |
| | $ 8,317 | $ 9,654 |

***Exempt leases***

Leases for low value assets or for terms of twelve months or less are exempt from the requirements to recognize a right-of-use asset and lease liability and are charged to expense as incurred. Exempt lease expense for the year was insignificant.

## 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 the 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 asset or 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, 2023 and 2022, 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 80. 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.

| | **2023** | | | | | 2022 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **PSPP** | **MEPP** | **SERP** | **Post Retirement** | **LTD** | PSPP | MEPP | SERP | Post Retirement | LTD |
| **Date of most recent actuarial valuation** | **12/31/2023** | **12/31/2023** | **12/31/2023** | **12/31/2023** | **12/31/2023** | 12/31/2022 | 12/31/2022 | 12/31/2022 | 12/31/2022 | 12/31/2022 |
| **Economic assumptions** | | | | | | | | | | |
| Discount rate (nominal) for benefit obligation | 4.6% | 4.6% | 4.6% | 4.7% | 4.6% | 5.3% | 5.3% | 5.3% | 5.3% | 5.3% |
| Alberta inflation rate (long-term) | 2.0% | 2.0% | 2.0% | n/a | n/a | 2.0% | 2.0% | 2.0% | n/a | n/a |
| Salary escalation rate[1] | 3.0% | 2.8% | 3.0% | n/a | 2024: 3.0%; >2024 2.0% | 1.6% until 04/01/22; 3.0% thereafter | 3.0% | 2.0% | n/a | 2.0% |
| **Multi-employer plan funding assumptions** | | | | | | | | | | |
| WCB share of plan contributory payroll | 5.7% | 1.7% | | | | 5.6% | 1.4% | | | |
| Current service cost rate on contributory payroll | 13.9% | 23.6% | | | | 14.4% | 22.2% | | | |
| WCB's contributions for the current period (*$ thousands*) | $ 14,141 | $ 1,232 | | | | $ 15,295 | $ 1,179 | | | |
| WCB's expected contributions for the following period (*$ thousands*) | $ 14,565 | $ 1,240 | | | | $ 13,524 | $ 1,208 | | | |

[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 PLANS

| ($ thousands) | Other Retirement Liabilities[2] | LTD | Total Other Employee Benefit Plans | Pension Plans[1] | 2023 | 2022 |
|---|---|---|---|---|---|---|
| **Change in defined benefit obligation** | | | | | | |
| Defined benefit obligation, beginning of year | $ 19,012 | $ 20,693 | $ 39,705 | $ 456,113 | $ 495,818 | $ 562,142 |
| Current service cost[3] | 934 | 6,670 | 7,604 | 14,113 | 21,717 | 26,023 |
| Past service cost | - | - | - | - | - | 8,845 |
| Interest expense[4] | 1,004 | 989 | 1,993 | 23,629 | 25,622 | 18,240 |
| Remeasurement losses (gains)[5] | 116 | 466 | 582 | 73,152 | 73,734 | (99,158) |
| Benefit payments | (331) | (3,990) | (4,321) | (21,641) | (25,962) | (20,274) |
| Defined benefit obligation, end of year | 20,735 | 24,828 | 45,563 | 545,366 | 590,929 | 495,818 |
| **Change in fair value of plan assets** | | | | | | |
| Fair value of plan assets, beginning of year | - | - | - | 513,650 | 513,650 | 462,819 |
| Employer contributions | 331 | 3,990 | 4,321 | 15,373 | 19,694 | 19,665 |
| Interest income | - | - | - | 27,067 | 27,067 | 15,195 |
| Remeasurement (losses) gains[5] | - | - | - | 45,567 | 45,567 | 36,245 |
| Benefit payments | (331) | (3,990) | (4,321) | (21,641) | (25,962) | (20,274) |
| Fair value of plan assets, end of year | - | - | - | 580,016 | 580,016 | 513,650 |
| **Net plan liability (asset)** | | | | | | |
| Defined benefit obligation | 20,735 | 24,828 | 45,563 | 545,366 | 590,929 | 495,818 |
| Fair value of plan assets | - | - | - | 580,016 | 580,016 | 513,650 |
| | $ 20,735 | $ 24,828 | $ 45,563 | $ (34,650) | $ 10,913 | $ (17,832) |

[1] *Pension plans include WCB's proportionate share of the PSPP and MEPP defined benefit plans. The PSPP makes up the majority of the balance.*

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

[3] *Current service costs are presented within corporate administration and insurance expense in the Statement of Financial Performance and Comprehensive Income.*

[4] *Interest expense is presented net of interest income in the Statement of Financial Performance and 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 Statement of Financial Performance and Comprehensive Income.*

### RECOGNITION OF A PENSION ASSET

A defined benefit pension plan asset recognized in the financial statements is measured at the lower of the plan surplus and the asset ceiling determined using the discount rate for measuring plan obligations at the valuation date. The asset ceiling is based on an assessment of whether the plan surplus will result in future economic benefit available to WCB through contribution reductions, payment of expenses from the plan, or refund of surplus. If the future benefit is not fully available to WCB, the asset ceiling limits the recognized asset to the amount of the expected economic benefit. WCB determined the available amount of expected future economic benefit as the difference between:

a) The accounting current service cost and future expenses at December 31, 2023, and

b) The expected funding current service cost contribution requirements, including future expenses, based on the contribution rates approved by the PSPP and MEPP Boards effective January 1, 2024.

Minimum future funding requirements of the plan reduce the available benefit; however, these are not currently applicable because both plans are in a surplus position. Since the economic benefit as determined for each plan significantly exceeds the plan surplus at December 31, 2023, adjustment of the plan surplus to a lower amount is not required.

### 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
- Changes in contributions to respond to the plans' funding level as required by policy
- Performance of plan assets affected by investment policies set by the pension boards
- Changes in the methods and assumptions used in valuation of plan liabilities.

Because these plans are governed by legislation rather than contract, there is little flexibility for participant action 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) | **2023** | | 2022 | |
|---|---|---|---|---|
| +/- % change on assumed rates | **+0.25%** | **-0.25%** | +0.25% | -0.25% |
| Discount rate based on market yields on high-quality corporate bonds | $ (19,606) | $ 19,606 | $ (16,944) | $ 16,944 |
| General inflation rate | $ 8,869 | $ (8,869) | $ 7,757 | $ (7,757) |
| Wage inflation rate | $ 3,683 | $ (3,683) | $ 2,875 | $ ( 2,875) |

## 12. INSURANCE CONTRACTS

### ACCOUNTING POLICY

An insurance contract is an arrangement whereby an entity accepts significant insurance risk from another party by agreeing to compensate the insured party if a specified uncertain future event (the insured event) adversely affects that party. Since an insurance contract may also arise from law or regulation, WCB legislation and regulations (together the Act) constitute a master insurance contract. Self-insurance arrangements are not in scope as there is no transfer of insurance risk.

The level of aggregation and unit of account is the entire portfolio of contracts viewed as one group of contracts sharing similar risk characteristics covered under a master contract renewed annually.

The contract boundary is one year, corresponding to the calendar year coverage period established by legislation. Because WCB has the practical ability to reassess and fully reprice the group of contracts to cover its risk exposure specific to the renewal period, each annual cohort constitutes the issuance of a new group of contracts with a one-year term.

Recognition of a group of insurance contracts at its inception occurs at the earliest of the following dates:

- At the beginning of the coverage period
- Due date of first payment of the premium
- When a group of contracts is determined to be onerous

Onerous insurance contracts arise when it is expected that the future cash outflows will exceed inflows.

Contract modification arises from substantive changes in legislation, policy, or tribunal decisions that modify the scope and significance of contractual terms and conditions, requiring derecognition of the existing contract and recognition of the modified contract at the end of the coverage period.

The following prescribed components are applied for measurement of insurance contracts:

- Unbiased expected present value of future cash flows
- Current and market consistent discount rates, derived from a yield curve based on comparable cash flows, timing, and risk characteristics as the insurance liabilities
- A risk adjustment that quantifies the uncertainty related to non-financial risks in the estimates of the future cash flows, representing the compensation required for bearing such risk

Given the one year contract boundary, the premium allocation approach applies in valuation of the liability for remaining coverage.

The carrying amount of a group of insurance contracts at the end of each reporting period comprises the:

- Liability for remaining coverage representing the amount of premiums received less insurance revenue recognized and the expected loss component of onerous contracts, if any; and
- Liability for incurred claims representing cash outflows (i.e., claim benefit and administration payments) in future periods for claims incurred in the current and prior periods

At the end of each reporting period, the carrying value of insurance contracts is remeasured to reflect current estimates of the liability for incurred claims. The liability for remaining coverage is increased for premiums received in the period and decreased for the amounts of expected premium receipts recognized as insurance revenue for the services provided in the period.

### VALUATION OF INSURANCE CONTRACTS

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 insurance liabilities are of a long-term nature, the actuarial assumptions and methods used to calculate the reported 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, 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 financial statement date could require material change in recognized amounts in a subsequent period or periods.

### MATERIAL JUDGMENTS AND ASSUMPTIONS

Judgements involve selecting and calibrating appropriate actuarial methods, macroeconomic trends, industry products, data, and practices, loss emergence patterns and other inputs. Development of material assumptions are subject to measurement uncertainty with a high risk of adjustment of results in future reporting periods. Consequently, forward looking assumptions require significant judgement with respect to future economic or market conditions and/or events. Required changes are modeled into input assumptions only when they are indicative of established trends.

The critical judgements, methodologies and assumptions used in valuation of insurance liabilities under IFRS 17, which are reviewed annually, are discussed below.

***Premium allocation approach***

WCB is eligible to apply the premium allocation approach (PAA) for the liability for remaining coverage (LRC) because the coverage period (i.e., contract boundary) for the group of contracts is one year.

***Core measurement requirements***

Application of the core IFRS 17 requirements for measuring the LIC and the LRC involves these methodologies and inputs:

- Future cash flows are estimated using a current, unbiased, entity-specific, and explicit actuarial best estimate approach that is substantially consistent with the expected value of all probable outcomes
- To reflect the time value of future cash flows, a discount rate curve derived from a market-consistent, risk-free, and liquidity-adjusted yield curve for investment grade debt instruments with similar timing and risk characteristics as WCB's insurance liabilities is applied. WCB calibrates market variables to be consistent with its current circumstances and/or expectations, and the timing and risk characteristics of its cash flows, as appropriate
- For discussion of the methodology for deriving discount rate curves, see the section *Time value of future cash flows*
- An explicit risk adjustment set at zero that reflects the compensation that WCB would require to accept or bear non-financial (i.e., insurance) risk

For discussion of WCB's view on insurance risk, see the section *Risk adjustment*.

***Measurement of the liability for remaining coverage***

The LRC, reflecting deferred or unearned revenue, represents the obligation to provide insurance service over the unexpired portion of the coverage period. The LRC increases as premiums are received over time and decreases as service obligations are fulfilled and recognized in insurance revenue during the period. The carrying amount of the LRC is comprised of premiums received less amounts amortized to insurance revenue. The amortized amounts are based on expected premium receipts (including premiums that are expected to be received after year end when payroll is confirmed) rather than received premiums.

***Loss component of onerous contracts***
When the group of contracts is onerous, IFRS 17 requires immediate recognition of the issued contracts and the related loss in current insurance expense and in the loss component of LRC. Recognition of the loss does not change the amount of the future cash flows – it merely accelerates the timing of loss recognition from the subsequent period to the current period. Judgement is required in developing the methodology to select and calibrate the relevant inputs, and to estimate both the expected contract fulfilment costs and in quantifying the loss component of the LRC.

## MEASUREMENT METHODS AND ASSUMPTIONS

***Scope***
Estimates of future cash flows are required for measurement of the:

- Liability for incurred claims costs of current and past claims to be paid in future periods,
- Liability for remaining coverage future service obligations arising from cash inflows of the current or past periods, and
- Expected onerous contracts loss component of the LRC recognized in the current period

***Basis of measurement***
Determination of future cash flows applies the actuarial best estimate technique where the actual or ultimate value has an equal likelihood of being greater or less than the estimated value. The best estimate, based on all information available at the valuation date and considering all likely scenarios including extreme events both favorable and unfavorable, therefore represents the median of the range of outcomes.

Estimation inputs for the valuation consider both external and internal data sources, validated against historical patterns and expected trends through periodic experience studies. Such studies may also lead to, or confirm, the judgement that a change in or new data and/or methodology may be required for more reliable estimates.

Techniques for estimating claims in pay and claims incurred but not reported at the reporting date are based on WCB's judgement that historical claims experience is indicative of future claims development and their ultimate cost. Unusual or non-recurring experience, if not representative of current trends, is excluded or adjusted as required.

***Valuation methods***
For valuation purposes, future benefits are grouped into broad categories: benefits in-pay, outstanding claims, and long latency occupational diseases.

Benefits in-pay are pensions that have already been awarded, with future payments projected on the basis of the mortality tables as well as other specific assumptions. The related liability is based on a cash flow projection of expected future payments for each benefit recipient at the valuation date, estimated by considering the amount currently received, the probability of the benefit remaining in force, demographic assumptions and characteristics of the benefits being valued.

Outstanding claims refer to all other types of benefit payments for incurred claims, as well as costs related to future claims management. The general method used to determine the related liabilities typically involves analyzing the benefit costs over an experience period to establish average cost for each period after injury. These average costs, along with exposure indexes for each injury year, assumed rates of future escalation, and the survivorship probabilities where applicable, are used to calculate projected costs for each of the future years.

The liability for long latency occupational diseases differs from liabilities for incurred claims, being driven by the number of expected claims arising from exposure to disease agents in each period multiplied by the average cost per occupational disease claim. Expected claim costs are allocated to underlying calendar years of exposure in considering the latency assumptions relevant to those periods.

***Overhead allocation***
Claims management expenses included in future cash flows reflect a systematic allocation of overhead expenses directly attributable to contract fulfilment. Administration salaries and expenses are allocated to claims management based on the level of functional activities of the business units involved in claims processing. The current level of expenses is taken as an appropriate baseline, adjusted for expected expense inflation, if required.

See Note 16 *Administration and Other Expense* for details of total overhead allocated to claims management and to corporate administration.

***Time value of future cash flows***

The time value of future cash flows is reflected by discounting the related claim liabilities to their present value. Discount rates under IFRS 17 must be derived using a yield curve with similar attributes and liquidity characteristics, risks, and maturities as its future cash flows. The methodology for deriving the curve may apply either the bottom-up approach that uses a risk-free yield curve plus a liquidity adjustment, or the top-down approach that uses a market-based yield curve adjusted for credit risk across the entire curve. Development of the discount rate assumption involves significant judgement and effort and has the greatest impact in the measurement of WCB's insurance liabilities.

***Nominal discount rates***

WCB applies a hybrid approach for developing nominal discount rates, using the bottom-up approach for the risk-free yield curve that is adjusted by market-based liquidity premiums derived using the top-down approach, as discussed in the following section. Risk-free nominal discount rates are derived from a yield curve of observable risk-free debt instruments, primarily Bank of Canada bonds. The nominal rate curve is extrapolated from the last available market data point to an ultimate forward rate consistent with long-term real interest and inflation rate expectations.

***Liquidity adjustment***

Given limited ability to transfer or commute WCB's insurance liabilities, an adjustment must be included in their valuation to quantify such illiquidity, achieved by adjusting risk-free nominal yields using a curve of market consistent liquidity premiums specific to each relevant maturity. WCB develops liquidity premiums using a top-down approach by comparing the spreads on investment grade corporate bonds with yields, where available, on Canada bonds with matching maturities. Using Canadian corporate BBB bonds as the asset reference portfolio, the liquidity adjustment is expressed as a fixed percentage of the reference portfolio spread over risk-free rates, plus an additional constant adjustment to account for WCB insurance contracts being more illiquid than the reference portfolio. The combined percentage across all maturities on the discount rate curve adjusts the discount rates to reflect the illiquidity of WCB's insurance liabilities.

***Real discount rates***

The real discount rate curve is derived by applying an inflation adjustment across all maturities along the nominal rate curve. This adjustment reflects future inflation at maturity.

The table below provides relevant forward discount and inflation rates as at the end of the current and prior periods:

| | Forward Rates by Tenor | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Years | 1 | 5 | 10 | 15 | 20 | 25 | 30 | 40 | 50 | 60 | Ultimate |
| **2023** | | | | | | | | | | | |
| Nominal discount rates | 5.26% | 4.13% | 5.11% | 5.38% | 4.84% | 4.60% | 4.37% | 4.35% | 4.17% | 3.99% | 4.43% |
| Inflation rates | 2.80% | 1.77% | 2.10% | 1.70% | 1.49% | 2.41% | 2.48% | 2.36% | 2.24% | 2.12% | 2.00% |
| 2022 | | | | | | | | | | | |
| Nominal discount rates | 5.08% | 4.34% | 5.29% | 5.79% | 5.31% | 4.91% | 4.37% | 4.44% | 4.18% | 3.92% | 4.55% |
| Inflation rates | 3.60% | 1.91% | 2.54% | 2.93% | 2.57% | 2.33% | 2.20% | 2.15% | 2.10% | 2.05% | 2.00% |

| Equivalent single rate | 2023 | 2022 |
|---|---|---|
| Equivalent single nominal discount rate | 4.75% | 4.93% |
| Equivalent single inflation rate | 2.04% | 2.42% |
| Equivalent single real discount rate | 2.66% | 2.45% |

***Risk adjustment***
WCB operates as a not-for-profit public sector monopoly founded on the principles of cost neutrality and collective liability. This model precludes inclusion of economic compensation for bearing risk with respect to both liability valuation and pricing.

Application of the best estimate method for liability valuation is predicated on a related confidence level of 50%, representing the median of the range of outcomes. In this context, WCB is indifferent between the actual liability being higher or lower than the best estimate, which is consistent with an effective risk adjustment of zero and a confidence level of 50%.

***Inflation assumptions***
Claim costs for workers' compensation are sensitive to long-term inflation. For estimating future cash flows, WCB establishes long-term economic assumptions for general inflation, wage escalation, and health care escalation by considering both external and internal historical trends and forward-looking economic and market indicators.

***Canada inflation***
Historical Canada inflation published by Statistics Canada is considered a market variable. WCB's approach to determine market-consistent future inflation rates is based on the spread by maturity, as at a valuation date, between a Government of Canada nominal yield curve and a corresponding real yield curve, where the spreads are further adjusted for non-inflation components and lower liquidity for real return bonds compared to nominal bonds. An ultimate inflation rate can be derived as the mid-point or average of the medium-term target inflation range, currently between 1% - 3% per annum (around 2% per annum).

***Alberta inflation***
Over the past 10 years, Alberta inflation has generally aligned with Canada inflation. Accordingly, Alberta inflation is considered to be the same as the Canadian inflation derived in the previous section.

***Cost of living allowance***
The WCB assumption for the cost-of-living allowance (COLA) for indexed benefits is Alberta inflation plus a current adjustment of -0.45% per annum.

***Health care escalation***
Health care escalation is developed from analysis of WCB cost experience, also taking into consideration the results of external studies. This escalation rate represents general inflation plus excess escalation of 1.5%, covering both increases in utilization and in the costs for medical procedures and other therapeutic care.

***Wage growth***
Total wage growth is the increase in average wages comprising expected inflation and the net wage growth rate. WCB considers that a long-term rate for net wage growth of 1.00% per annum to be appropriate for the period.

***Demographic assumptions***
Demographic assumptions relating to the claimant population include, among others, volumes and rates of claims occurrence, their duration and cost, type and/or severity of injury or illness, mortality (incidence of death), longevity (life expectancy), and morbidity (incidence and development of disability or disease). These assumptions are differentiated by claimant and/or survivor gender and age, injury or disease classification, occupation, and geographic location, among other factors. Demographic assumptions primarily affect healthcare costs and annuitized payments such as income replacement, economic loss, disability pensions, survivor benefits, and long-term personal care.

***Mortality and longevity***
Mortality is defined as the rate at which death is expected to occur for a specified group, with the risk that death may occur sooner than expected. Conversely, longevity risk for a group arises when life expectancy is longer than expected. WCB uses mortality and longevity assumptions in estimating the duration of economic loss and survivor benefit payments, for both benefits in pay and outstanding claim liabilities. Assumptions are generally developed using a blend of national mortality data, industry trends, and WCB specific demographic data. Assumptions affecting claim termination are developed for each benefit type, incorporating recent experience and claimant characteristics. A reasonable allowance may also be included for improvements in workplace safety practices and healthcare and rehabilitation outcomes that affect mortality and longevity.

***Morbidity***
Morbidity assumptions are specific to types of injury or disease categories, affecting cost, duration, and probability of recurrence. Arising from incidence of injuries and disease for workplace risk exposures, morbidity is an assumption for long-term care, short-term disability, latent occupational disease, and healthcare and personal care costs related to such claims. Morbidity assumptions based on WCB experience as well as past and emerging industry experience are established for each type of morbidity and occupational/industry risk. Appropriate assumptions are made about future improvements in morbidity experience due to advances in medical practice and technology.

See Note 14 *Insurance Risk and Risk Management* for details of the sensitivity of material assumptions on key results.

## EXPLANATION OF RECOGNIZED AMOUNTS

***Impact of contracts issued in the period***
Contracts issued during the reporting period represent the group of contracts for the subsequent coverage period because they were determined to be onerous and deemed to be issued when the renewal rates are publicly communicated at the end of the current period. Recognition of the renewal group of contracts impacts insurance expense, insurance service result, and the LRC of the current period.

See the section *Other insurance expense* in Note 13 *Insurance Revenue and Expenses* for details of the amounts related to onerous contracts.

***Changes in insurance liabilities***
After initial recognition and measurement of insurance contracts, the carrying value of the related insurance liabilities at the reporting date comprises the LIC and the LRC, which is determined by underlying movements in premiums receipts, release of service obligations and the change in the loss component.

IFRS 17 prescribes a current estimate of the LIC for each reporting period, which entails updates to future cash flows to reflect changes in market and demographic judgements, assumptions or actuarial methods since the previous valuation. Specifically, such remeasurement considers new information about claims experience and their future development; changes in actuarial valuation methods and assumptions arising from cumulative cost experience and/or special studies; and/or legislation, tribunal decisions, or policy amendments that may affect entitlement to benefits, their type and duration, and in some cases, with retrospective effect.

## RECONCILIATION OF INSURANCE LIABILITIES

The tables below provide a reconciliation of the changes in insurance liabilities for the current and comparative periods.

**Reconciliation of insurance liabilities**
As at December 31, 2023

| ($ thousands) | Notes | LRC excl loss component | LRC loss component | Liability for remaining coverage | Liability for incurred claims | 2023 |
|---|---|---|---|---|---|---|
| **Insurance liabilities, beginning of year** | | $ (71,526) | $ 242,800 | $ 171,274 | $ 12,199,700 | $ 12,370,974 |
| **Statement of financial performance** | | | | | | |
| ***Insurance management*** | | | | | | |
| Insurance revenue | 13 | (1,353,301) | - | (1,353,301) | - | (1,353,301) |
| Insurance expense | 13 | | | | | |
| Provision for future costs of current year claims | | - | - | - | 1,282,400 | 1,282,400 |
| Current year claims and other expenses | | - | - | - | 314,077 | 314,077 |
| Remeasurement of insurance liabilities | | - | - | - | 938,081 | 938,081 |
| Reversal of onerous contracts | | - | (26,100) | (26,100) | - | (26,100) |
| Insurance expense | | - | (26,100) | (26,100) | 2,534,558 | 2,508,458 |
| **Insurance management result** | | (1,353,301) | (26,100) | (1,379,401) | 2,534,558 | 1,155,157 |
| ***Insurance finance income and expense*** | | | | | | |
| Interest on insurance liabilities | 15 | - | - | - | 532,400 | 532,400 |
| Effect of changes in financial assumptions on insurance liabilities | 15 | - | - | - | (196,200) | (196,200) |
| **Financial management result** | | - | - | - | 336,200 | 336,200 |
| | | (1,353,301) | (26,100) | (1,379,401) | 2,870,758 | 1,491,357 |
| **Receipts and disbursements** | | | | | | |
| Premiums received | | 1,369,085 | - | 1,369,085 | - | 1,369,085 |
| Claims and other insurance expenses paid | | | | | | |
| Payments for current year injuries | | - | - | - | (314,077) | (314,077) |
| Payments for prior years' injuries | | - | - | - | (1,343,281) | (1,343,281) |
| | | 1,369,085 | - | 1,369,085 | (1,657,358) | ( 288,273) |
| **Insurance liabilities, end of year** | | $ (55,742) | $ 216,700 | $ 160,958 | $ 13,413,100 | $ 13,574,058 |

**Reconciliation of insurance liabilities**
As at December 31, 2022

| ($ thousands) | Notes | LRC excl loss component | LRC loss component | Liability for remaining coverage | Liability for incurred claims | 2022 |
|---|---|---|---|---|---|---|
| **Insurance liabilities, beginning of year** | | $ (37,420) | $ 360,200 | $ 322,780 | $ 13,576,500 | $ 13,899,280 |
| **Statement of financial performance** | | | | | | |
| ***Insurance management*** | | | | | | |
| Insurance revenue | 13 | (1,195,526) | - | (1,195,526) | - | (1,195,526) |
| Insurance expense | 13 | | | | | |
| Provision for future costs of current year claims | | | | | 1,145,000 | 1,145,000 |
| Current year claims and other expenses | | | | | 301,120 | 301,120 |
| Remeasurement of insurance liabilities | | - | - | - | 442,993 | 442,993 |
| Reversal of onerous contracts | | - | (117,400) | (117,400) | - | (117,400) |
| Insurance expense | | - | (117,400) | (117,400) | 1,889,113 | 1,771,713 |
| **Insurance management result** | | (1,195,526) | (117,400) | (1,312,926) | 1,889,113 | 576,187 |
| ***Insurance finance income and expense*** | | | | | | |
| Interest on insurance liabilities | 15 | - | - | - | 208,900 | 208,900 |
| Effect of changes in financial assumptions on insurance liabilities | 15 | - | - | - | (1,949,400) | (1,949,400) |
| **Financial management result** | | - | - | - | (1,740,500) | (1,740,500) |
| | | (1,195,526) | (117,400) | (1,312,926) | 148,613 | (1,164,313) |
| **Receipts and disbursements** | | | | | | |
| Premiums received | | 1,161,420 | - | 1,161,420 | - | 1,161,420 |
| Claims and other insurance expenses paid | | | | | | |
| Payments for current year injuries | | - | - | - | (301,120) | (301,120) |
| Payments for prior years' injuries | | - | - | - | (1,224,293) | (1,224,293) |
| | | 1,161,420 | - | 1,161,420 | (1,525,413) | (363,993) |
| **Insurance liabilities, end of year** | | $ (71,526) | $ 242,800 | $ 171,274 | $ 12,199,700 | $ 12,370,974 |

## 13. INSURANCE REVENUE AND EXPENSES

### ACCOUNTING POLICY

Insurance premiums comprise only those rate components directly attributable to risk underwriting and claims fulfilment. 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 insurance revenue.

Premium receipts are recorded in the LRC based on assessed premiums as a measurement proxy for future service obligations. Non-insurance related premiums assessments are also levied to fund statutory funding commitments. Insurance revenue is recognized in the Statement of Financial Performance and Comprehensive Income based on the passage of time over the coverage period of the group of contracts. As WCB provides insurance contract services it reduces the LRC and recognizes insurance revenue. The amount of insurance revenue recognized depicts the transfer of promised services at an amount that reflects the portion of consideration that WCB expects to be entitled to in exchange for those services. Insurance revenue includes an accrual for estimated premiums for yet to be reported assessable earnings of the period.

Insurance expense is recognized in the Statement of Financial Performance and Comprehensive Income as costs for current year claims are incurred and as exposures to long-latency workplace disease or injury agents occur over time. Insurance expense comprises the following:

- Cost of current year claims comprising payments made on current year claims
- Provisions for future costs of current year claims, occupational disease exposures, and claims management expenses
- Onerous contract losses recognized in insurance expense when fact and circumstances indicate that the contract is onerous and future cash flows are expected to be a net outflow. The portion of the expected loss related to future coverage, if any, is deferred as the loss component of the LRC. In the subsequent period when the expected loss is realized as claim obligations are fulfilled, the loss component is reversed as an offsetting credit to insurance expense
- Remeasurement of the liability for incurred claims resulting in gains and losses arising from differences between actual and expected claims experience from the previous valuation, changes in actuarial methods and assumptions, or changes in policy or legislation

### PREMIUMS

Under the Act, premiums are assessable at the effective date of coverage, i.e., the beginning of the calendar year. The assessed amount due is based on employers' reported estimate of their annual or quarterly assessable earnings. At the end of the period, premiums also include estimated assessments of $7,545.1 (2022 – $16,331.0) for yet to be reported assessable earnings for the coverage period. The premium accrual is determined using a statistical model to estimate the amount of unreported assessable earnings, based on actual returns processed to date and historical patterns of processed to unprocessed returns and the ratio of estimated to actual payrolls at a specified point in time. Any difference between estimated and assessed premiums is adjusted when final assessable earnings are reported in the following period.

***Premium components***

Assessments required to fund claim and administrative costs as well as statutory funding commitments for the coverage period include the following premium components:

*Safety rebates*

Partnerships in injury reduction program (PIR), is a voluntary program that pays safety 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 claim experience and safety performance relative to industry benchmarks, among others. See Note 19(c) *Safety rebates* for supplemental information on the Partnerships in Injury Reduction rebates.

*Injury reduction recovery from premiums*

In addition to insurance coverage, gross premiums include statutory funding for external organizations responsible for workplace injury reduction (i.e., Occupational Health and Safety, industry safety associations). These non-insurance assessments are segregated from insurance revenue because they are statutory levies to fund the operating costs of those organizations. The assessed amounts and related expenses are presented on a net basis under administration and other expense on the Statement of Financial Performance and Comprehensive Income.

*Premiums for insurance coverage*

Insurance premiums cover payments for current year claims for future costs of current year claims, and provisions for future claims management expenses and long latency occupational injury and disease exposures. Funding of operating costs under the Act (i.e., corporate administration) is also included. Premiums for insurance coverage represents assessments net of non-insurance components.

See the table below for a breakdown of the premium components that insurance revenue is derived from.

| **Premium components** ($ thousands) | **2023** | 2022 |
|---|---|---|
| Gross assessments | $ 1,504,715 | $ 1,340,317 |
| Safety rebates | (84,924) | (78,739) |
| Net assessments | 1,419,791 | 1,261,578 |
| | | |
| Other assessments | 8,282 | 9,982 |
| Deduct: Injury reduction recovery from premiums | (74,772) | (76,034) |
| **Premiums for insurance coverage** | $ 1,353,301 | $ 1,195,526 |

For a distribution of premiums by industry classification, see *Concentration of Risk* in Note 14 *Insurance Risk and Risk Management*.

## INSURANCE REVENUE

In applying the premium allocation approach, assessed insurance premiums recorded in the liability for remaining coverage substantively represents deferred insurance revenue. WCB concluded that passage of time best represents the pattern of earned revenue recognition because its exposure to risk does not change proportionately as liability is released through incurrence and settlement of claims. Instead, insurance revenue is recognized through straight-line release of the liability for remaining coverage as insurance service obligations are fulfilled evenly over the coverage period. At the end of the coverage period, the liability for remaining coverage is adjusted to include all finalized premiums and provisional assessments, with the final balance being fully amortized to insurance revenue.

For discussion of how insurance premiums are recognized in revenue, see the sections *Changes in the liability for remaining coverage* under *Explanation of recognized amounts* in Note 12 *Insurance Contracts*, as well as the section *Reconciliation of insurance liabilities* for details of how insurance premiums flow through the liability for remaining coverage and subsequently released to insurance revenue.

## INSURANCE EXPENSE

***Cost of current year claims***

The table below provides details of the cost of current year claims reported in insurance expense:

| ($ thousands) | Current Year Injuries | Prior Years' Injuries | 2023 | 2022 Restated |
|---|---|---|---|---|
| **Claims expense** | | | | |
| Provision for future costs of current year injuries and exposures[1] | $ 1,282,400 | $ - | $ 1,282,400 | $ 1,145,000 |
| Claim payments processed in the year | | | | |
| Short-term disability | 120,868 | 322,131 | 442,999 | 410,146 |
| Long-term disability | 2,726 | 349,699 | 352,425 | 308,755 |
| Survivor benefits | 676 | 56,205 | 56,881 | 54,307 |
| Health care | 138,640 | 321,080 | 459,720 | 401,450 |
| Re-employment services | 2,766 | 168,529 | 171,295 | 177,818 |
| Claim payments processed in the year | 265,676 | 1,217,644 | 1,483,320 | 1,352,476 |
| Claim payments related to prior years[2] | - | (1,343,281) | (1,343,281) | (1,224,293) |
| | 265,676 | (125,637) | 140,039 | 128,183 |
| | 1,548,076 | (125,637) | 1,422,439 | 1,273,183 |
| **Claims management expense[3]** | | | | |
| Claims-related administration | 48,350 | 108,631 | 156,981 | 156,302 |
| Appeals Commission | 51 | 17,006 | 17,057 | 16,635 |
| | 48,401 | 125,637 | 174,038 | 172,937 |
| | $ 1,596,477 | $ - | $ 1,596,477 | $ 1,446,120 |

[1] *Provision for future costs of current year injuries and exposures 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 body. See Note 16* Administration and Other Expense, *for a breakdown by nature of expenses related to Claims-related administration.*

***Other insurance expense***

Insurance expense also includes remeasurement of insurance liabilities (excluding discount rate changes) of $938.1 million (2022 – $443.0 million) and the net change in onerous contracts losses of $26.1 million (2022 – $117.4 million), comprising the loss recognized in the period of $216.7 million (2022 - $242.8 million) and reversal of the loss of the prior period of $242.8 million (2022 – $360.2 million).

The rate setting deficiency for the 2024 premium year resulted in recognition of an onerous contract loss for the period of $216.7 million (2022 - $242.8 million). With reversal of the prior year loss, the net change in the onerous contract loss recognized in insurance expense for the period was a decrease of $26.1 million (2022 decrease of $117.4 million).

***Changes in the liability for incurred claims***

A review conducted during fiscal 2023 supported an increase in the assumed long-term real interest rate to 2.66% (2022 - 2.45%) per annum for this valuation, resulting in a decrease in the liability of $196.2 million. See the section *Measurement methods and assumptions* in Note 12 *Insurance Contracts* for discussion of the rate methodology and the respective rate curves.

The effect of the change in financial assumptions, primarily inflation and discount rates, is presented separately from other remeasurement changes.

In 2023, there were several changes made to the actuarial assumptions and methods for December 31, 2023 valuation versus those used for the previous valuation. For December 31, 2023 valuation, updates were made to the assumptions used to value liabilities for personal care allowance, outstanding economic loss payments and outstanding non-economic loss payments. These changes to actuarial basis caused liabilities for incurred claims to increase by $305.0 million.

For 2023, experience losses on prior year's claims and exposures amounted to $633.1 million. This increase was primarily driven by higher-than-expected new economic loss payment awards in 2023, along with higher claim costs from short-term wage loss benefits.

There were no changes in legislation or policy effective in 2023 that impacted the valuation of insurance liabilities.

The table below provides details of the remeasurement changes in the LIC along with their corresponding presentation in the Statement of Financial Performance and Comprehensive Income for the reporting period.

**Remeasurement (gains) losses**

| ($ thousands) | 2023 | 2022 Restated |
|---|---|---|
| **Increase in real discount rate from prior period** | $ (196,200) | $ (1,949,400) |
| | | |
| **Remeasurement of insurance liabilities (excluding discount rate changes)** | | |
| **Changes in valuation methods and assumptions** | | |
| Personal care allowances | 284,200 | - |
| Economic loss payments | 50,300 | - |
| Non-economic loss payments | (29,500) | - |
| Claims management | - | (65,100) |
| | 305,000 | (65,100) |
| | | |
| **Changes in claims experience** | | |
| Economic loss payments higher than expected | 505,900 | 135,100 |
| Short-term wage loss benefits higher than expected | 121,400 | 129,300 |
| Re-employment benefits higher than expected | - | 116,600 |
| Other experience losses (gains) | 5,781 | 127,093 |
| | 633,081 | 508,093 |
| **Remeasurement of insurance liabilities (excluding discount rate changes)** | 938,081 | 442,993 |
| | | |
| **Presented in the statement of financial performance as:** | | |
| Effect of discount rate changes on liabilities | (196,200) | (1,949,400) |
| Remeasurement of insurance liabilities (excluding discount rate changes) | 938,081 | 442,993 |
| | $ 741,881 | $ (1,506,407) |

## 14. INSURANCE RISK AND RISK MANAGEMENT

***Nature and extent of insurance risks***

Insurance risk encompasses the possible occurrence of insured events, the unpredictability of related claims development and the amount of the ultimate loss. Insured events are inherently random, with the actual number of claims and benefits varying from the estimated timing, volume, severity, and duration of those claims, among other factors. Consequently, these factors result in high measurement uncertainty in establishing liabilities for incurred claims and for sufficient pricing of coverage. For a portfolio of insurance contracts, the principal actuarial risk is that actual experience will emerge differently than expected, leading to losses exceeding the carrying amount in the liabilities.

Insurance risk for public workers compensation systems differs materially from underwriting risk in competitive commercial markets. Unlike commercial policies with clearly specified insured risks and liability limits, risks for these insurance programs arise from broad principles-based rights and obligations established by legislation, regulations, and tribunal decisions, as well as from WCB's interpretation and application of legislated objectives. From time to time, amendments to WCB legislation may also substantively redefine the scope, nature, and magnitude of statutory rights and obligations, significantly increasing the complexity and uncertainty in revenue and liability measurement.

***Concentration of risk***

WCB is exposed to concentration risk because it operates exclusively in Alberta, which precludes broad diversification of insurance risk across geographic regions, industries, and populations. WCB's insurance risk exposures are highly concentrated in the construction and public sectors, with associated exposures to seasonality and economic cyclicality, and large covered worker populations.

The table below shows WCB's economic exposure to insurance contract risk by industry sector, using current year assessed premiums as an indicator of sectoral risk concentration:

**Risk concentration by sector**

| Year ended December 31, 2023 | Current year assessed premiums | | | |
|---|---|---|---|---|
| ($ thousands) | **2023** | *% of total* | 2022 | *% of total* |
| **Sector classification** | | | | |
| Agriculture | $ 28,997 | 1.9% | $ 27,349 | 2.0% |
| Business Services | 115,720 | 7.7% | 102,334 | 7.6% |
| Construction | 376,981 | 25.1% | 358,543 | 26.8% |
| Manufacturing | 147,867 | 9.8% | 136,052 | 10.2% |
| Mining, Oil and Gas | 112,069 | 7.5% | 100,171 | 7.5% |
| Municipalities, Education, Health | 308,807 | 20.5% | 259,078 | 19.3% |
| Provincial Government | 25,223 | 1.7% | 19,053 | 1.4% |
| Trade | 202,004 | 13.4% | 182,425 | 13.6% |
| Transportation | 186,883 | 12.4% | 163,989 | 12.2% |
| Other | 164 | 0.0% | (8,677) | -0.6% |
| | $ 1,504,715 | 100.0% | $ 1,340,317 | 100.0% |

***Sensitivity of material assumptions***

In determining insurance liabilities, the primary material assumptions are assumptions on escalation rates and nominal discount rates. The general inflation assumption impacts all future cash flow estimates, given its correlation to wage growth, and health care escalation rates. Wage growth assumption is used to value insurance liabilities for benefits such as re-employment services and personal care and housekeeping allowances. Health care escalation assumption affects the insurance liabilities for health care benefits. Mortality and longevity are also significant assumptions, but it is difficult to isolate the impact and therefore, sensitivity disclosure has not been provided.

***Methodologies for quantifying sensitivities***

WCB establishes assumptions on the discount rates and general inflation rates for all future years based on market data as at the valuation date. Assumptions on wage growth and health care escalation are set by adding 1.0% and 1.5% respectively to the general inflation assumption.

Sensitivity analyses are prepared by replacing the assumption in a valuation model with a test assumption while holding all others constant. The difference between the two outputs represents the hypothetical effect of the change in assumptions on specific results.

The following sensitivity analyses show the impacts on key results for reasonably possible movements in the specified material assumptions:

**Effects of assumption changes on key results**

| ($ millions) | **2023** Single equivalent rate | **2023** Fund Balance + 1.00% | **2023** Fund Balance - 1.00% | 2022 Single equivalent rate | 2022 Fund Balance + 1.00% | 2022 Fund Balance - 1.00% |
|---|---|---|---|---|---|---|
| **Economic assumptions** | | | | | | |
| General inflation[1] | 2.04% | $ (2,018.5) | $ 1,615.9 | 2.42% | $ (1,865.4) | $ 1,493.7 |
| Real wage growth[2] | 1.00% | $ (826.0) | $ 631.8 | 1.00% | $ (729.1) | $ 560.6 |
| Real health care escalation[3] | 1.50% | $ (275.3) | $ 220.3 | 1.50% | $ (280.0) | $ 222.9 |
| **Financial assumptions** | | | | | | |
| Nominal discount rate[4,5] | 4.75% | $ 1,552.7 | $ (1,965.0) | 4.93% | $ 1,440.9 | $ (1,823.8) |

[1] *General inflation is the core indicator underlying all economic assumptions.*

[2] *Real wage growth represents growth in excess of general inflation.*

[3] *Real health care escalation represents escalation in excess of general inflation.*

[4] *Nominal discount rate comprises risk-free bond yield curve adjusted by an illiquidity factor for all tenors.*

[5] *Note 7* Investment Risk Management *discusses interest rate risk on fixed income pooled fund investments. After considering these investments, the net impact to fund balance of a +1.00% change in interest rates is an increase of $1,218.5 million and a -1.00% change in interest rates is a decrease of $1,630.8 million.*

## CLAIMS DEVELOPMENT

The table that follows presents the development of the estimated ultimate cost of claims and related claim payments for accident years 2014 - 2023. The top part of the table illustrates how the estimate of total cash flows for each accident year has changed with increased experience over successive valuations. 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, etc., and compares the total estimated cost to the actual cumulative payments over the development period. Due to the decades-long duration of certain 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, including provisions that do not require payments, to the discounted amount reported in the Statement of Financial Position.

Claims Development[1]
as at December 31, 2023

| ($ millions) | Prior years | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Estimate of cumulative claims benefits** | | | | | | | | | | | | |
| At end of accident year | | 1,438.2 | 1,421.3 | 1,323.9 | 1,471.6 | 1,714.5 | 1,952.8 | 1,842.3 | 1,928.5 | 2,174.4 | 2,455.4 | |
| One year later | | 1,414.3 | 1,353.1 | 1,427.1 | 1,644.2 | 1,819.2 | 1,924.4 | 1,878.7 | 2,037.4 | 2,397.9 | | |
| Two years later | | 1,407.1 | 1,516.5 | 1,550.3 | 1,781.5 | 1,822.9 | 2,001.9 | 2,009.4 | 2,248.2 | | | |
| Three years later | | 1,538.0 | 1,648.0 | 1,632.2 | 1,762.9 | 1,919.1 | 2,151.4 | 2,297.4 | | | | |
| Four years later | | 1,663.0 | 1,719.7 | 1,590.4 | 1,831.6 | 2,088.1 | 2,432.1 | | | | | |
| Five years later | | 1,709.5 | 1,660.2 | 1,606.0 | 1,944.5 | 2,340.6 | | | | | | |
| Six years later | | 1,646.8 | 1,700.2 | 1,685.1 | 2,092.3 | | | | | | | |
| Seven years later | | 1,648.9 | 1,739.8 | 1,791.6 | | | | | | | | |
| Eight years later | | 1,727.4 | 1,840.1 | | | | | | | | | |
| Nine years later | | 1,800.6 | | | | | | | | | | |
| **Current estimate of cumulative claims benefits** | | 1,800.6 | 1,840.1 | 1,791.6 | 2,092.3 | 2,340.6 | 2,432.1 | 2,297.4 | 2,248.2 | 2,397.9 | 2,455.4 | |
| **Cumulative payments** | | (720.7) | (696.2) | (665.4) | (783.1) | (869.8) | (854.8) | (716.0) | (624.2) | (516.4) | (265.7) | |
| **Outstanding benefits** | | | | | | | | | | | | |
| Undiscounted | $ 9,514.9 | $ 1,079.9 | $ 1,143.9 | $ 1,126.2 | $ 1,309.2 | $ 1,470.8 | $ 1,577.3 | $ 1,581.4 | $ 1,624.0 | $ 1,881.5 | $ 2,189.7 | $ 24,498.8 |
| Effect of discounting | (4,965.3) | (609.4) | (657.8) | (640.6) | (730.6) | (813.0) | (850.7) | (833.7) | (823.2) | (933.9) | (1,007.7) | (12,865.9) |
| | 4,549.6 | 470.5 | 486.1 | 485.6 | 578.6 | 657.8 | 726.6 | 747.7 | 800.8 | 947.6 | 1,182.0 | 11,632.9 |
| **Claims management** | | | | | | | | | | | | |
| Undiscounted | | | | | | | | | | | | 1,401.3 |
| Effect of discounting | | | | | | | | | | | | (636.5) |
| | | | | | | | | | | | | 764.8 |
| **Latent occupational diseases** | | | | | | | | | | | | |
| Undiscounted | | | | | | | | | | | | 2,894.4 |
| Effect of discounting | | | | | | | | | | | | (1,879.0) |
| | | | | | | | | | | | | 1,015.4 |
| **Total claim benefits** | | | | | | | | | | | | |
| Undiscounted | | | | | | | | | | | | 28,794.5 |
| Effect of discounting | | | | | | | | | | | | (15,381.4) |
| **Liability for incurred claims** | | | | | | | | | | | | **$ 13,413.1** |

[1] *Claims management and latent occupational diseases are excluded from the claims development triangles because they are provisions only without direct cash flows.*

### *Risk management*

Effective management of insurance risk is critical to sustaining WCB's fiscal capacity over the long term, through activities such as identifying, evaluating, and implementing proactive loss control, trend monitoring, and mitigation strategies. The following discussions cover the major functional areas of focus in insurance related risk management.

### *Insurance risk*

To minimize the risks of complex claim resolution and resulting cost escalation, WCB implemented a claimant-centric and multi-disciplinary, technology supported case management process aligned with WCB's statutory mandate and service commitments. This integrated process relies on proven business practices to ensure that claims are accepted and processed in a timely manner to accomplish effective return-to-work outcomes. Effective claims management is a function of ongoing review of current and historical claims performance, predictive data analytics to help monitor claims experience, proactive interventions in high-risk claims, and planning for future enhancements in claims processing.

***Solvency risk***

WCB's asset liability management (ALM) framework that drives execution of funding policy is designed to safeguard financial sustainability of the Accident Fund over the long run. The primary objective of ALM is to ensure that the compensation system is fully funded while meeting investment return targets at a prudent level of risk. This is achieved by positioning the investment portfolio to deliver sustainable returns, liquidity, and diversification over a wide range of asset classes, capital markets and risk profiles. Targets are established through frequent ALM studies that model a broad and diverse set of scenarios for both macroeconomic conditions and WCB-specific business and funding strategies. ALM outputs enable investment management to align the maturity and risk characteristics of future cash flows for both assets and liabilities, as well as critical insights and recommendations for funding strategy and its execution. The intent is not to perfectly match asset and liability cash flows but to facilitate an integrated approach in making investment and funding decisions.

***Maturity analysis of liability cash flows***

The following table summarizes the maturity profile of WCB's insurance liabilities as at December 31, based on the future cash flows expected to be paid out in the periods presented. Because a significant amount of WCB's investments is held in pooled funds that are reasonably liquid, a maturity analysis for financial assets corresponding to the maturity profile of insurance liabilities is not required because those assets do not directly service the liabilities. Moreover, investment cash flows are not meaningfully comparable to liability cash flows because of the mismatch between their respective holding objectives and risk characteristics.

***Maturity analysis of insurance liabilities***

| ($ millions) | Up to 1 year | 2 years | 3 years | 4 years | 5 years | 6 years and beyond | Total future claim payments |
|---|---|---|---|---|---|---|---|
| **2023** | | | | | | | |
| Estimated future cash flows (undiscounted) | $ 1,342.1 | $ 1,052.8 | $ 938.1 | $ 858.3 | $ 801.8 | $ 23,801.4 | $ 28,794.5 |
| | 4.7% | 3.7% | 3.3% | 3.0% | 2.8% | 82.7% | 100.0% |
| 2022 | | | | | | | |
| Estimated future cash flows (undiscounted) | $ 1,235.7 | $ 926.1 | $ 808.3 | $ 735.8 | $ 694.5 | $ 23,469.0 | $ 27,869.4 |
| | 4.4% | 3.3% | 2.9% | 2.6% | 2.5% | 84.2% | 100.0% |

***Investment and financial risk***

Other than the time value of money reflected in estimates of future cash flows, WCB has no direct exposure to financial risk from insurance contracts because those cash flows are not contractually linked to an underlying pool of financial assets exposed to market risks. WCB's exposure to financial risk arising from its investment portfolio is indirect because it holds pooled funds exclusively. WCB's overall investment risk is professionally managed by AIMCo within a robust investment management framework closely aligned with WCB's investment policy and guidelines.

See Note 7 *Investment Risk Management* for details of financial risk exposures and investment portfolio related risk management.

***Credit risk***

Premiums receivable from employers have credit risk, which vary based on employer-specific factors, industry conditions, and macroeconomic or other factors. Their credit risk is largely subject to the economic circumstances they face and general economic conditions of the province.

Credit risk associated with premium receivables related to employers is mitigated through risk management policies and procedures, which include close monitoring of premium payment status and follow-up measures with the employer. Premiums receivable are written off when there is no reasonable expectation of recovery. However, WCB continues to pursue enforcement activity to collect the amounts due.

## 15. INSURANCE FINANCE INCOME AND EXPENSE

### ACCOUNTING POLICY

Time value of money is incorporated into measurement of future cash flows by discounting them to their present value.

Insurance finance income and expense represents the incremental return or cost for holding an insurance asset or liability for a specified period.

Interest (or accretion) expense arises from unwinding or reversing the effects of discounting a future liability. The expense, which represents the amount applicable to the current period to increase the discounted liability to its future value at the end of the period, is recorded in insurance finance income and expense.

The effect of changes in financial assumptions arising from remeasurement of an insurance asset or liability is also recorded in insurance finance income and expense in the period that such remeasurement occurs.

***Investment returns and insurance finance income and expense***

The Act mandates that the Accident Fund hold sufficient assets to fund future payments of all claim obligations but does not explicitly specify a contractual linkage to the cash flows of the investment portfolio. Consequently, there is no direct relationship between investment returns and insurance finance income and expense because investment cash flows are not used for contract measurement. Although investment returns directly fund the payment of claims, the underlying measurement impacts arising from financial risks are within the scope of IFRS 9 rather than IFRS 17.

***Insurance finance income and expense***

Insurance interest for the period of $532.4 million (2022 - $208.9 million) is determined by applying the nominal discount rate of 5.08% (2022 – 1.61%), representing the year 1 rate from the prior year discount rate curve applied to the average liability for incurred claims over the coverage period.

***Changes in financial assumptions***

The primary drivers of changes in financial assumptions are macroeconomic conditions directly affecting yields on debt securities on which the discount rate curve for liability measurement is based. The effect of remeasuring future cash flows in the current period using the 2023 rate curve was a $196.2 million gain (2022 - $1,949.4 million gain), reflecting a change in the single equivalent real discount rate from 2.45% in 2022 to 2.66% in 2023.

For further details on the discount rate curve used to discount insurance liabilities see section *Real discount rates* in Note 12 *Insurance Contracts*.

## 16. ADMINISTRATION AND OTHER EXPENSE

***Administration***

WCB's total administration expenses are classified into two major groups based on their primary business functions:

*Claims-related administration*

This group is responsible for insurance operations including adjudicating claims, processing benefit payments, providing rehabilitation and re-employment services and other administrative functions related to claims management. Since these costs are directly attributable to claims fulfilment, the current year amounts are included in insurance expense. Future cash flows for claims administration arising from current year claims are included in the provision for future costs of current year injuries and exposures.

*Corporate administration*

This group is responsible for general and support services for the organization, including finance, human resources, legal, technology and executive management.

***Funding of operating costs***

In addition to the fully funded cost of expected claims and claims management for the period, legislation permits WCB to assess premiums to cover the all-inclusive operating costs of the Accident Fund, primarily claim and corporate administration. These operating requirements are incorporated into premium rates.

The table below presents administration expenses broken down by nature of expense and functional purpose:

| ($ thousands) | Claims-related administration | Corporate administration | **2023** | 2022 |
|---|---|---|---|---|
| **Administration expenses** | | | | |
| Salaries and employee benefits | $ 169,894 | $ 66,134 | $ 236,028 | $ 237,200 |
| Technology | 14,224 | 11,515 | 25,739 | 21,123 |
| Office | 1,010 | 2,611 | 3,621 | 3,538 |
| Occupancy | 5,616 | 3,000 | 8,616 | 7,769 |
| Professional fees | 3,290 | 1,725 | 5,015 | 5,703 |
| Other | 949 | 1,470 | 2,419 | 1,777 |
| | 194,983 | 86,455 | 281,438 | 277,110 |
| Depreciation and amortization | 13,717 | 10,011 | 23,728 | 23,357 |
| | 208,700 | 96,466 | 305,166 | 300,467 |
| **Less** | | | | |
| Recovery of costs from third parties | 12,032 | 42 | 12,074 | 12,172 |
| **Reclassifications** | | | | |
| Claims expense – re-employment services | 39,687 | - | 39,687 | 38,626 |
| Investment management expense[1] | - | 1,290 | 1,290 | 1,577 |
| | 51,719 | 1,332 | 53,051 | 52,375 |
| | $ 156,981 | $ 95,134 | $ 252,115 | $ 248,092 |

[1] *Internal administration costs charged to investment management 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 and the Appeals Commission 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 and as a government-related entity, WCB is not required to disclose these transactions under the exemption in IAS 24 *Related Party Disclosures*. Transactions with AIMCo as the exclusive manager for WCB's investment portfolio, which include management fees and other expenses as well as investment commitments for certain pooled funds, may not be consistent with usual commercial practice for similar services and vehicles. Because they are significant, investment management fees and expenses are shown separately on the Statement of Financial Performance and Comprehensive Income and disclosed in Note 6 *Investment Income and Expense*, with funding commitments disclosed in Note 5 *Investments*.

### KEY MANAGEMENT COMPENSATION

Key management personnel of WCB, comprising the Board of Directors and the executive and their close family members, are also related parties in accordance with IAS 24. As at the reporting date, there were no business relationships, outstanding amounts or transactions other than compensation, between WCB and its key management personnel.

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

| ($ thousands) | Base Salary[1] | Other Cash Benefits[2] | Non-Cash Benefits[3] | SERP[4] | Total |
|---|---|---|---|---|---|
| | **2023** | | | | |
| Chair, Board of Directors[5] | $ - | $ 40 | $ 1 | $ - | $ 41 |
| Board Members[5] | - | 78 | 11 | - | 89 |
| President and Chief Executive Officer | 402 | 37 | 41 | 64 | 544 |
| Chief Financial Officer | 382 | 13 | 42 | 64 | 501 |
| Chief Technology Officer | 297 | 6 | 60 | 20 | 383 |
| Secretary and General Counsel | 241 | 6 | 45 | 17 | 309 |
| Senior Vice President, Operations & Innovation | 382 | 6 | 42 | 76 | 506 |
| Vice President, Employee and Corporate Services | 300 | 6 | 46 | 41 | 393 |
| Vice President, Millard Health and Special Care Services | 241 | 6 | 39 | 18 | 304 |
| | 2022 | | | | |
| Chair, Board of Directors | $ - | $ 42 | $ 5 | $ - | $ 47 |
| Board Members | - | 83 | 10 | - | 93 |
| President and Chief Executive Officer | 368 | 21 | 40 | 78 | 507 |
| Chief Financial Officer | 360 | 6 | 42 | 85 | 493 |
| Chief Technology Officer | 270 | 6 | 39 | 11 | 326 |
| Secretary and General Counsel | 219 | 6 | 44 | 23 | 292 |
| Senior Vice President, Operations & Innovation | 373 | 7 | 43 | 98 | 521 |
| Vice President, Employee and Corporate Services | 292 | 8 | 46 | 55 | 401 |
| Vice President, Millard Health and Special Care Services | 219 | 6 | 39 | 25 | 289 |

[1] *Base salary is pensionable base pay.*

[2] *Other cash benefits for Board Members comprise honoraria pay for meetings attended, while other cash benefits for other key management includes car allowances and vacation payouts.*

[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.*

### SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

| ($ thousands) | 2023 Current Service Cost [1] | 2023 Other Costs [2] | 2023 **Net Cost** | 2023 **Accrued Obligation** | 2022 Net Cost | 2022 Accrued Obligation |
|---|---|---|---|---|---|---|
| President and Chief Executive Officer | $ 64 | $ 49 | $ 113 | $ 358 | $ 23 | $ 245 |
| Chief Financial Officer | 64 | 172 | 236 | 1,323 | (290) | 1,087 |
| Chief Technology Officer | 20 | 83 | 103 | 170 | 42 | 67 |
| Secretary and General Counsel | 17 | 21 | 38 | 146 | (19) | 108 |
| Senior Vice President, Operations & Innovation | 76 | 133 | 209 | 1,650 | (361) | 1,441 |
| Vice President, Employee and Corporate Services | 41 | 45 | 86 | 862 | (227) | 776 |
| Vice President, Millard Health and Special Care Services | 18 | 19 | 37 | 123 | (9) | 86 |

[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.*

## 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. 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 financial statements in respect of these indemnifications.

## 19. SUPPLEMENTAL INFORMATION

### (a) Cash and cash equivalents

See Note 5 *Investments* for details of the reclassification of money market holdings as a short-term investment.

Cash held in bank accounts for operational cash needs generated an average annual return of 5.3% (2022 - 2.4%).

### (b) Trade and other liabilities

| ($ thousands) | Trade | Other | **2023** | 2022 |
|---|---|---|---|---|
| Trade payables | $ 45,514 | $ - | $ 45,514 | $ 38,636 |
| Lease obligations - Note 10 | - | 7,703 | 7,703 | 8,861 |
| Other liabilities | - | 9,418 | 9,418 | 8,697 |
| | 45,514 | 17,121 | 62,635 | 56,194 |
| Current portion | 44,718 | 2,390 | 47,108 | 41,134 |
| Non-current portion | 796 | 14,731 | 15,527 | 15,060 |
| | $ 45,514 | $ 17,121 | $ 62,635 | $ 56,194 |

### (c) Safety Rebates

| ($ thousands) | **2023** | 2022 |
|---|---|---|
| **Safety rebates payable, beginning of year** | $ 80,999 | $ 74,728 |
| Payment of prior years' rebates | (77,156) | (70,489) |
| | 3,843 | 4,239 |
| Adjustment of prior years' accruals | (2,771) | (1,979) |
| Outstanding balance from prior years | 1,072 | 2,260 |
| Rebates for the year | 84,924 | 78,739 |
| **Safety rebates payable, end of year** | $ 85,996 | $ 80,999 |

### (d) Injury Reduction

| ($ thousands) | **2023** | 2022 |
|---|---|---|
| Injury reduction recovery from premiums | $ 74,772 | $ 76,034 |
| Occupational Health and Safety | (43,395) | (40,427) |
| Industry sponsored safety associations | (25,974) | (21,883) |
| | (69,369) | (62,310) |
| **Injury reduction** | $ 5,403 | $ 13,724 |

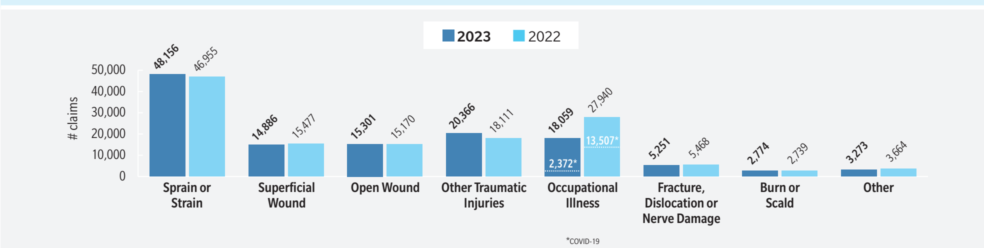
## 2023 summary of claims administered

| | 2023 | | 2022 | |
|---|---|---|---|---|
| Active claims as of January 1 | | 52,786 | | 47,404 |
| New lost-time claims | 29,217 | | 37,814 | |
| All other new claims | 98,849 | | 97,710 | |
| **Total new claims reported** | **128,066** | | 135,524 | |
| Recurrent claims[1] | 10,137 | | 10,121 | |
| | | 138,203 | | 145,645 |
| **Total claims administered** | | **190,989** | | 193,049 |

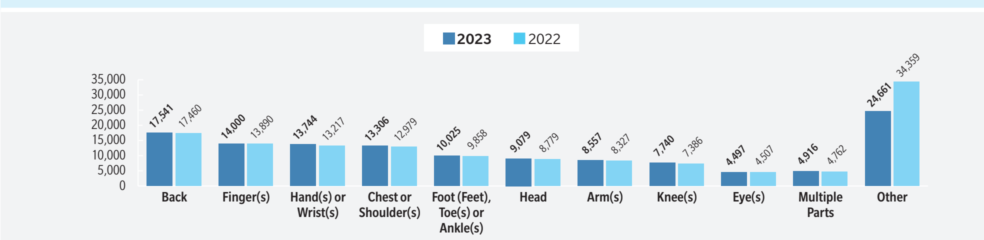
[1] *Previously inactive claims that required further adjudication or case management. Claims may reopen for a number of reasons, such as payments for medical aid or requests for further compensation benefits.*

| NON-ELIGIBLE CLAIMS | 2023 | 2022 |
|---|---|---|
| Ineligible claims as a percent of total new claims reported | 9.7% | 9.6% |
| **Reasons for ineligibility** | | |
| Injury or illness not arising out of/in course of employment | 51.5% | 56.6% |
| Not covered under *Workers' Compensation Act* | 17.5% | 18.5% |
| Insufficient information available to process claim | 31.0% | 24.9% |

**New claims by nature of injury**




**New claims by part of body**



## 2023 year at a glance

| | 2023 | 2022 |
|---|---|---|
| Number of workers covered | 2,000,973 | 1,900,781 |
| Registered employers | 157,474 | 156,590 |
| Lost-time claim rate (per 100 workers)[1] | 1.5 | 2.0 |
| Disabling-injury rate (per 100 workers)[1] | 2.5 | 3.1 |
| New claims reported | 128,066 | 135,524 |
| Lost-time claims[1] | 30,100 | 38,800 |
| Fatality claims accepted | 165 | 161 |
| Ineligible claims (% of all new claims) | 9.7% | 9.6% |
| New requests for review to the DRDRB | 3,164 | 2,468 |
| Return to work with accident employer | 93.1% | 92.1% |
| Return to work with new employer | 1.6% | 1.6% |
| Return to work overall | 94.7% | 93.7% |
| Estimated average claim duration (TTD days) | 65.1 | 62.6 |
| Cost-of-living adjustment on long-term benefits | 5.48% | 1.83% |
| New non-economic loss and permanent disability awards | 2,606 | 2,889 |
| New economic loss awards | 1,864 | 1,075 |
| Average collected premium rate (per $100 of assessable earnings) | $1.24 | $1.18 |
| Funded ratio (per cent funded) | 107.3% | 108.1% |
| *Public Interest Disclosure (Whistleblower Protection) Act* disclosures | 0 | 0 |

*[1] Lost-time claims and the lost-time claim and disabling-injury rates are projected. This approach is taken to ensure claims for accidents occurring in 2023 but not reported by year-end are considered.*

# 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, 2023 to March 31, 2024. There were no disclosures of wrongdoing filed with the Public Interest Disclosure Office for the ministry during this period.