

Adapting to change

Social worker Aniko Farkas back at work at the hospital after her work-related injury.

2022 Annual Report and
2023–2025 Service Plan

WORK SAFE BC

On the cover — Social worker Aniko Farkas knows all about adapting to change. Aniko returned to work helping others following her own job-related post-traumatic stress disorder. (Read her story on **page 41**.)

Aniko is not alone in having to adapt to change; it's a constant for individuals and organizations. Whatever the cause — illness or injury, external events, or for WorkSafeBC, legislative amendments — the need to adapt is part of our collective experience.

In this report, we share how we are adapting to the changes, challenges, and opportunities in our operating environment — all in the service of making a difference for the workers and employers of British Columbia.

Contents

About us	2
Introduction	3
Service plan reporting	4
Message from the chair	5
Our corporate strategy	7
Our performance	10
Accountability	11
Independent auditor's report	12
Executive review	15
2022 highlights	17
Our operating environment	19
Our risk strategy.....	25
Our operational perspective	27
Our people and culture perspective	47
Our financial perspective	55
Our stakeholder and government perspective	67
Our governance	82
Board of Directors	83
Board of Directors and Committees	86
Decisions	87
Duties	87
Changes in policies and regulations	88
Enterprise Leadership Team	91
Our finances	94
2022 financial highlights	95
Management discussion and analysis	97
Consolidated financial statements	124
Independent actuary's report	126
Independent auditor's report	128
Endnotes	196



Gurinder, a driver for F&G Delivery, gets ready to start his workday.

About us

We are driven by purpose: to make a difference to the workers, employers, and workplaces that constitute the social fabric of British Columbia. Since 1917, we have adapted to the ever-faster pace of change, striving to improve health and safety for workers across the province.

Introduction

Our role is to protect workers from occupational health and safety risks and to provide compensation and rehabilitation for injured workers. We are dedicated to making a difference to the people of British Columbia — one worker, one employer, and one workplace at a time.

Who we are

We are a provincial agency responsible for administering the *Workers Compensation Act*¹ and the Occupational Health and Safety Regulation to protect the health and safety of workers in B.C. Through consultation, education, and enforcement, we partner with workers and employers to prevent work-related injury, disability, disease, and death.

When work-related injuries or diseases do occur, the workers' compensation system provides peace of mind for workers and their families, and for their employers. We are committed to easing the physical, psychological, and financial burden on injured workers and their families. We adjudicate claims and provide compensation benefits, including wage-loss payments and permanent disability and survivor benefits.

We also support workers in their recovery and rehabilitation, and wherever possible, in their safe, timely, and lasting return to work. We partner with employers and health care providers to ensure workers get the treatment and workplace support they need to recover from injury or disease and resume their normal routines.

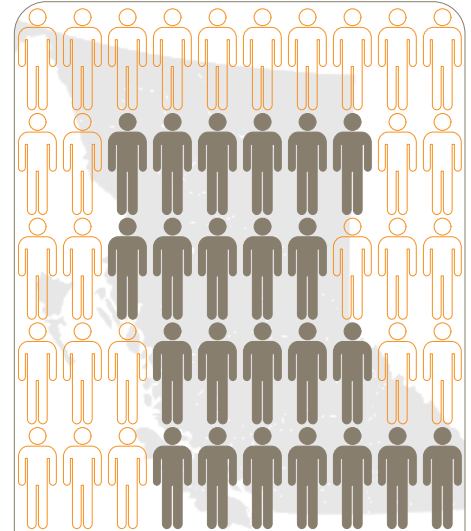
Who we serve

We are accountable to British Columbians. We serve more than 2.6 million workers and approximately 270,000 registered employers in our province. We collaborate with them to prevent occupational injury and illness, and help employers comply with the Occupational Health and Safety Regulation and the *Workers Compensation Act*.

How we operate

We strive to ensure fairness when making decisions under the Act, the Regulation, or policies. Decisions may be appealed to the Review Division and Workers Compensation Appeal Tribunal through a simple, flexible process for obtaining an independent review of specific decisions. Our Fair Practices Office is responsible for impartially investigating and resolving complaints of alleged unfairness in how we apply the Act, the Regulation, and any of our policies, practices, or procedures. We follow the *Freedom of Information and Protection of Privacy Act* (FIPPA) to preserve confidentiality of information for the workers and employers we serve.

The *Workers Compensation Act* requires us to ensure that the workers' compensation system is financially viable — that there is sufficient funding for current and future compensation benefits and for administering the system. We are funded by premiums paid by employers and investment returns.



Population in B.C.
5.3 million

We serve
2.6 million workers
&
approximately **270,000 registered employers**
in B.C.

We are
3,865 employees
working in **16 offices**
across the province.



Cindy Fife, an occupational safety officer for WorkSafeBC, discusses logging layout with Jack Reynolds from WFP Mid-Island Operations.

We take a conservative approach when investing funds held in the Accident Fund,² and we develop strategies and initiatives to maintain the long-term financial sustainability of the system.

We are governed by a Board of Directors appointed by the Lieutenant Governor in Council and legislated by the provincial government to establish, promote, and enforce occupational health and safety regulations; adjudicate claims and provide compensation benefits; and support injured workers in recovery and safe return to work.

Service plan reporting

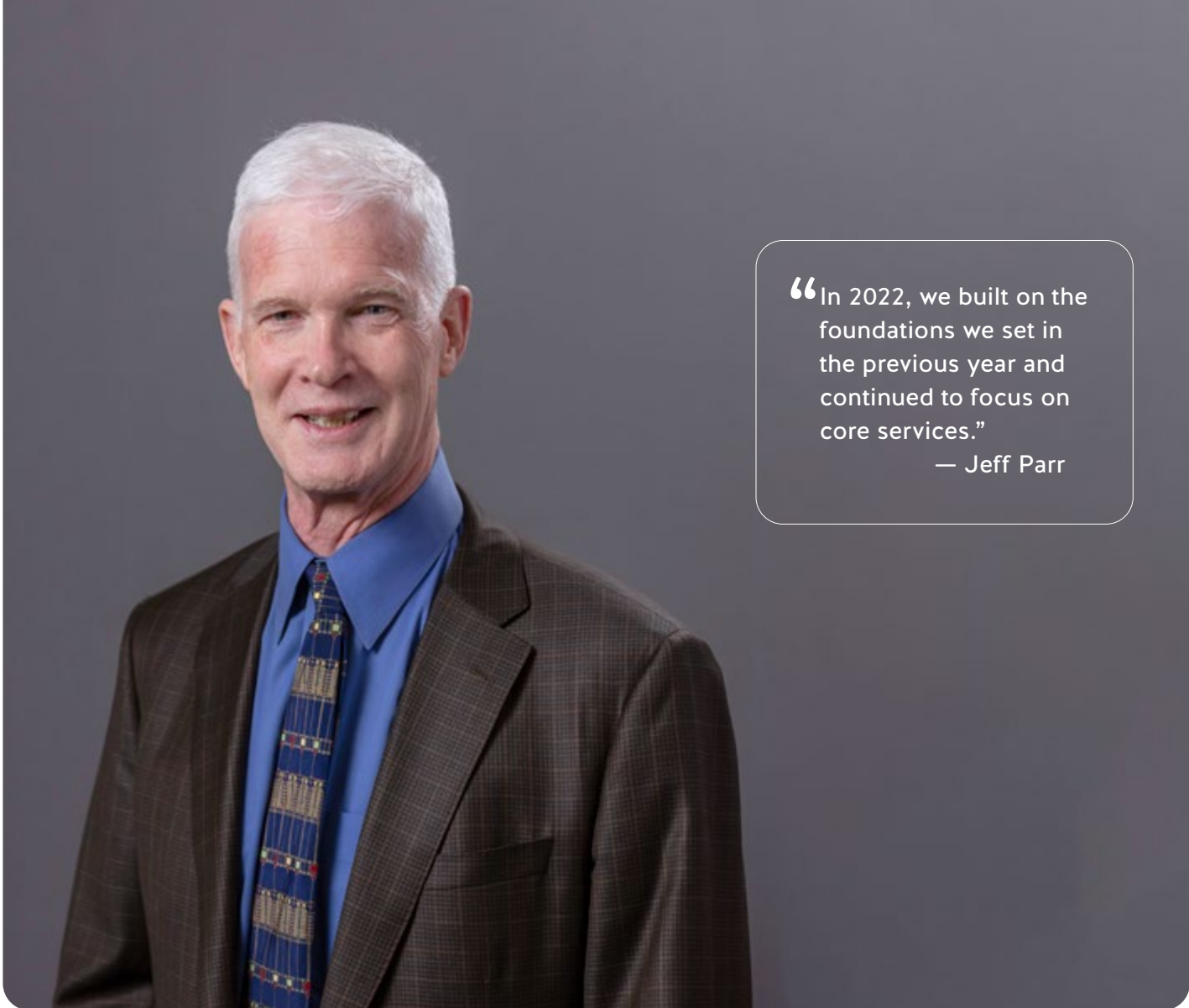
As outlined in the *Workers Compensation Act*, along with the annual report, we are legislated to provide the Minister of Labour with an annual service plan on or before April 30 each year. The service plan must address the three-year period starting January 1 of that year, and:

- Set out the priorities of the Board (**page 8**).
- Identify specific objectives and performance measures, including:
 - Performance targets for the next three years (**pages 39, 43, 61, 63, 73, and 77**)
 - A fiscal forecast (**page 61**)
 - Comparison of actual results with targets identified in the previous years' service plans (**pages 10-80**)

This *2022 Annual Report and 2023–2025 Service Plan* describes our performance from the last calendar year and combines this with “Looking ahead” sections at the end of each perspective and on the pages referenced above. The annual report is structured to mirror the perspectives and priorities outlined in our *Strategic Plan 2022–2026*.

Why do we produce an annual report?

It's part of our commitment to transparency and accountability to British Columbians. The Board is legislated to provide the Minister of Labour an annual report of the Board's transactions during the calendar year by April 30 of the following year. The report must include a review of activities including financial, statistical, and performance information, and an evaluation of the occupational health and safety record of workplaces in British Columbia.



“In 2022, we built on the foundations we set in the previous year and continued to focus on core services.”

— Jeff Parr

Message from the chair

Important changes related to worker safety and compensation were introduced in 2022.

In August 2020, when I was appointed chair of WorkSafeBC's Board of Directors, we were just a few months into the global COVID-19 pandemic. Now, as I approach the end of my term in June, I find it hard to imagine the world — or this organization — pre-COVID.

While we have been challenged in unique ways, we emerged in 2022 with a new five-year strategic plan, the development of which was led by president and CEO Anne Naser in close consultation with Board members. This plan, approved last

January, reflects what we learned during a time of enormous social and economic disruption, building on WorkSafeBC's strong partnerships and our ability to respond effectively to shifting needs. As part of that process, we updated WorkSafeBC's corporate mission, vision, and values to reflect our stakeholder-centred approach. (See page 7.)

In 2022, the Board of Directors reviewed and approved several key decisions supporting these strategic priorities, including amending policy on determining workplace status to reflect the changing nature of work in B.C., and policy changes to remove procedures specific to assessing permanent psychological disability benefits. We approved changes to reflect gender-inclusive language. We also approved regulatory changes to improve worker safety when using tower cranes: A professional engineer is now required to supervise the inspection and certification of equipment as safe. Also, when practicable, zone-limiting devices must be installed to reduce the likelihood of collisions. These and other Board of Director decisions can be found on page 88.

Several policy amendments in 2022 flowed from Bills 5 and 41, significant amendments to the *Workers Compensation Act*. Bill 5 requires that asbestos abatement contractors be licensed and that workers who perform this work take mandatory safety training and be certified. Bill 41 introduced seven amendments relating to indexation of benefits, claims suppression, and return to work, among other important issues. For more detail on the content and implementation of both bills, please see page 21.

We also approved the average base premium rate for 2023, continuing to keep it below the actual cost rate (since 2007) and unchanged for the sixth straight year. With a vastly different economic outlook heading into 2023 and factors such as increased claim complexity, we're seeing increases in costs, potentially putting upward pressure on the average base premium rate. For more details on these factors, please see page 56.

In 2022, we built on the foundations we set in the previous year, and continued to focus on core services. We continued building a worker-centred and worker-engaged approach, and supported employees to deliver on WorkSafeBC's mission. We continued work begun in 2021 to update and strengthen our governance.

I would like to thank Kay Teschke for her contribution to the Board of Directors over the last five years. On behalf of the Board of Directors, I also want to extend a warm welcome to Cindy Morton, who joined us in December for a three-year term as a public interest representative.

Finally, as the outgoing Board chair, I would like to express my deep appreciation for the continuing dedication of the management and staff of WorkSafeBC. It's been a privilege to contribute to an organization whose steadfast commitment protects the health and safety of workers and supports them and their families in the event of injury, illness, or death. The people at WorkSafeBC make a difference to the people of our province.



Jeff Parr

Chair, Board of Directors

Our strategic plan sets out 14 strategic priorities organized by the four main perspectives of our business. You will see that structure reflected in this annual report as a way to better align our results with our strategic plan. In these pages, I hope you will see that alignment between our priorities and the work we do every day in the service of British Columbia's workers and employers.

Our corporate strategy

Our *Strategic Plan 2022–2026*, approved by the Board of Directors on January 26, 2022, sets out our strategic priorities. It updates our mission, vision, and values; explains our organization’s strategic choices; identifies environmental factors and potential risks; and defines desired outcomes and ways to measure our progress.

In creating this plan, we are guided by the changing nature of work in British Columbia and focused on ways to improve service to injured workers and employers while better engaging them in occupational health and safety.

Our mission

Prevent workplace injury, illness, and death, and support injured workers through fair compensation and effective rehabilitation.

Our vision

Safe and healthy workplaces. Compassionate and responsive service.

Our values

We believe in and make decisions based on our core values:

Integrity

We are open, honest, and fair, building trust with every interaction.

Compassion

We work to understand the unique needs of those we serve, showing we care at every step.

Accountability

We are responsible for our actions, delivering on our mission in a responsive, open, and transparent way.

Respect

We foster an environment in which each individual is valued and heard, demonstrating equity, diversity, and inclusion in our work.

Excellence

We strive for excellence, continuously improving by being innovative and challenging norms.

Our perspectives and priorities

We have organized our strategic priorities into four perspectives: operations, people and culture, stakeholder and government, and financial. For each perspective, we have identified organizational priorities. Each year, we translate these into the initiatives and outcomes that we develop and deliver on in our service plans and budgets. The service plan prioritizes our activities and spending for the year, with an annual budget approved by the Board of Directors to help us achieve our planned outcomes.



Operations

- Prevent workplace injury, disease, and death by engaging employers and workers in workplace health and safety
— Key performance indicator: Reduce the provincial time-loss claims rate
- Maximize overall recovery and post-injury earnings for injured workers — Key performance indicator: Improve return-to-work outcomes
- Provide comprehensive insurance coverage for workplaces in B.C.
- Deliver service to stakeholders at defined service levels
- Administer the *Workers Compensation Act* and Occupational Health and Safety Regulation
- Maintain an effective and efficient operation
- Ensure the integrity of WorkSafeBC data and systems



People and culture

- Ensure the health and safety of our workforce, both physical and psychological
- Ensure equity, diversity, and inclusion in our organization
- Foster an engaged workforce
- Attract and develop a skilled workforce for today and the future



Stakeholder and government

- Deliver stakeholder-centred and inclusive services
- Communicate effectively with our stakeholders — Key performance indicators: Improve injured workers' and employers' rating of overall experience



Financial

- Maintain the long-term financial sustainability of the workers' compensation system — Key performance indicators: Maintain a smoothed funded level of no less than 130 percent, and control administration costs



WorkSafeBC occupational safety officers gather to discuss best practices for cable log-harvesting systems.

Our performance

As we respond to an era of profound change, our success means improving outcomes for workers and employers. We put their needs at the centre of our business.

Accountability

This *2022 Annual Report and 2023–2025 Service Plan* was prepared under our direction in accordance with the *Workers' Compensation Act*. WorkSafeBC is responsible for the results achieved, selection of performance indicators, and reporting of performance. The information contained in this document reflects WorkSafeBC's actual performance for the 12 months beginning January 1, 2022, and ending December 31, 2022. All material fiscal assumptions and policy decisions up to April 27, 2023, have been considered in developing this publication.

This annual report and service plan presents a comprehensive picture of our actual performance against targets set in the *2021 Annual Report and 2022–2024 Service Plan*. It also includes estimates and interpretations of data representing the best judgment of WorkSafeBC management. The reported results are consistent with the organization's mission, goals, and objectives, and focus on aspects critical to understanding WorkSafeBC's performance. We are responsible for ensuring WorkSafeBC's performance data is measured accurately and in a timely manner.

Any significant limitations in performance data reliability have been identified and explained. This report and service plan has been prepared in accordance with *Performance Reporting Principles for the British Columbia Public Sector*³ and the B.C. government's guidelines for service plan reporting, and is intended for a general audience. More detailed information about WorkSafeBC is available at worksafebc.com.

On behalf of the Board of Directors and management of WorkSafeBC,



Jeff Parr

Chair, Board of Directors



Anne Naser

President and
Chief Executive Officer



Independent practitioner's reasonable assurance report on WorkSafeBC's Annual Report

To the Directors of WorkSafeBC:

We have undertaken a reasonable assurance engagement of the Annual Report and Service Plan of the Workers' Compensation Board of British Columbia (WorksafeBC) for the year ended December 31, 2022.

Management's responsibility

Management is responsible for the preparation of the Annual Report in accordance with the eight principles established in the Performance Reporting Principles for the British Columbia public sector (the criteria), which was endorsed by the Legislative Assembly of British Columbia's Select Standing Committee on Public Accounts in 2003 for use by public sector organizations in British Columbia. Management is also responsible for such internal control as management determines necessary to enable the preparation of the Annual Report that is free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a reasonable assurance opinion on the Annual Report based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Canadian Standard on Assurance Engagements (CSAE) 3000, *Attestation Engagements Other than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the Annual Report is free from material misstatement.

Reasonable assurance is a high level of assurance, but is not a guarantee that an engagement conducted in accordance with this standard 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 decisions of users of our report. The nature, timing and extent of procedures selected depends on our professional judgment, including an assessment of the risks of material misstatement, whether due to fraud or error, and involves obtaining evidence about the preparation of the Annual Report in accordance with the applicable criteria.

Our reasonable assurance procedures included, but were not limited to the following:

- Making enquiries of management and senior executives to obtain an understanding of management's process for initiating, recording and approving journal entries and manual adjustments for KPI reporting.
- Evaluation of the design of controls and implementation of WorkSafeBC's Key Performance Indicators (KPIs) results.
- Performed analytical procedures and trend analysis of reported data for the reported KPIs;
- Examination of, on a test basis, evidence, such as invoices and listings, supporting the Annual Report and KPIs
- Recalculation of the KPIs; and
- Corroborate consistency in reviewing narrative description throughout the Annual Report.

We believe the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, BC, Canada V6C 3S7

T: +1 604 806 7000, F: +1 604 806 7806

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Our independence and quality control

We have complied with the relevant rules of professional conduct/code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Canadian Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements*, and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other Matters

As called for by the reporting principles, the Annual Report contains a number of representations from management concerning the appropriateness of the goals, objectives, and targets established by WorkSafeBC, explanations of the adequacy of planned and actual performance, and expectations for the future. Such representations are the opinions of management and inherently cannot be subject to independent verification. Therefore, our reasonable assurance engagement was limited to assessing whether the Annual Report contains those representations called for by the reporting principles and, where the information was derived from the WorkSafeBC consolidated financial statements, we conducted procedures to assess whether the information was consistent with the consolidated financial statements.

A separate audit, to determine if WorkSafeBC's consolidated financial statements for the year ended December 31, 2022 (the financial statements) have been prepared and reported in accordance with International Financial Reporting Standards, was also conducted. This report does not address WorkSafeBC's consolidated financial statements.

Opinion

In our opinion, WorkSafeBC's Annual Report during the year ended December 31, 2022 is prepared, in all material respects, in accordance with the applicable criteria.

Purpose of statement and restriction on distribution and use of our report

The Annual Report has been prepared in accordance with the applicable criteria to report to the directors and management of WorkSafeBC to assist in determining whether WorkSafeBC has complied with the Reporting Principles. As a result, the Annual Report may not be suitable for another purpose. Our report is intended solely for WorkSafeBC.

We acknowledge the disclosure of our report, in full only, by WorkSafeBC at its discretion, to the Ministry of Labour for the Province of British Columbia (the Ministry) and in full on your website without assuming or accepting any responsibility or liability to the Ministry or any other third party in respect of this report.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 26, 2023



Exhibit 1 – Criteria

Principle 1 – Explain the Public Purpose Served

The report explains WorkSafeBC's public purpose, enabling legislation, and mission. Core business areas, services, clients, and stakeholders are described, as is the role of partners. The report explains WorkSafeBC's governance structure and external accountabilities.

Principle 2 – Link Goals and Results

The report explains the performance indicators against their operational, people and culture, financial and stakeholder & government perspectives. The relevance of these indicators is explained in the context of WorkSafeBC's priorities and strategic objectives, and in relation to issues of concern to an external audience (the public and legislators). Performance measurement focuses on outcomes in the short and long term, explaining how short-term achievements impact long-term results. Variances between planned and actual results are explained and related to expectations and plans for the future.

Principle 3 – Focus on the Few, Critical Aspects of Performance

The report states why the priorities, strategic objectives, and the 6 key performance indicators are important to WorkSafeBC and to an external reader. The performance information provides a clear performance story. Key results are clear and apparent.

Principle 4 – Relate Results to Risk and Capacity

The report summarizes key risks and capacity issues in relation to each organizational perspective and priority (operations, people and culture, financial, and stakeholder and government), their impact on results, and strategies for dealing with them in the future. Issues related to organization-wide financial, infrastructure and technology risks and capacity are discussed separately.

Principle 5 – Link Resources, Strategies and Results

Revenue and expense variances are described as part of management's commentary on the financial statements. Costs are related to key business activities and goals. Planned and actual amounts are provided for key revenue and expense items. Critical measures of efficiency are identified; administrative efficiency is the focus of one key performance indicator.

Principle 6 – Provide Comparative Information

Actual performance is clearly reported in relation to the service plan. Current performance is graphically related to historic trends and related to relevant industry benchmarks. Inconsistencies in trend data are fully explained, and future performance targets are explained in the context of current performance.

Principle 7 – Present Credible Information, Fairly Interpreted

We are providing a reasonable level of assurance that the data supporting the 6 key performance indicators is reliable. Systems to compile performance indicator data have been established and documented, although we do not provide assurance on the effectiveness of the control environment. The report is reasonably concise and specialised terminology has been largely avoided.

Principle 8 – Disclose the Basis for Key Reporting Judgments

The report provides explanations for how performance indicators are derived and the period to which data relates. WorkSafeBC's Chair and Chief Executive Officer have affirmed their ownership of the report, and their responsibility for ensuring the accuracy and timeliness of performance information. The report explains the importance and relevance of the priorities and strategic initiatives, and it discusses how targets are selected.



President and CEO Anne Naser speaking on behalf of WorkSafeBC at the unveiling of the asbestos memorial sculpture.

Executive review

WorkSafeBC emerged from 2022 transformed on many levels.

Foremost among these transformations was an improved model of service delivery.

We enhanced the functionality of our online portals for workers, employers, and providers, and expanded our service offerings with optional email and text notifications. We also implemented the hybrid work model for our employees. Depending on the needs of those we serve, some of our staff and managers are now delivering their services largely from home or in the field, while others are attending offices in person.

Stakeholder needs continue to be at the centre of our decision making, as outlined in our strategic priorities. In 2022, we advanced these priorities with new tools and channels for communication, more efficient systems, and better transparency of information for workers and employers. We continued to add staff and specialized skills to help support workers with mental health-related claims, which continue to grow in volume and add to overall claim complexity. We also increased our focus on applying the principles of equity, diversity, and inclusion both within our organization and in our stakeholder services.

The year 2022 also marked the highest number of accepted work-related deaths we've seen since 2005, at 181, compared to 161 in 2021. Occupational disease remained the leading cause, with more workers dying from asbestos-related disease than the year prior (61 in 2022, compared to 53 in 2021). Asbestos-related disease typically occurs many years, even decades, after exposure. We also saw a marked increase in deaths (from 15 in 2021 to 26 in 2022) resulting from work-related motor-vehicle incidents. This increase may be explained in part by the move, in 2021, of the Insurance Corporation of British Columbia (ICBC) from a tort system to an enhanced-care model. Before the change, those injured in a work-related motor-vehicle incident could opt to claim through ICBC or WorkSafeBC, while under the new model all work-related claims are routed directly to WorkSafeBC.

We also saw changes in our senior leadership last year. The head of Assessments and Finance, Brian Erickson, stepped into an advisory role. Chief financial officer (CFO) Mark Heywood will assume the division responsibilities in addition to his CFO role. Todd McDonald was appointed the head of Prevention Services, and will work with Claims and Rehabilitation Services to improve and align the services we provide to injured workers and employers.

Some of the same challenges we faced in 2022 continue to persist: a tight labour market, financial market volatility, and economic and geopolitical uncertainty among them. Our financial position remains strong, though the financial climate is markedly different now than it was prior to 2022. This report outlines not just where we have been but also where we are heading, and the risks and opportunities we will be facing in 2023.

Much remains to be done in advancing our strategic plan and our strategic priorities, including how we measure our progress. In 2021, the Board of Directors retired four performance measures with the goal of reviewing and implementing, where applicable, new measures to better track our progress toward our strategic priorities. We will continue that work in 2023.

Our stakeholders can expect our continued focus on the delivery of core services, with more options for accessing them. We will continue to engage with workers, employers, and providers in a variety of ways, including public-awareness campaigns, surveys, webinars, information sessions, consultation, education, participation in events and conferences, and direct outreach. We look forward to hearing the perspectives of our stakeholders, continuing to enhance our partnerships, and adapting to shifting circumstances together.

Some of the same challenges we faced in 2022 continue to persist: a tight labour market, financial market volatility, and economic and geopolitical uncertainty among them. Our financial position remains strong, though the financial climate is markedly different now than it was prior to 2022.

2022 highlights

We have continued to focus on improving our core services to meet the changing needs of injured workers, employers, and health care providers. These are some of our successful initiatives this year.

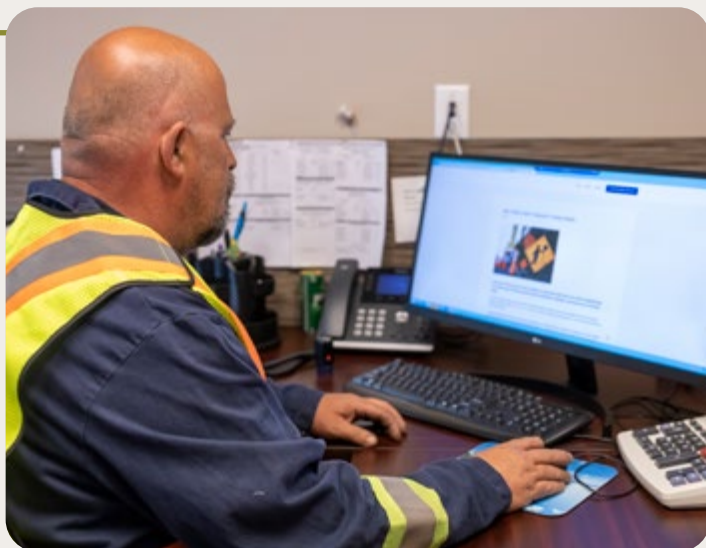


Health and safety culture and resources

We launched an awareness campaign on the importance of creating a positive health and safety culture, with a focus on engaging workers. The outreach campaign included ads on social media, TV, podcasts, and radio in multiple languages. We also introduced a [My health & safety resources](#) online tool that provides a custom list of resources for workers and employers, and are developing a self-assessment tool that we plan to pilot in 2023. This tool will empower and support employers in identifying areas of potential improvement in their own workplaces. (See page 31.)

Improving online experiences

Workers and employers can now receive more meaningful information online. We added self-enrollment for direct deposit; redesigned the landing page for **My Worker Services**; enhanced the document-uploader tool for workers, employers, and providers; and piloted a notification system for workers who have registered a claim via Teleclaim, providing key information via text or email and outlining their next steps. (See page 71.)





Amendments related to asbestos exposure

In 2022, the B.C. government amended the *Workers Compensation Act* by introducing new protections to help keep workers safe from exposure to asbestos. Under Bill 5, asbestos-abatement contractors must be licensed to operate in B.C., and workers who perform asbestos abatement must complete mandatory safety training and be certified. We are continuing to develop the asbestos licensing and certification programs and are working toward an implementation date of mid-2023. (See page 21.)

Our equity, diversity, and inclusion roadmap

We conducted an internal equity, diversity, and inclusion (EDI) audit and worked to develop a long-term roadmap. This included organization-wide training, which gives our employees the confidence to apply an EDI lens in their work. It also links to our Indigenous Relations strategy. (See pages 50 and 68.)

Our Joint Equity, Diversity, and Inclusion Committee has a mandate to promote an inclusive workplace, and our employee resource groups enable feedback from employees who experience barriers within our organization. (See page 50.)



Our hybrid work model

In consultation with staff, management, and stakeholders, we identified the different ways employees could work and gave those whose roles allowed it the flexibility to work from home. We equipped employees with tools for collaboration and connection, and introduced hybrid meeting technology in meeting rooms. (See page 50.)



Our operating environment

Our ability to respond and adapt to changes in our operating environment is critical to our success. By monitoring the risks and opportunities, we can respond and adapt effectively.

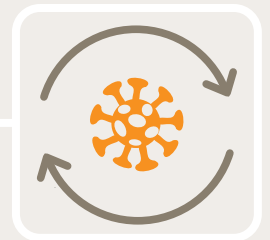
The following are factors we are watching closely in our current operating environment. Our risk strategy ([page 25](#)) addresses some of these factors. They are also represented in the sections we have for each of our four perspectives, which includes describing the impacts and how we are adapting to these changes.



Tight labour market

Labour market and recruitment/retention dynamics continue to be a key concern for the organization. The competitive labour environment is affecting our ability to attract and retain staff, which in turn is affecting our ability to meet stakeholders' expectations for timely, accessible, and high-quality services.

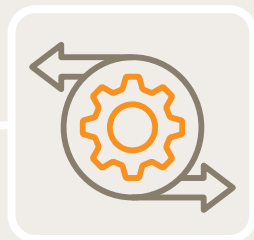
For our response to the tight labour market, [see page 52](#).



COVID-19

Ongoing waves of COVID-19 have also been met with recent surges of influenza and respiratory syncytial virus (RSV). While COVID-19 boosters and influenza immunizations are widely available, case counts have placed increased pressure on the health care system and on our adjudication resources and capacity to respond.

For our response to COVID-19 claims, [see page 33](#).



Changing nature of work

The pandemic accelerated the change in how and where people work, with remote or home-based work increasing alongside growth in the gig economy.⁴ Hybrid work environments that were originally intended to be temporary have become permanent as employees expect flexible hours to improve their work-life balance, and reduced time spent commuting. The work-at-home model challenges our ability to ensure safe working conditions in employees' homes to prevent ergonomic-related injuries, for example.

For our response to the changing nature of work, [see page 34](#).



Equity, diversity, and inclusion

In recent years, the focus on equity, diversity, and inclusion in the workplace has increased across the world, with attention to the needs of marginalized groups including Indigenous communities. We are responsible for maintaining a workers' compensation system that works for everyone in B.C. Our products, services, policies, processes, and systems — generally all aspects of our organization — need to support inclusivity.

For our response to be more inclusive, [see page 68](#).



Financial risks

The general decline in worldwide financial markets seen in 2022 led to the first decline in the value of WorkSafeBC's investments since 2011. Higher inflation rates have also put upward pressure on benefit payments. In addition, the provincial legislative change resulting from Bill 41 added a one-time cost (liability adjustment for existing claims) of \$1.26 billion and projected ongoing annual costs of approximately \$117 million. Complex injury claims are also adding to claim costs, and our staffing model changes to address complex injury claims have contributed to increased claim administration costs.

For our response to financial markets, **see page 56.**



Cybersecurity

Like other organizations, we are not immune to increasing global incidents of cyberattacks and phishing attempts. We are entrusted with sensitive, confidential personal/organizational data and financial assets by the workers and employers of B.C. This makes us a target for cybersecurity threats.

For our response to cyber threats, **see page 38.**



Stakeholders' expectations

Workers, employers, health care providers, and our own employees are increasingly demanding digital self-serve channels and easy access to information and services. Our stakeholders expect a consistent experience across all tools and channels that we provide.

For our information on how we are responding to stakeholder expectations, **see page 71.**



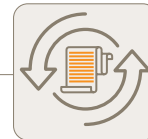
Legislative and policy changes

Government-mandated reviews of occupational health and safety and workers' compensation policies have been more frequent in recent years, to ensure they meet rapid societal changes and shifting expectations. These reviews and their resulting legislative amendments, while important, have policy and operational impacts that the organization deals with beyond the implementation dates.

Summaries of Bills 5 and 41 are provided on **page 21.** For details of their projected financial impact, **see page 22.**

Two major Bill amendments impact WorkSafeBC operations

Bill 5 — New protections for people working with asbestos



Asbestos has long been the number one killer of workers in B.C., which is why the *Workers Compensation Act* was amended last year to bring in a new asbestos licensing and certification system. The new Bill introduces much stronger requirements for asbestos abatement contractors.

2022 amendments related to asbestos exposure

Since 2000, asbestos exposure has been the cause of more than half of all work-related occupational disease deaths and approximately a third of all work-related deaths. While there have been comprehensive efforts in recent years through regulatory change and enforcement to protect workers from asbestos exposure, workers continue to be exposed to asbestos through inhaling asbestos fibres during renovation and demolition.

In March 2022, the B.C. government passed Bill 5, which amends the *Workers Compensation Act* so that it requires asbestos abatement contractors to be licensed to operate in the province, and workers who perform this work to take mandatory safety training and be certified. WorkSafeBC is also required to maintain a registry of licensees. The amendments will make B.C. the first jurisdiction in Canada to implement a licensing requirement for the safe handling of asbestos.

Requirements for asbestos abatement contractors and workers

As the provincial body with the mandate to ensure the health and safety of B.C.'s workers, we have the responsibility for implementing the new legislation, which includes developing the standards for asbestos safety training and certification programs.

In 2022, we developed the framework for the training and certification programs, identifying the competencies workers will need to demonstrate for certification and requesting expressions of interest from training providers.

We have also consulted preliminarily with external stakeholders on the framework for certification, on draft amendments to the Occupational Health and Safety Regulation, and on key elements of the licensing program.

Looking ahead to training, certification, and licensing

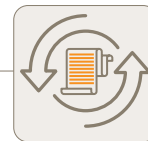
In 2023, WorkSafeBC will continue to ensure the legislative requirements are implemented effectively once the changes take effect (the exact date to be determined as of this writing).

This includes developing the licensing scheme for abatement contractors and conducting public consultation with stakeholders on draft amendments to the Regulation and policy to support the certification and licensing schemes.

We will continue to ensure that potential asbestos abatement training providers understand what is required to be approved to provide worker training. Approved training providers will begin offering training by mid-2023 so that all workers have enough time to receive their certification by the implementation date. We anticipate accepting applications for licensing starting in October.

We will also embark on an educational campaign for both workers and employers who are affected by these changes.

Bill 41 — Workers' compensation changes improve support for workers



Amendments to better support workers

Since 2018, several major reports have been published recommending changes to B.C.'s workers' compensation system, including Paul Petrie's *Restoring the Balance: A Worker-Centred Approach to Workers' Compensation Policy* in 2018, commissioned by WorkSafeBC's Board of Directors, and Janet Patterson's *New Directions: Report of the WCB Review 2019*, commissioned by the Ministry of Labour.

In October 2022, the B.C. government announced Bill 41, introducing seven amendments to the *Workers Compensation Act*. Three amendments took effect on November 24, 2022, the remaining four amendments taking effect in 2023 and 2024.

In effect in 2022

Bill 41 changes how workers' compensation benefits are adjusted for inflation each year. To index benefits, the annual increase in the consumer price index (CPI) with an automatic 1 percent reduction was replaced with full CPI indexing. The maximum annual adjustment of 4 percent was also eliminated, with the option of the Board to decide on an increase that is more than 4 percent but not greater than the full CPI increase. Going forward, injured workers' pensions will most likely keep pace with the increasing cost of living.

A separate amendment allows us to increase the maximum compensation for non-traumatic hearing loss.

Bill 41 also expands our ability to prohibit employers from suppressing workers' compensation claims, such as when an employer discourages a worker from filing or maintaining a claim or punishes them for doing so (e.g., through dismissal or discipline).

In effect in 2023 and 2024

As of April 3, 2023, workers and employers with a decision before the Workers' Compensation Appeal Tribunal can request a review by independent health professionals. Also, WorkSafeBC will pay interest on delayed benefit payments (i.e., unpaid for at least 180 days) following a review or appeal determination.

As of May 1, 2023, the Board of Directors will appoint a fair practices commissioner, whose mandate will be to investigate complaints from workers, employers, and workers' dependants on alleged unfairness, and make recommendations to WorkSafeBC to address systemic matters of fairness.

The final amendment, to be implemented at a later date, adds a legal duty for employers to return injured workers to work and for workers and employers to cooperate in the worker's early and safe return to work.

Financial impact

As of March 2023, the Bill 41 legislation changes represent a one-time cost of \$1.26 billion, with this liability adjustment for existing claims being applied in 2022. This additional liability increased our capital reserve by \$363 million. In addition, the ongoing yearly cost of this legislative change is projected to be about \$117 million. We are continuing to work through the operational and system impacts of these legislative changes. The most significant financial cost component of Bill 41, representing \$1.04 billion of the \$1.26 billion, is in restoring the potential for indexing workers' compensation benefits to the full annual percentage change in the CPI.

Being fully funded has mitigated the impact of the one-time cost for employers. In the context of economic forces such as higher inflation and reduced investment returns, however, ongoing costs will put upward pressure on premium rates starting in 2024.

For more details on our financial context and Bill 41, [see page 56](#).



Asbestos memorial,
titled *Magic and Lethal*,
commemorates workers

The first memorial in North America dedicated to people who have died of or been affected by asbestos exposure was unveiled at the Vancouver Convention Centre on September 22, 2022.

The Wind Wheel Mobile metalwork sculpture, commissioned by the BC Labour Heritage Centre from artist Doug Taylor, is designed to resemble the chaotic movement of microscopic, needle-like asbestos fibres, which can fly through the air and enter the bronchial tubes and lungs of the human body.

In 2022, 61 workers lost their lives due to asbestos-related disease, making it the number-one killer of workers in our province. While asbestos is now banned and no longer used in construction, it can still be found in buildings that were built before the 1990s, and sometimes even later — making it a risk in the demolition and renovation industries.

Called the “silent killer,” asbestos exposure can cause serious health problems, including lung disease and cancers that often result in death years after the original exposure. This is why WorkSafeBC has been committed to continued education, consultation, and enforcement to raise awareness of the deadly consequences asbestos exposure can have.

“We recently took steps to bring about licensing requirement and mandatory safety training for asbestos abatement contractors,” says Anne Naser, president and CEO of WorkSafeBC. In 2022, the provincial government introduced new protections to help keep workers safe from exposure to asbestos.

Dedicated to all workers and families that have been affected by asbestos exposure, the memorial is designed to help raise public awareness of the ongoing hazard of asbestos-containing materials. It was co-sponsored by WorkSafeBC, the BC Labour Heritage Centre, the BC Pavilion Corporation, and the Vancouver Convention Centre. The sculpture will be a permanent reminder of a tragedy that should never be forgotten.

It was a moving ceremony at which president and CEO Anne Naser spoke on behalf of WorkSafeBC: “It’s incredibly important for those who have lost their family member, friend, or colleague to asbestos-related illness to have a beautiful memorial to remember them, and also to remember what it is trying to tell us about the impact of asbestos.”

The seven-metre-tall sculpture, titled *Magic and Lethal*, is located on the northwest corner of the waterfront path of the Vancouver Convention Centre, and faces Burrard Inlet, where asbestos was loaded into export ships for decades.

Our risk strategy

Like any organization, we are susceptible to risks that could have significant consequences if unmitigated. Understanding and addressing current and emerging risks that pose threats to our business are critical to our long-term success.

As the pace of change accelerates, a key factor for our success is how we respond not only to active changes in the current environment but also to signals of emerging changes. Recognizing these coming changes early helps us understand and respond to the risks — and capitalize on potential opportunities when appropriate.

We have been working both to identify risks more accurately and to better understand them so we can mitigate them through effective controls. Each enterprise risk has an executive risk owner and a governance structure that includes reporting to our Enterprise Leadership Team and our Board of Directors for review.

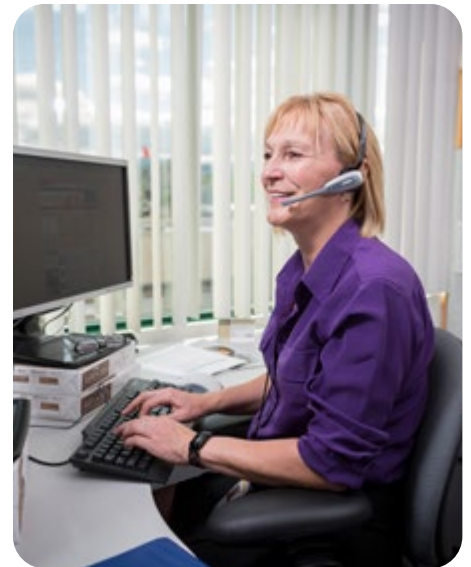
Our approach to risk management

We monitor, evaluate, and follow through on information on changes or opportunities in enterprise risks. Being informed about risks and opportunities is a continuous process and can help with our annual business-planning cycle. Framing risk involves building a foundation for understanding that sets the stage for decision making, in the following steps:

- **Inform ourselves.** The first step is informing ourselves of potential risks — through internal and external environmental scanning and the tracking of information about existing or potential new risks.
- **Understand.** The next step is understanding the risks we have identified. We conduct focused risk analyses and assess *residual risk criticality* for each risk based on the likelihood of the risk occurring, how severely it would disrupt our strategic priorities and mandate, and the urgency of an emerging situation.
- **Act.** Finally, we take action to support our desired outcomes. We prioritize and follow through on managing the risks as well as opportunities that taking a risk can provide.

Key areas of enterprise risk

We have identified several risks across the organization. Taking into consideration some of the factors highlighted in “Our operating environment” on **page 19**, we can say that five of these risks are significant. These five risks are highlighted below along with key factors and risk-control strategies. Strategies to address these risks (and strategies for less critical risks) are addressed in the content related to our strategic priorities.



Barbara Vlaka, service coordinator, answers calls at the WorkSafeBC Kelowna office.

As the pace of change accelerates, a key factor for our success is how we respond not only to active changes in the current environment but also to signals of emerging changes.



Stakeholders not receiving timely and quality services related to claims and rehabilitation

Staffing capacity issues, increased expectations for client-centred services and outcomes, and a growing volume of complex claims are the three main factors driving the risk. Key risk-control strategies include targeted improvements to quality, specialization, additional recruitment, and training of staff. (See page 32.)



Inability to maintain a skilled workforce

Global trends with respect to recruitment, retention, and succession continue, as mentioned on page 19. We are strengthening key risk-control strategies both internally and externally. Internally, we will manage the impacts of attrition with a rigorous workforce plan. Externally, we will reinforce our branding as an employer of choice and analyze market surveys to understand what employees and job candidates expect from a potential employer.



Interruption or damage (or loss) to IT systems, critical applications, and data (including data theft) due to a cyber event

As mentioned in the previous section, increasing incidents of cyberattacks and phishing attempts around the world are mainly driving the risk criticality level. Key risk-control strategies include (but are not limited to) scans for vulnerability management, hunting for threats, and a security awareness program that includes training. (See page 38.)



The Accident Fund falling below the threshold or experiencing a short-term significant fall toward the threshold

The main risk factors include volatility in financial markets, high inflation rates, and rising interest rates. Further, our claim benefit costs are expected to increase for various reasons that include the Bill 41 legislation changes, increasing claim volume, and increasing complexity and duration of claims. Risk-control strategies include investing in inflation-sensitive assets, using a conservative discount rate for rate setting and year-end valuations, monitoring the consumer price index, and maintaining a Capital Adequacy Reserve. (See page 61.)



Succession for leaders or critical roles

We have identified leadership positions that are in, or expected to be in, a period of transition without identified successors. Key risk-control strategies include strengthening internal pipelines with defined succession management and strategies to ensure timely succession for critical leadership roles throughout our organization. Where internal capability does not exist, we will mitigate risk by targeting external sourcing and engagement. (See page 52.)



Our operational perspective

To prevent workplace injury, illness, and death and to support injured workers, we deliver prevention, compensation, and rehabilitation services. We do this in a stakeholder-centred manner that meets their expectations for quality and responsiveness.



Daniel Paul and Andy Kastak from Vitalis Extraction Technology, talk extraction equipment with Stuart McGregor from the Christina Lake Cannabis Corp.

Prevent workplace injury, disease, and death by engaging employers and workers in workplace health and safety

Protecting workers (and others present) at workplaces from work-related risks and strengthening the health and safety culture in our province helps prevent workplace injuries, disease, and death. This is a cornerstone of what we do and why we exist. While employers have the ultimate responsibility for worker safety under the *Workers Compensation Act* and the *Occupational Health and Safety Regulation*, we are responsible for supporting employers, workers, and other parties to ensure that all workplaces are safe and healthy.

High-risk sectors

In 2022, we continued to use a risk-based approach to identify what poses the greatest risk of serious injury to workers and to develop strategies to reduce these risks. This means that we deploy resources where they're most needed, focusing on sectors and workplaces where injuries have a higher likelihood to be life altering or life threatening.

This approach involves workers and employers identifying hazards, evaluating risks, and implementing controls most appropriate to their on-site activities. In 2022, we particularly focused on employers successfully communicating with workers about workplace health and safety through job orientations, training, supervision, incident investigations, worksite inspections, and joint health and safety committees that are robust and well supported.

We also continued to focus on four industry sectors with a high rate or risk of injury: construction, forestry, health care and social services, and manufacturing. Based on the previous five-year average of person-years,⁵ these sectors combined make up 30 percent of the workforce in B.C., and accounted for 50 percent of all time-loss claims and 48 percent of serious-injury claims accepted in 2022.

Construction



	2022	
	Planned	Completed
Inspection reports*	6,386	8,192 7,471 in 2021
Percentage of total time-loss claims	12%	
Percentage of total time-loss claims for serious injuries	20%	

Our strategy for the construction sector focuses on the following areas of high risk: falls from elevation, struck-by injuries caused by mobile equipment, high-voltage limits of approach, musculoskeletal and repetitive strain injuries, tower cranes, and occupational disease.

Forestry



	2022	
	Planned	Completed
Inspection reports*	1,666	1,733 2,133 in 2021
Percentage of total time-loss claims	1%	
Percentage of total time-loss claims for serious injuries	2%	

Our forestry strategy focuses our inspections in the areas of timber harvesting that represent exceptional risk to workers: manual tree falling, log transportation, cable yarding, mechanized harvesting, and silviculture. The need for emergency-response planning, hearing-loss prevention, and managing phase congestion and roadside debris are integrated into inspections, consultation, and outreach at every opportunity.

Health care and social services



	2022	
	Planned	Completed
Inspection reports*	388	471 374 in 2021
Percentage of total time-loss claims	27%	
Percentage of total time-loss claims for serious injuries	13%	

Our focus for health care and community social services workplaces is on the prevention of violent incidents and musculoskeletal injuries (MSIs). Point-of-care interactions between workers and patients or other individuals pose the greatest risk of injury to workers, including serious injuries due to acts of violence, while workers also face the risk of overexertion or MSIs due to patient or individual lifting and patient or individual mobility limitations.

Manufacturing



	2022	
	Planned	Completed
Inspection reports*	938	1,022 986 in 2021
Percentage of total time-loss claims	9%	
Percentage of total time-loss claims for serious injuries	12%	

Our focus for the manufacturing sector is to help employers implement safety programs and control risks specific to their workplace. Depending on the industry or classification unit, our strategy focuses on machine safeguarding, de-energization, and lockout; power tools; hand tools; material handling; falls from elevation; falls on the same level (slips, trips, and falls); mobile equipment; combustible dust; and musculoskeletal injuries.

*Reported high-risk sector strategy inspection reports are for initiating inspections conducted through the high-risk strategy and do not include all sector inspections conducted during the year.

Our initiatives

We also have specialized teams who focus on occupational health and safety issues that span multiple sectors or affect smaller subsectors. We employ the same risk-based approach, focusing on inspections, consultations, and the development of materials and resources on the processes, equipment, and substances that pose the greatest risk to workers. In 2022, these were our initiatives:

- Agriculture
- Asbestos: commercial
- Asbestos: residential construction
- Bullying, harassment, and prohibited action
- Confined space
- Crane and mobile equipment
- Marine (commercial fishing)
- Motion picture and television production
- Musculoskeletal injuries
- Oil and gas
- Other occupational diseases (cancer, asthma, poisoning, and hearing loss)
- Process safety (for handling hazardous substances)
- Program and committee evaluation (for employers with 20 or more workers)
- Psychological health and safety
- Serious-injury prevention
- Small business
- Sustained compliance (based on our previous inspections)

Injury-reduction partnerships

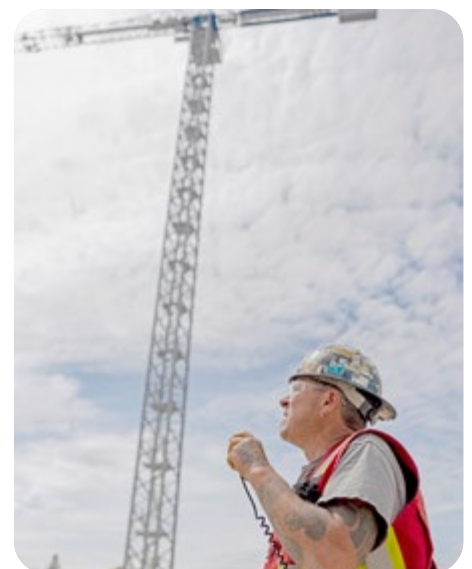
Here are some of the initiatives we fund annually to extend our reach in partnership with other B.C. agencies. In 2022, we provided \$6.1 million in funding for these eight initiatives:

- Road Safety at Work (through the Justice Institute of B.C.): Includes “shift into winter” and “cone zone” campaigns
- BCFED Health & Safety Centre: Worker and employer education and training programs
- B.C. Common Ground Alliance: Health and safety for underground utilities
- Small Business B.C.: Health and safety outreach to small businesses
- Executive Health and Safety Council of B.C.: Leadership commitment to health and safety through the B.C. Safety Charter program
- B.C. Construction Safety Alliance (a health and safety association focused on injury-reduction initiatives that runs three programs):
 - a train-the-trainer program is offered for traffic control persons in the province
- The Technical High Angle Rope Rescue Program provides training and equipment to fire departments.
- The Fire & Flood Restoration Program provides occupational health and safety resources and tools for the fire and flood industry.

Crane and mobile equipment



In light of recent tower crane incidents, in 2022, the Board of Directors approved regulatory changes to improve worker safety when using tower cranes. A professional engineer is now required to supervise the inspection of equipment and certify equipment as safe to use following both misadventures and contacts. The changes also introduced a new requirement for zone-limiting devices to be installed in tower cranes, when practicable, to reduce the likelihood of collisions. The Board of Directors approved the amendments as well as a consequential policy change in the Prevention Manual at its October 2022 meeting, and these came into force on March 1, 2023.



Mike, a tower crane rigger, calls up to an operator in Kelowna, B.C.

Emerging risks

Our Risk Analysis Unit identifies and assesses new and emerging risks to understand their potential impact and develop mitigation strategies. In 2022, we developed and distributed risk advisories on the following subjects, identifying who is at risk and providing guidance on reducing or eliminating the risk.

2022 risk advisories

Exposure to toxic chemicals from cured-in-place piping

Cured-in-place piping is a method of repairing sanitary sewer and stormwater pipes while the original piping remains in place. The process involves a reaction that may release volatile chemicals into the environment and result in injury.

Extracting cannabis using high-pressure equipment

The process of separating cannabinoids from cannabis plants is complex and requires special equipment operating under high pressure. During the extraction process, there's a risk of blasts caused by an inadvertent release of pressure, potentially resulting in injuries.

Exposure to welding fumes

During welding work, metals are heated to fuse them together. This process releases fumes that contain hazardous metals and other chemicals that may cause cancer and other illnesses.

Fire, explosions, and other dangers from using anhydrous ammonia

Anhydrous ammonia is a flammable and colourless gas used in skating rinks, supermarkets, food and beverage manufacturing, and other operations. At higher concentrations of anhydrous ammonia and with ineffective controls in place, a fire or explosion in these workplaces can occur. Inhalation and the corrosive effects of ammonia can also harm workers in the event of an accidental release.



Tycorp employee grinding welds on finished product.

Health and safety culture

Health and safety culture in a workplace has (through research) continually shown to be a critical factor to reducing and eliminating workplace injury. For this reason, we have a number of initiatives focused on promoting employer and worker participation in occupational health and safety.

Worker engagement

In 2022, we launched an awareness campaign focused on creating a positive health and safety culture, with a focus on engaging workers. The outreach campaign included ads on social media, TV, podcasts, and radio in multiple languages and will continue to grow in 2023. During inspections and consultations, we focused on helping employers and workers understand their role in reducing risk to workers, the role of joint health and safety committees (including their requirement to conduct an annual evaluation), and how to discuss health and safety issues with those committees.

Employer engagement

In 2022, we expanded our online services (worksafebc.com/for-employers) for employers. They now have easier access to the resources and information they need to comply with regulations and to build robust health and safety programs. We also conducted development work on a self-assessment tool (for identifying areas for improvement) that will empower and support employers, which we will look to pilot in 2023.

Incident investigation reports

An online app to help employers investigate workplace incidents or near-misses, piloted in 2021, was made broadly available in 2022. The app makes it easier for employers to meet their responsibilities to complete incident investigation reports and submit them to WorkSafeBC as required. These investigations help employers and WorkSafeBC understand the cause and what can be done to prevent similar incidents in the future.

Health and safety resources

My health & safety resources is a new online tool that provides a custom list of health and safety resources for workers and employers in three simple steps. Users answer questions specific to their workplace and then select relevant health and safety topics, and the tool generates a report (a PDF or customizable Excel sheet) that can be downloaded and saved.

Reassignment of refused work



Section 3.12 of the Occupational Health and Safety Regulation provides the right to refuse work if the worker has reasonable cause to believe that the work would create an undue hazard to the health and safety of any person. Previously, this section allowed an employer to reassign a second worker to the task the first worker had deemed unsafe with no requirement to notify the second worker that another worker had previously refused to perform that task. As approved by the Board of Directors, amendments that ensure workers who are requested to perform a task have notice of any previous refusal came into effect on August 22, 2022.



"Small acts make a big difference", our campaign promoting health and safety culture, was our top ad campaign in 2022, earning more than **55.5 million** impressions across all channels, with **50,000** visits to worksafebc.com.

Maximize overall recovery and post-injury earnings for injured workers

This strategic priority means that we make all reasonable efforts, in partnership with health care providers and employers, to help workers maximize their recovery and their post-injury earnings wherever possible.

When accidents happen, supporting injured workers through their recovery toward a safe, durable return to work is our primary focus. The ability to get back to work helps maintain relationships, ensures financial stability, and contributes to physical and mental well-being.

Improving recovery and return-to-work outcomes

In 2022, we increased access to safe and effective return-to-work and recover-at-work programs. Through a successful pilot, we also introduced a physiotherapy clinical advisor role, which expedites extensions of treatment.

We continue to improve our primary tool that employees use to plan recovery and return to work, making it more usable and efficient. We piloted a project to develop return-to-work plans for workers as early as possible in the process, with initial results suggesting that an injured worker with this kind of support is six times more likely to safely return to work within 12 weeks. And our medical advisors continued to reach out to family physicians where appropriate, to offer support and discuss safe modified duties for injured workers. Through the Early Medical Advisor Involvement (EMAI) project, our team of medical advisors help answer physicians' questions about when it's medically safe to return their patients to employment.

Responding to the unique needs of injured workers

Recently, we have seen an increase in claims involving mental health disorders, secondary psychological conditions that arise post-injury, and chronic pain. These disorders and conditions can have significant impacts on the injured worker, their employer, and on the workers' compensation system, and we are required to minimize these impacts taking into consideration the unique needs of each worker.

In 2022, we increased adjudication resources in claims intake and case management to help address the growing volume and complexity of mental disorder claims, better manage the duration of short-term disability claims, and improve timeliness for long-term disability benefits.

We also worked with health care providers to restore most in-person treatment programs that were unavailable because of COVID-19, a critical support for workers in need of complex care. We also continued adding more providers to the assessment and treatment networks to address the continuing growth in cases.



Dr. Alfredo Tura, as part of the EMAI project, works with B.C.'s family physicians and our case managers to help injured workers return to work as soon as it's healthy for them to do so.



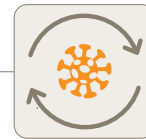
Where a worker’s personal injury, mental disorder, or occupational disease results in a permanent psychological impairment, WorkSafeBC provides the worker with permanent-disability benefits as set out in the *Workers Compensation Act*. On May 25, 2022, the Board of Directors approved policy changes to the assessment of permanent psychological disability benefits. These changes included removing procedures specific to determining permanent psychological disability benefits, thus ensuring timely and quality adjudication to better serve stakeholders and support operational improvements. We have also made changes to the process and to the staffing model. The amended policies apply to all decisions made on or after July 1, 2022.

Amending the policy for permanent partial disability

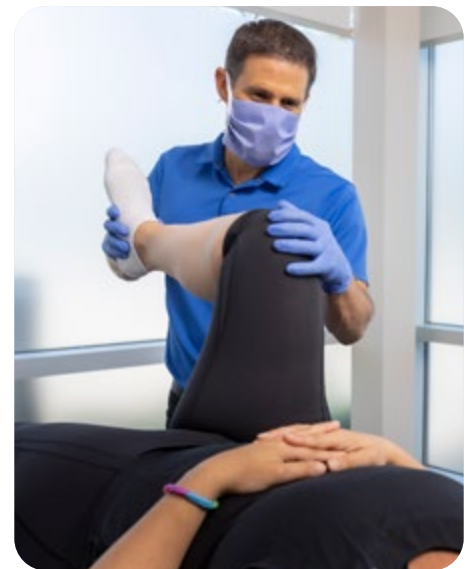


On July 13, 2022, the Board of Directors approved policy changes for estimating what a worker is capable of earning after a workplace injury results in a permanent partial disability, and what factors to consider when we determine a suitable occupation for these loss-of-earnings assessments.⁶ The definition of suitable occupation was amended so that the worker’s individual circumstances are considered, including pre-existing medical conditions, and whether a worker is competitively employable for a job within a reasonably available occupation. (The policy changes also improve readability and revise outdated terminology.)

Responding to COVID-19 claims



We have continued to respond to the pandemic, including offering customized clinical supports to manage recovery and return to work for workers experiencing long-COVID⁷ symptoms. In the first half of 2022, two major surges in COVID-19 claims, the largest since the pandemic began, significantly impacted our claims operations. Thanks to significant efforts across our teams, we avoided major service disruptions and restored timeliness of COVID claims service by the third quarter. In total, 9,761 COVID claims were paid in 2022, most in the first half of the year.



Physiotherapist working on an injured worker.

Provide comprehensive insurance coverage for workplaces in B.C.

The workers' compensation system in B.C. has been evolving to meet the needs of workers and employers since 1917. The laws protect both parties by providing resources on injury prevention and eliminating expensive and lengthy lawsuits. Workers have the right to compensation for workplace injuries and employers have immunity from lawsuits filed by injured workers. Employers financially support the system by paying premiums based on their assessable payroll.

Responding to changes to the labour market and business models

We continue to adapt our insurance offerings in the face of new modes of working, such as in the gig economy.⁸



On July 13, 2022, our Board of Directors approved policy amendments for determining workplace status to better align the policy with the *Workers Compensation Act* and the common law, and reflects the changing nature of work in British Columbia. *Workplace status* determines the rights and responsibilities a person has under the *Workers Compensation Act*, including compulsory coverage for workers, and employers' obligations to pay assessments into the Accident Fund and ensure safe workplaces. Key changes include harmonizing policy with the common law test to determine the nature of a contract and the elimination of the "labour contractor" category. The amended policies apply to all decisions made on or after January 1, 2023.

We also conducted a promotional campaign directed to gig-economy service providers, particularly those in the ride-hailing industry, to make them aware that Personal Optional Protection (POP) coverage was available to those not covered as workers.⁹

Increasing the mileage rate for transportation



On July 13, 2022, the Board of Directors approved changes to increase the worker mileage rate when WorkSafeBC covers an injured worker's transportation costs as part of their health care. The increase aligns the worker mileage rate with Canada Revenue Agency's maximum tax-exempt mileage allowances for B.C. and will be adjusted on January 1 of each year. The amended policies apply to all decisions made on or after September 1, 2022.

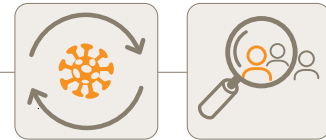


This ad is part of a multilingual campaign aimed at rideshare drivers on the benefits of POP insurance. More than 14-million impressions and 10,600 clicks on digital ads led to approximately 11,000 visits to our POP landing page on worksafebc.com.

Deliver service to stakeholders at defined service levels

To better serve British Columbians, we have defined the core services of each division and set performance and outcome measures. Generally, the core services are the programs and services we provide through our three main streams of business: prevention (and enforcement activities), claims and rehabilitation services, and insurance (assessments).

Meeting our prevention, compensation, and rehabilitation service targets



For each of our core services, we have established minimum service-level expectations to ensure that we are meeting our stakeholders' needs.

In 2022, as noted earlier, we responded to two significant COVID-19 claims surges in the first and second quarters. Most workers with eligible COVID-19 claims who received compensation returned to work quite quickly owing to the shorter-than-average duration of these claims.

We also added staff to help us respond and adapt to stakeholders' needs:

- The addition of staff in Long Term Disability (LTD) Services significantly reduced the inventory that had grown as a result of increasing volume, increasing claims complexity, and legislative changes. Complex claims take longer to adjudicate. A new team of senior LTD officers also helped improve timeliness of benefits.
- With the support of additional staff, Vocational Rehabilitation Services reduced its inventory of cases awaiting a vocational-rehabilitation plan.
- We were able to change our business process to expedite reviews of newly registered claims.

Despite these achievements in maintaining most core services, the sheer volume of additional claims and claims in pay, especially in the first quarter, combined with staffing challenges and increasing claims complexity, did result in some struggles to meet all our core service targets. This also resulted in client satisfaction ratings not being as high as they normally are.

Administer the *Workers Compensation Act* and Occupational Health and Safety Regulation

As the provincial workplace-safety regulator, WorkSafeBC is responsible for implementing legislative changes to the *Workers Compensation Act*; consulting on, drafting, and passing the Occupational Health and Safety Regulation; and inspecting workplaces to ensure that employers are meeting their requirements under both the Act and the Regulation.

Bill 5 and Bill 41 — amendments to legislation to better support B.C. workers

In 2022, the provincial government passed two important bills that impacted our work. Bill 5 was passed in March 2022, making B.C. the first jurisdiction in Canada to implement licensing and certification requirements for the safe handling of asbestos. In October 2022, the B.C. government announced Bill 41, introducing seven amendments to the *Workers Compensation Act* to better support workers in B.C. (See page 21.)

Providing cost relief to employers for claims resulting from the serious and wilful misconduct of a worker



On May 25, 2022, the Board of Directors approved changes to policy to relieve all costs associated with the serious and wilful misconduct of a worker. With the policy revisions, all costs of compensation where death or serious or permanent disability is attributable solely to the serious and wilful misconduct of the worker are excluded from an employer's experience rating.¹⁰ These revisions ensure that the policy is internally consistent and the treatment of employers is the same in cases where the employer equally has no ability to prevent the worker's death or serious or permanent disability. Worker benefits are not impacted — the worker receives full benefits under the Act, but the costs, normally assigned to the employer, are assigned to the employer's rate group. The amended policies apply to all decisions made on or after June 1, 2022.



Caitlyn Klautt, an occupational safety officer for WorkSafeBC, discusses safety with Gilbert Smith and other Forest Products employees in Barrière, B.C.

Maintain an effective and efficient operation

Maintaining an effective and efficient operation builds trust with stakeholders and supports our mandate to prevent injuries and provide compensation and rehabilitation for injured workers. To do this we must manage administration costs, have internal controls in place, and ensure that our organizational efforts are aligned with our strategic priorities.

Aligning organizational efforts with desired outcomes



Each year we develop and update our service plan to provide a line of sight for organizational priorities, initiatives, and anticipated outcomes. We also prioritize the resource and funding we need to achieve our goals with an annual budget approved by our Board of Directors.

Our Enterprise Leadership Team develops our service plan to ensure that WorkSafeBC is addressing the Board's priorities, delivering the legislated obligations for our organization, meeting our core service responsibilities, and continuously improving service delivery to our stakeholders.

At the end of each quarter, we track our progress against our plan and budget, and report back to the Board of Directors.

Managing administration costs



To monitor and manage administration costs, we conduct financial reviews at the end of each month. This includes analyzing administrative costs compared with the budget, with explanations about any variance provided to the chief financial officer (CFO). The CFO regularly reports results from these reviews to our Enterprise Leadership Team, including the president and the chief executive officer, the Audit Committee, and the Board of Directors.

Maintaining internal controls

Our management team is responsible for establishing and maintaining adequate internal controls to reasonably assure the Audit Committee of the Board of Directors that we are complying with established policies and procedures. Once a year, our management team acknowledges their responsibilities for internal controls by going through a series of self-assessment checklists. In this way, our chief financial officer can assure the Audit Committee that the key internal controls are in place and functioning effectively. Our Internal Audit department verifies these self-assessments with random sampling and provides advice and ongoing support to management on how to achieve the goals that the internal controls are designed for.

Ensure the integrity of WorkSafeBC data and systems

To provide products, benefits, and services to our stakeholders, we rely significantly on a robust suite of technology. Our technical teams work to ensure the integrity of our data and systems so that they are always available and personal information and our financial assets are safeguarded.

To meet rising stakeholders' expectations for greater access to and options for online services, we are continually evolving our technology infrastructure, availability, and security across all our technical systems.

Protecting the personal information and data entrusted to us by the employers and workers of B.C.



We protect the personal data entrusted to us by the employers and workers of B.C. through our cybersecurity program. Our program consists of a variety of security controls, which arms us against data threats.

In 2022, we benchmarked our organization against other public-sector organizations using the National Institute of Standards and Technology cybersecurity framework. We have also continued to maintain our cybersecurity program activities and educate our employees by releasing additional modules for our Information Security Awareness training.

Technology infrastructure, availability, and security



In 2022, we continued to invest in the migration of our core infrastructure to the cloud, which is necessary to establish a scalable environment that can meet future business demands. We also invested in tools to effectively monitor and predict system conditions.

Projects in 2022 included implementing new contact-centre technology across our organization. We also moved to a service-management platform that supports how we handle technological support as well as technical issues and when we change our systems and applications. These systems underpin many services we provide to employers, workers, health care providers, our employees, and the public.

We also completed a multi-year upgrade of our internal system for managing financial transactions with employers including outstanding payments, assessment premiums, payments received, and penalties. The previous version of the system was past its end-of-life and unsupported by the vendor, so the upgrade reduces technological risk and improves the user experience for our staff.

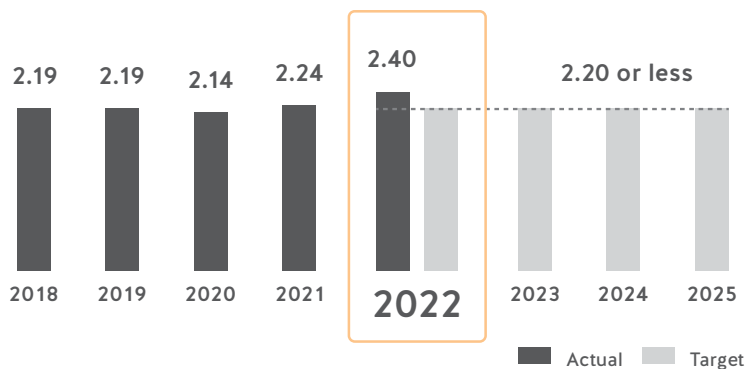
To meet business demands in 2022, we also implemented the technology infrastructure and security supports for a hybrid work model that allows flexibility for our teams. (For details, see “Foster an engaged workforce,” **page 50.**)

Key performance indicator:

Reduce the provincial time-loss claims rate

This indicator measures the frequency of worker claims filed in B.C. that required one or more days off for recovery, and helps us assess our collective workplace health and safety efforts. The lower the result, the better the outcome for B.C.'s workers and employers.

Provincial time-loss claims rate*

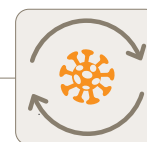


*The provincial time-loss claims rate for 2022 is preliminary and subject to change. The time-loss claims rate is finalized in July each year; prior-year results are restated, if necessary, to reflect final numbers. Results for 2021 have been restated from what was published in the *2021 Annual Report and 2022-2024 Service Plan*.

This key performance indicator (KPI)¹¹ represents reported time-loss injuries¹² in all employment sectors within our jurisdiction. Variables such as economic activity, industry practices, and the injury risk in each sector are all contributing factors to the time-loss claims rate. The KPI does not directly reflect the impact or severity of injuries on workers, or measure workplace health and safety culture, prevention outreach, and other variables that affect the overall health and safety of B.C.'s workplaces.

Our prevention efforts aim to reduce the risk of workplace injury, disease, and death by directing resources to employers, workers, industries, sectors, and activities that present the greatest risk or frequency of injury or disease, and by providing all employers and workers the information and resources they need to manage the risks at their workplace.

There were 9,761 COVID-19 time-loss claims in 2022, 261 percent higher than the 2,707 COVID-19 claims we accepted in 2021. Of the COVID-19 claims accepted in 2022, 237 met the classification of a serious injury.¹³ If we exclude the accepted COVID-19 claims, the time-loss claims rate for 2022 would be 2.01, which is 5.4 percent lower than the 2021 time-loss claims rate of 2.12.



In 2022, the provincial time-loss claims rate was 2.40¹⁴ — 7.0 percent higher than the 2021 rate of 2.24.¹⁵ (See page 28 for our performance on reducing the time-loss claims rate.)

In 2022, the increase to the overall time-loss claims rate was primarily concentrated within the service-industry sector, especially in health care, social services, and education, which had 29 percent more time-loss claims over 2021 due to COVID-19 claims.

Setting targets for the time-loss claims rate

Since the provincial time-loss claims rate is affected by various factors, including increased employment in high-risk or emerging industries and overall provincial employment growth or decline, we set the targets for this KPI as a threshold measure; our strategies are targeted to keep the result at or below the threshold. The intended result requires focused attention and the collective efforts of all stakeholders in workplace health and safety.

To determine target thresholds, we review time-loss claims rates by sector, estimate the impact that active strategies and initiatives may have on the time-loss claims rate in future years, and balance the targets against historical trends and forecasts for provincial employment. We have maintained a target of 2.20 or less for the provincial time-loss claims rate for 2023 through 2025, with the expectation that the volume of COVID-19 claims will reduce.



Matthew Penner, from Jellybean Autocrafters, doing final paint prep on a 1979 Ford Bronco in our "dirty booth," which controls dust and fumes.

Journey back to health



Aniko Farkas, left, is pictured with therapist Valerie Day and therapy dog, Ary, at a Kelowna park.

Photo credit: Brandi Lee Photography

Building back one block at a time after a diagnosis of PTSD

Aniko Farkas became a social worker out of her deep-seated desire to help people. A sociable, charismatic 34-year-old, she loves her work in both hospital and community settings, embracing both the challenges and rewards of supporting those with physical and psychological injuries. She never imagined she might one day need to call on the kinds of supports she was used to providing for others.

That changed dramatically in August 2020, when Aniko witnessed a traumatic incident in the course of her job. She kept working until January 2021, when it became clear she could not continue. “Originally when I went off work it was for three weeks,” she says. “I couldn’t have predicted then what the next year would look like.”

For the first two months, Aniko was exhausted, sleeping up to 20 hours a day. That turned into crippling anxiety, with daily panic attacks, nausea, and an overwhelming fear of leaving the house. Her cognition was also affected — she was unable to read or retain information. “It was hell to wake up and start a day so unwell,” she says. “My brain and my nervous system were like enemies.”

Aniko was diagnosed with post-traumatic stress disorder (PTSD) with derealization — a state of mind where you feel disconnected from your surroundings and the people you care about. “I experienced dissociation on and off for months,” she explains. “I’d drive to the store and sit in the car to try to be normal, try to be a part of the world. But I wasn’t in it, thinking how do I interact with this world I see?”

The turning point in Aniko’s treatment was being connected with occupational therapist Valerie Day. Valerie — and her trusty therapy dog, Ary — took an incremental approach, listening carefully to Aniko’s experiences and tailoring treatment to her abilities. They started slow, progressing from phone calls to video calls before meeting in person. Valerie offered options for how, when, and where they might meet, building a structure back into Aniko’s days one small block at a time.

“Originally we’d meet at noon, because my disrupted sleep patterns meant having a morning appointment was just not realistic,” says Aniko. “Then we’d meet at 11, or 10. We’d get on a treadmill or do an activity like yoga. Then I was connected to a rehabilitation assistant, Becky [Brimacombe], who happened to be an ice-skating instructor. So that was our thing: We’d go to the park and skate.”

Each step helped Aniko repair the broken connection between her body and her brain. As her health improved, she began work with clinical counsellor Lois Hansen, who focused on the physical side of recovery. Valerie, meanwhile, turned the focus to a gradual return to work, helping Aniko rebuild confidence in her clinical skills and providing her with the knowledge and tools to manage physiological warning signs. “I’m a workaholic and it’s hard to say no,” says Aniko. “Before going off work, I didn’t know what a lunch break was. But I’ve learned that I can’t help others if I’m not taking care of myself.”

That means taking scheduled breaks during her 12-hour shifts and physically removing herself from her work environment, going for a walk or listening to music in her car. Sometimes it means turning down an extra shift. Sometimes it means just sitting in silence. “These are all game-changers,” says Aniko. “My body gave me signs of burnout ages ago and I just ignored them. Now I recognize those early warnings and have steps to take to regulate my nervous system before it worsens. It’s not that my work is never going to be stressful, but now I acknowledge the stress, respect my body, and follow through with the self-care I promised myself.”

She is proud of how far she’s come and credits her recovery to an amazing team of health practitioners alongside steadfastly supportive friends and family. This fall, she will realize a dream by attending the Master of Social Work graduate program at Halifax’s Dalhousie University.

In essence, she explains, her body and mind have become whole again: “Before, my body would say one thing and my brain overrode it. Now my body can trust me again.”

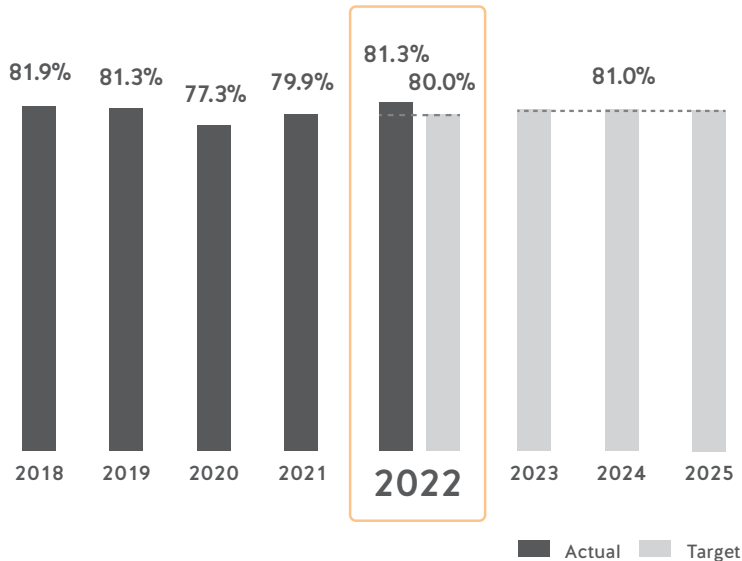
— *With thanks to Aniko for agreeing to share her story.*

Key performance indicator:

Improve return-to-work outcomes

This indicator measures the success of initiatives that engage injured workers and their employers in the worker's return to work.

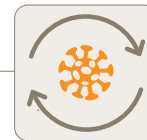
Percentage of workers returning to work by 26 weeks



When a worker is injured, our priority is to provide them and their employer with the services to support their recovery and a safe, lasting return to work. One measure we use to track our progress is the percentage of workers returning to work by 26 weeks¹⁶ post-injury. This measure reflects outcomes for workers receiving short-term disability payments and returning to the same job and responsibilities as they had before their injury.

This KPI measures duration, whether the return to work is voluntary (the worker does not object), and whether it is safe and durable, with no subsequent inability to work for 30 days. To track the percentage, we compare the number of claims meeting these criteria with the total number of wage-loss claims open for more than 26 weeks.

The percentage of workers returning to work by 26 weeks was 81.3 percent — 1.3 percentage points above our target and an increase of 1.4 percentage points from our 2021 result. In 2022, COVID-19 continued to have some negative impacts on how long injured workers were off work, for example by delaying treatment and surgeries during the two major Omicron surges in the first half of 2022. However, claims from those surges had an average lower duration than other claims, and, on balance, COVID-19 helped improve our performance on this KPI by a small margin. COVID-19 cases represented 16.1 percent of the overall claim mix, an increase from 5.0 percent in 2021.



At the same time, while B.C.'s unemployment rate decreased from 6.6 percent in 2021 to 4.6 percent in 2022,¹⁷ translating to an improved economy and more return-to-work opportunities, COVID-19 continued to affect general recovery and return-to-work outcomes. This was especially the case in the first half of the year, owing to widely reported delays in health care treatments and impacts on internal staffing, especially in hard-to-fill roles.

Setting targets for return-to-work outcomes

Targets are reviewed annually and adjusted to reflect these factors. We also recognize that because of the complex nature or severity of some injuries, including mental disorder injuries, not all workers can or will return to work within 26 weeks. Targets for 2023, 2024, and 2025 have been set at 81 percent.

Our return-to-work targets reflect expected outcomes based on the assessment of our current programs and services, the overall economic climate, projected employment opportunities, and the extent to which employers, labour associations, and workers can effectively engage in workplace disability management programs.



Cole Bernier tests the first Adaptive Downhill MTB Series at the Kicking Horse Mountain Resort in Golden, B.C. Cole recovered from his serious work-related injury and turned his hobby into a career; he now promotes and demonstrates adaptive mountain bikes across Canada and the United States.



Our operational perspective — looking ahead

In 2023, we will continue to emphasize worker engagement in occupational health and safety (including requirements for joint health and safety committees and their annual evaluations), as part of our inspections and consultations, and piloting a self-assessment tool for employers so they can identify areas for improvement. We will continue to focus on the high-risk sectors identified on **page 28**.

We will also identify opportunities to share information on new emerging risks, including those associated with the operation of industrial robots, aging infrastructure, and occupational exposure to fentanyl.

We will be building on our understanding of psychological health and safety in the workplace to provide better support. A cross-functional team is analyzing data to determine risk patterns and controls for primary and secondary psychological injuries¹⁸ — starting with the retail sector to help establish a baseline for attitudes, beliefs, and awareness.

In 2023, we will grow our internal capacity to meet the increasing complexity of claims and the increase in active claims, particularly mental disorder claims. We will pilot new claims-management tools to support more efficient and effective service and ensure workers receive permanent-disability benefits in a more timely manner, and expand our pilot project to develop return-to-work plans for injured workers earlier in the claim process. We will continue to adapt our service offerings, including examining whether we can modify our existing Personal Optional Protection product based on feedback received by our Employer Service Centre, to reduce barriers for those who work in the gig economy.

We will continue to develop our framework to support the Bill 5 amendments and are working toward implementing the asbestos-abatement certification and licensing programs in January 2024. In terms of Bill 41, the Board of Directors plans to appoint a fair practices commissioner in May 2023. Throughout 2023, we will continue to develop our plan to support workers' and employers' legal duties with respect to an early and safe return to work.

We are setting targets for 2023 and 2024 to maintain or improve our cybersecurity based on the evaluation of cybersecurity threats, and we are continuing to leverage our partners for insights into the current threat landscape. Our goal in 2023 is to continue implementing and refining cloud technology and resources to evolve our technology infrastructure and move to a 99 percent availability target for core business systems on the cloud.

As part of our innovation initiatives, we will continue to explore predictive analytics, machine learning, and automation to improve stakeholder outcomes and experience. We are focused on ensuring adoption takes place in a thoughtful and structured way that supports business outcomes.



Michael Brown, an occupational safety officer for WorkSafeBC, attends a safety meeting at Vancouver Island Brewery.



Our people and culture perspective

We depend on a skilled, healthy, and appropriately resourced workforce. Our success depends on their capabilities and engagement and on the culture we foster. We want our employees to feel supported, empowered, confident, and valued — so they can deliver the best service to our stakeholders.



Taking advantage of a warm day, WorkSafeBC employees Laura Ruiz, Cindy Kim, and Laura Hoff have a meeting outside the Richmond office.

Ensure the health and safety of our workforce, both physical and psychological

We are committed to meeting our occupational health and safety obligations, which includes understanding and managing risks effectively and providing for the overall health and safety of our employees. The following strategies focus on our health and safety management infrastructure, the psychological health of our workforce, and the mental health supports they require.

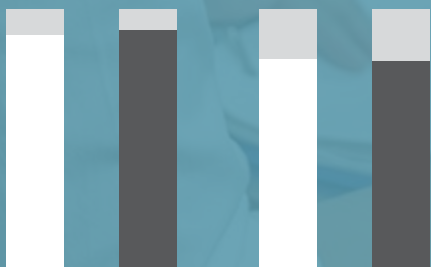
Surveying employees on their health and safety

We conduct an annual employee survey so that we have a pulse on how employees feel about their physical and psychological safety. With 13 focus areas, the survey results allow us to respond to the changing needs of our employees and establish enterprise-wide strategies and supports to meet those needs.



In our Employee Workplace Culture Survey,

90% 92% 81% 80%



of surveyed employees believe they have the psychological skills and abilities they need for the demands of their job.

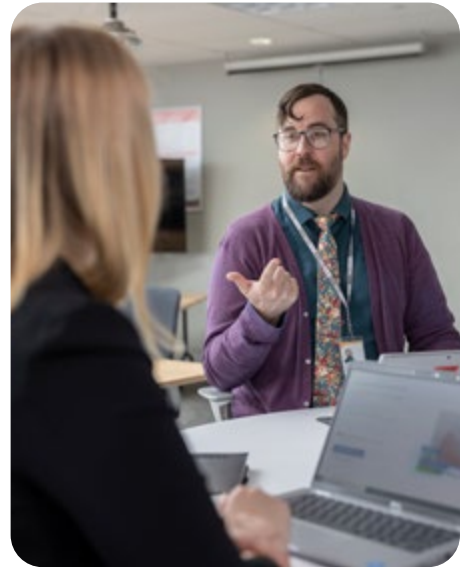
of surveyed employees said they feel engaged.

Jaime Barajas and Felicity Lawong each working out of their home office as part of the hybrid work implementation at WorkSafeBC.

Enhancing employee health, safety, and wellness

In 2022, we began to enhance our organizational health and safety management systems, which included researching a technical solution to monitor our health and safety performance and facilitate our obligations under the *Workers Compensation Act*. We also continue to use other approaches, such as adding resources to areas with the most significant pressures in workload.

Our employee psychological health and safety strategy was developed and launched in 2022 to support a psychologically healthy and safe workplace. We completed a review of our available mental health resources and supports, and we partnered with the Mental Health Commission of Canada to offer a mental health training program for employees. This strategy aligns with our work to develop an enterprise-wide mental health strategy.



WorkSafeBC psychology advisor Gavin Elder discusses a claim with a colleague.

Developing a mental health strategy for all workers

Workplace mental health is increasingly a focus for the workers and employers we serve, not just for our own employees. Different parts of our organization have tailored their approaches to different groups' needs. In 2022, we formed a task force with representatives from Prevention Services, Claims and Rehabilitation Services, and our People and Culture division to develop a cohesive, enterprise-wide strategy so that our resources are aligned. Over the past year, the task force has engaged with stakeholders and mental health experts to help develop the strategy, which will be finalized and launched in 2023.

Ensure equity, diversity, and inclusion in our organization

We are committed to having an inclusive workplace that is representative of the B.C. population, and enabling equitable and inclusive systems, policies, and practices that are centred on the diverse experiences of our people. We must support and develop our people's capacity and desire to contribute to and maintain respectful, accessible, and inclusive work environments.

Our equity, diversity, and inclusion roadmap



In 2022, we conducted an equity, diversity, and inclusion (EDI) audit and developed a long-term roadmap to embed EDI principles into our organizational culture. Our roadmap included the launch of organization-wide EDI Foundations training, which gives our employees the knowledge, language, and confidence to apply an EDI lens when they interact with the people we serve and with each other. At the end of 2022 approximately 43 percent of staff had completed the training with the balance expected to complete in 2023. The roadmap also links to our Indigenous Relations strategy. (See page 68.)

A governance structure includes our Joint Equity, Diversity, and Inclusion Committee and our employee resource groups. The committee has a mandate to promote an inclusive workplace, both by making policy recommendations to senior leadership and by hosting diversity-themed awareness campaigns for staff. Our two employee resource groups, formed in 2022, enable continual feedback from employees who experience barriers within our organization.

Foster an engaged workforce

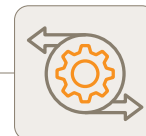
A highly engaged workforce is essential for our long-term success. Engaged employees are more productive and more likely to remain with our organization. As our work evolves and stakeholders' expectations change, we want to ensure that our workforce and leaders keep pace with this change. This means embodying our organizational values and behaviours, both with one another and with our stakeholders.

Our Employee and Stakeholder Experience framework



In 2022, we introduced our Employee and Stakeholder Experience framework. Our research shows the behaviours that best reflect our organizational values: responsive, respectful, forward-thinking, collaborative, accountable, and fair. We collaborated with teams across the organization to deliver workshops and connected with our employees to understand how they are doing and what they need to feel supported, empowered, confident, and valued.

Our hybrid work model



In 2022, we implemented a more flexible work model in consultation with staff, management, and the stakeholders we serve (injured workers, employers, and health care providers). We identified the different ways employees could work and committed to giving those whose roles allowed it the flexibility to work from home while ensuring we meet our service levels.

We equipped our offices in keeping with our long-term strategy for hybrid work. We gave staff and managers the tools, technology, systems, and processes they needed to adapt to new ways of working. We also created spaces that foster collaboration and connection using technological tools and workplace initiatives, including rooms with hybrid-meeting technology in our Burnaby, Kelowna, Port Moody, and Richmond offices.

Throughout the process, we monitored how employees were adapting, surveying staff on their hybrid experience with a series of pulse-check surveys. In June 2022, 71 percent of employees reported that their experience working in our hybrid work model was a positive experience. This mirrors the preferences of potential employees to work either remotely or in a hybrid environment.

Our new performance, assessment, and development program

In 2022, we pre-launched a program with our management, starting with four divisions, to support the growth and development of our employees by establishing a more regular feedback cycle. This enables individuals and teams to see how their work contributes to organizational goals. Most importantly, the program encourages employees to demonstrate our values-based core organizational behaviours.

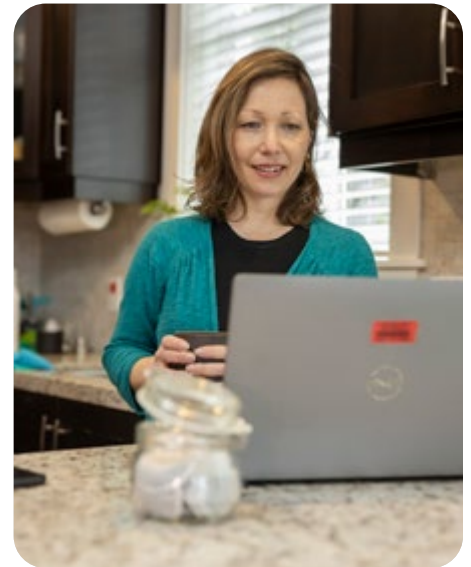
Helping Hands

We are very proud of Helping Hands, our employee-funded giving program. It has been a successful initiative over the years, with a shared sense of enthusiasm and goodwill. Through optional payroll deductions, the program has raised significant amounts of money for local and national charities. These include regional food banks across British Columbia, BC Children's Hospital, the Canadian Breast Cancer Foundation, CIBC Run for the Cure, and Prostate Cancer Foundation BC.

In 2022, our employees raised \$72,000 for Helping Hands. Of that amount, \$29,500 was evenly distributed to 16 regional food banks where we have a physical office or work centre, while the remainder was directed via one-time and/or per-paycheque donations to charities chosen by employees. Helping Hands also pays for special projects chosen by the program's executive committee.

Attract and develop a skilled workforce for today and the future

For business continuity, we need a robust approach to hiring and retaining talent. To respond to planned and unplanned vacancies in a highly competitive labour market, we must proactively identify and develop candidates who will position us to succeed.



Felicity Lawong, resource development advisor for WorkSafeBC, working online.

Our employees raised \$72,000 for Helping Hands, with \$29,500 going to regional food banks.

Attracting talent

It has been an increasing challenge for our talent-acquisition team to fill specialized roles. To enhance our ability to attract top talent in today's competitive labour market, we created a sustainable and scalable talent-acquisition strategy that supports both our current and future needs. We initiated several multi-year recruitment activities including creating targeted marketing campaigns for some hard-to-fill roles such as psychologists, increasing WorkSafeBC's presence and brand in rural areas, and growing student-recruitment activities across our organization. We also streamlined our recruitment processes and used more innovative online skill-based assessments. Furthermore, we introduced targeted recruitment strategies focused on sourcing qualified applicants and engaging them directly with potential opportunities aligned to their skills.

In 2022, 43 talent acquisition campaigns resulted in



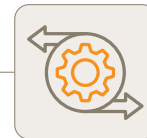
9.9
million

views in the B.C. market.

Succession planning

In 2022, we formalized an enterprise-wide strategy for talent management and succession planning. In 2023, we will continue implementing an online dashboard system in stages to support succession planning. We have identified operational leads who will step in on a contingency basis for divisional heads. We also introduced a new leadership development program for all directors across our organization, including a new leadership assessment, which will support the growth of our directors and the future senior-leadership needs at WorkSafeBC.

Identifying future-focused workforce skills



In 2022, we identified the top five skills our senior leaders will need over the next five years. This assures us that our incoming employees have the requisite skill set and that we address training needs for our current employees, improving our future capabilities. Championing internal career progression and succession planning helps our employees see a clear path for their growth and development.

Building a culture of innovation

Innovation can help us solve problems in new ways, build resiliency and capacity, and adapt to change. Setting innovation as a priority at WorkSafeBC has helped us get better at what we do, stretch the ways we work, and explore new ways to deliver core services. It also creates a nimble culture in which staff have opportunities to contribute to the future of the organization — positioning us to keep pace as our work evolves and stakeholders' expectations change.

To increase participation rates in innovation in 2022, we provided opportunities for staff to contribute ideas and learn. This included InnoFest, our annual innovation festival; a business forum known as the Test Kitchen Advisory Panel; innovation-learning opportunities from Learning Development Services; and various idea forums.

In 2022, innovation activity participation increased by

44%



compared to 2020 and 2021.



Our people and culture perspective — looking ahead

In 2023, we will be introducing a new platform for our enhanced health and safety management systems and continue to improve key health, safety, and wellness programs and standards. We ensure that our employees are aware of and have access to the mental health resources they need. We will also explore how psychological health and safety principles can be further integrated into organizational processes and practices.

Keeping in mind our need for a skilled workforce for today and the future, we will continue to build our recruitment capabilities. We are redesigning a new-hire training program for our Claims and Rehabilitation Services division. The new program will allow for more flexibility to better support the division's growing recruitment and operational needs. In 2023, we will continue to build our enterprise-wide platform to manage talent and succession planning. We will complete the succession-planning process for directors and conduct initial talent-development discussions.

We will also continue to provide ongoing training and development opportunities for our workforce. We are continuing to provide opportunities for staff to learn about innovation and contribute ideas, and developing a technical framework with the goal of empowering teams across our workforce to rapidly deliver business-technology solutions while ensuring the security and stability of our systems and privacy of data.

In 2023, we will implement the components of our equity, diversity, and inclusion (EDI) roadmap that can be applied organization-wide and deliver EDI training to all employees. Our Joint Equity Diversity and Inclusion Committee began a two-year term on January 1, 2023, and employees will continue to collaborate with our EDI team and our employee resource groups to ensure we are addressing EDI issues relevant to both our employees and the communities we serve. Finally, the roadmap includes plans to fine-tune and expand EDI data practices to support future decision making and track progress.

To foster an engaged workforce, we will continue to apply our Employee and Stakeholder Experience framework in 2023 to opportunities for engagement across the organization. This includes launching a new employee community to engage with staff about EDI and mental health, and embedding the elements of the framework into everything we do. We will act on key findings of our 2022 employee survey on workplace culture, with the goal of improving employees' experiences and ensuring we are a psychologically safe place to work. And we will continue to evaluate our hybrid work model, making sure we are maintaining our level of service to our stakeholders while continuing to be an employer of choice in B.C., improving work-life balance for our employees and fostering an engaged workforce.



WorkSafeBC employees enjoying lunch from a food truck at the Richmond office as part of staff appreciation days.



Our financial perspective

We are committed to ensuring the workers' compensation system is financially stable and secure, now and in the future. When a worker is injured at work, reliable funding ensures benefits and services are available when they need it most.



Mark, an Avigilon employee, assembling HSSL cameras.

Maintain the long-term financial sustainability of the workers' compensation system

Our financial priority is to ensure the long-term financial sustainability of the system for workers and employers. We need to ensure the Accident Fund¹⁹ is adequate for all future payments related to current and previously accepted claims.

We have two primary streams of income: employer premiums and investment returns. The first doesn't fluctuate greatly from year to year, as premium rates have been relatively stable. The second is driven by financial markets, and while results have been somewhat volatile recently, our investments have overall generated better-than-required returns over the medium and long term.



Some of the important ways we maintain a financially sustainable system include:

- Maintaining appropriate capital reserves
- Applying sound investment policies and practices
- Assessing premium rates that are sufficient to fund the system
- Managing claim costs by helping employers reduce workplace injuries and implementing appropriate return-to-work initiatives
- Using an established system of internal controls to monitor and manage expenditures
- Administering an enterprise risk management process so that we are better prepared for potential future events

In addition, while ensuring that there are sufficient funds to meet future claim payments, our rate-setting process has mechanisms to limit excessive premium-rate volatility for employers.

For information on our financial results, see “Management discussion and analysis,” **page 97**.

Financial context

Our financial results in 2022 were significantly affected by the downturn in financial markets, higher inflation, and legislation changes.

The changing financial climate

In 2022, the world experienced a very different economic and investment climate, with rising inflation, predictions of a recession, and a market with negative returns, which lowered our asset values and increased our costs. We also saw an increasing trend in the number of claims involving complex injuries, such as mental disorder injuries and chronic pain, which drove higher claim costs and claim administration costs.

In addition, through Bill 41, the provincial government implemented changes that will improve workers’ benefits now and in the future. (See **page 22** for information on Bill 41.) The most significant financial change from this legislation is to revise the indexing of workers’ compensation benefits to the full rate of annual percentage change in the consumer price index (CPI). Before the legislation change, the maximum annual adjustment was 4 percent. With the legislation change, our Board of Directors can authorize a higher adjustment up to the full rate of the increase if the annual CPI increase exceeds 4 percent. While this is a positive change for workers, designed to protect workers’ benefits from inflation over time, the increased costs will cause upward pressure on premium rates.

Investment returns

In 2022, most of the major stock market indexes were down owing to a number of factors such as the ongoing geopolitical tension caused by Russia’s invasion of Ukraine, supply-chain challenges, high inflation rates, and rising interest rates. While these factors led to a decrease in investment returns, our investment approach helped to minimize losses. Our 2022 investment portfolio return



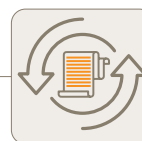
Carolyn Li, safety manager at Camps Farm Fresh Inc., hangs a bulletin on sun safety.



(net of investment fees) was -2.6 percent. Although we had investment losses for the year, our portfolio performed better than the benchmark portfolio of -4.5 percent and was the best result when compared with the other workers' compensation boards across Canada.

It is important to note that the investment portfolio is managed so that over the long term it is expected to generate returns greater than the required rate of return. The investment portfolio continued to outperform the required rates of return over the medium and long term, with the 5-year annualized return at 6.9 percent and 10-year annualized return at 8.1 percent.

Our funded position



In 2022, we saw \$2.2 billion in increased liabilities, of which approximately \$1.3 billion resulted from changes to legislation. (See page 22 for information on Bill 41.) The increase in liabilities, when paired with the decrease in the fair value of assets of \$0.5 billion due to the unfavourable investment market in 2022, saw our fair-value funded position decrease by \$2.7 billion in 2022. However, despite this, our funded position remains healthy — we ended the year with a funded ratio on a smoothed basis of 146 percent, down from 155 percent at the end of 2021, but above the target of 130 percent ensuring the long-term financial sustainability of the workers' compensation system.

We kept premium rates stable, absorbing the financial implications of the decline in financial markets as well as the initial one-time cost of the Bill 41 legislation changes, and ended the year in a strong funded position.

Fair value versus smoothed accounting

Comparison of fair value to smoothed operating results

(\$ billions)	Financial reporting		Funding policy	
	Fair value		Smoothed	
	2022	2021	2022	2021
Total comprehensive (loss) income	(2.7)	1.4	(0.3)	0.9
Total assets	23.9	24.4	23.6	22.2
Total liabilities	16.9	14.7	16.1	14.4
Fund balance				
Unappropriated balance*	2.2	5.4	2.7	3.5
Reserves	4.8	4.3	4.8	4.3
Total liabilities and fund balance	23.9	24.4	23.6	22.2
Funded ratio	142%	166%	146%	155%

The table to the left shows a comparison of our operating results and financial position under the fair value versus smoothed basis of accounting.

*Includes accumulated other comprehensive income

Some of the financial information in this annual report and service plan has been noted as being based on the smoothed-accounting approach. Smoothed accounting is a method to level out short-term fluctuations in financial results, including for investment income and the value of assets (see page 97).

We use this basis of accounting to set premium rates and determine an adequate funding level as it recognizes the long-term nature of our claim benefit liabilities.

In accordance with International Financial Reporting Standards (IFRS), which forms the basis of how we report in our audited financial statements, the fair value of assets and liabilities are generally determined at the end of the reporting year. These statements provide a point-in-time valuation of financial assets and liabilities, and reflect short-term market fluctuations in the financial results.

As mentioned earlier, we manage our funding to ensure financial stability over the long term. To moderate the effect of capital-market volatility on financial results, we smooth investment income or losses over a five-year period. In addition, claim benefit liabilities will continue to be valued using an interest rate based on our long-term expected rate of return. The smoothed-accounting approach reduces the volatility of the financial results used for setting assessment rates while ensuring a long-term perspective on sufficient funding to sustain benefits for injured workers and their dependants.

A 10-year summary table (unaudited), prepared using the smoothed-accounting approach, is available at worksafebc.com/annualreport.

Maintaining adequate capital reserves



To further help increase financial stability, and avoid rate volatility during economic and investment downturns, we target a funded level (total available assets divided by total liabilities, on a smoothed-accounting basis) that is sufficient to fund future payments for current claims.

Our Board of Directors has set a target of a smoothed funded level of no less than 130 percent (**see page 61**). This target level appropriately secures worker benefits by strengthening our ability to protect against unforeseen changes in the value of our assets and liabilities. This was exemplified in 2022 by the reduction in asset values caused by a decline in financial markets and the increase to our claim benefit liabilities caused by legislation changes and other trends.

Our rate-setting approach includes mechanisms to return surplus to employers through discounted premium rates when our smoothed funded target level is exceeded. This also helps stabilize premium rates, in the event of a significant downturn in asset values or significant cost increases, by ensuring sufficient capital reserves for us to draw upon. In the last five years, from 2018 to 2022, we have returned \$1.4 billion of surplus funds to employers through discounted premium rates.

Benefits employers receive for the premiums they pay

Through the workers' compensation system, employers:

- Are protected from lawsuits by workers who are injured on the job
- Avoid paying out-of-pocket costs for an employee's work-related injury or illness
- Have help with injury prevention and workplace safety through WorkSafeBC
- Can access disability management and return-to-work programs to get injured workers back on the job and healthy instead of having to hire and train new people
- Mitigate claim cost volatility through shared insurance risk

A diversified investment portfolio

We invest in fixed-income, equity, and real asset investments managed by the British Columbia Investment Management Corporation (BCI). Our approach of maintaining a prudent and diversified investment portfolio, which includes a measured level of risk, is intended to provide adequate investment returns to cover inflationary increases and the interest requirement on claim benefit liabilities over the long term.

Our portfolio includes equity and other investments expected to generate higher long-term returns. While higher returns allow for lower long-term employer premiums, these investments are subject to variability in market value. Similarly, because our liability payments are long-term in nature, they are subject to potential changes in economic factors, in legislation, and in policies that could result in significant cost changes.

The asset mix of our investment portfolio is agreed upon by our Board of Directors on the recommendation of the Investment Committee. On December 31, 2022, the committee was made up of four independent members with economic, investment consulting, and portfolio management experience, in addition to WorkSafeBC's president and chief executive officer, chief financial officer, and Audit Committee chair.

The Board of Directors regularly reviews and updates the statement of investment policies and goals for the investment portfolio, which was last revised in December 2021. One of the goals of these reviews is to evaluate and update the asset allocation policy to guide investment strategies. See "Management discussion and analysis" on **page 97** for more information on the actual asset allocation in the investment portfolio.

Assessing and managing premiums

Our premium rate-setting process ensures that the assessed premiums are sufficient to cover present and future payments resulting from accepted claims in the year, as well as the cost of administering those claims, while limiting premium-rate volatility. For the last 16 years, we have drawn on our strong financial position to charge an average base premium rate below the actual average cost rate and, for the last five years, have kept the average base premium rate steady at 1.55 percent of assessable payroll.

To ensure timely and accurate collection of employer premiums, we work closely with employers to verify estimated payrolls, confirm receivable amounts, collect overdue accounts, and educate employers about payment obligations and potential savings opportunities. We also investigate employers who default on their payments and may initiate proceedings against them, resulting in administrative penalties or court-imposed sanctions.

In setting the 2023 premium rates, we considered the future financial and premium-rate outlook based on the information available at that time, when deciding to keep the average base rate at 1.55 percent of employers' assessable payroll for the sixth consecutive year. It is important to note that 2023 premium rates were set prior to the adoption of legislative changes related to Bill 41 and do not reflect the expected additional cost of these changes estimated to be 0.08 percent of assessable payroll.



WorkSafeBC occupational safety officer Shane Campbell discusses safety with an employee at Domtar in Kamloops, B.C.

Managing claim and administration costs

We engage workers, employers, industry, labour, and other stakeholders in our efforts to prevent workplace injury, disease, and death and improve return-to-work outcomes. Through early intervention and assisting workers with their recovery and return to work, we are also able to manage claim cost growth and claim administration costs (see page 115).

We further monitor claim costs so that we can identify trends and cost pressures and determine if there are areas where we need to direct additional efforts to manage costs. We also monitor administration costs through business planning and budgeting, financial policies and controls, and tracking expenses (see “Control administration costs,” page 63).



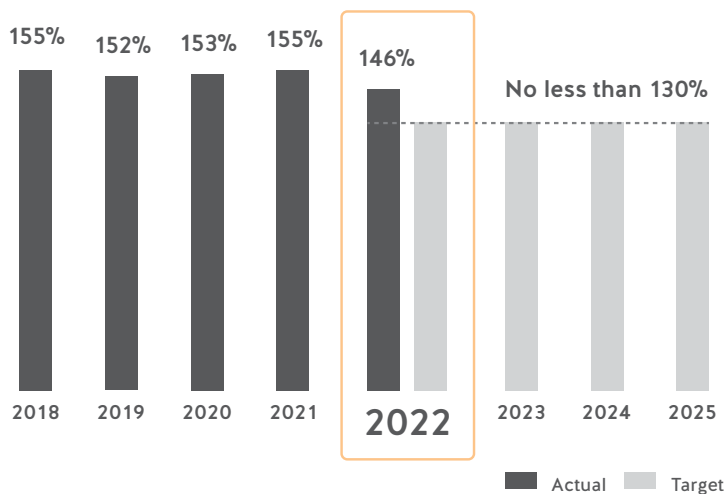
Dairy worker Brian MacDonald adjusts controls in the cheese production room at Saputo's Abbotsford facility.

Key performance indicator:

Maintain a smoothed funded level of no less than 130 percent

This indicator measures that we have sufficient funds (assets) to meet the financial needs required to support currently injured workers into the foreseeable future (liabilities). We are committed to sound financial management to ensure the long-term financial sustainability of the workers' compensation system in B.C.

Smoothed funded level*



*The long-term real discount rate used to value the benefit liabilities increased to 2.65 percent at December 31, 2022. Performance results for 2019 to 2021 were based on the long-term real discount rate of 2.4 percent, and 2018 was based on the long-term real discount rate of 3.0 percent.

We have a fiduciary responsibility to ensure that adequate funding is set aside for all future payments related to current and previously accepted claims. This requires targeting a smoothed funded level (calculated as the total assets available divided by the total liabilities, on a smoothed basis), that can fund future payments for current claims. A funding level of no less than 130 percent was set by our Board of Directors to meet the requirement under the *Workers Compensation Act* to maintain adequate funding to meet all amounts payable from the Accident Fund.



The target funded level should also include adequate capital to manage the volatility in the valuation of our assets and liabilities. When there is a significant decline in asset values or a significant increase in liability, we can draw on the Capital Adequacy Reserve to moderate premium increases.

A strong funded position, required by the Act, ensures the future sustainability of the workers' compensation system and provides greater security for benefits to injured workers. It also serves the interests of employers by allowing us to dampen premium-rate volatility that could otherwise arise from fluctuating returns on investments and/or unforeseen costs beyond those assumed in the liabilities.

In 2022, we ended the year with a smoothed funded level of 146 percent, compared with 155 percent at the end of 2021. As noted earlier, the reduction was largely due to a one-time increase in claim benefit liabilities resulting from the Bill 41 legislation changes.

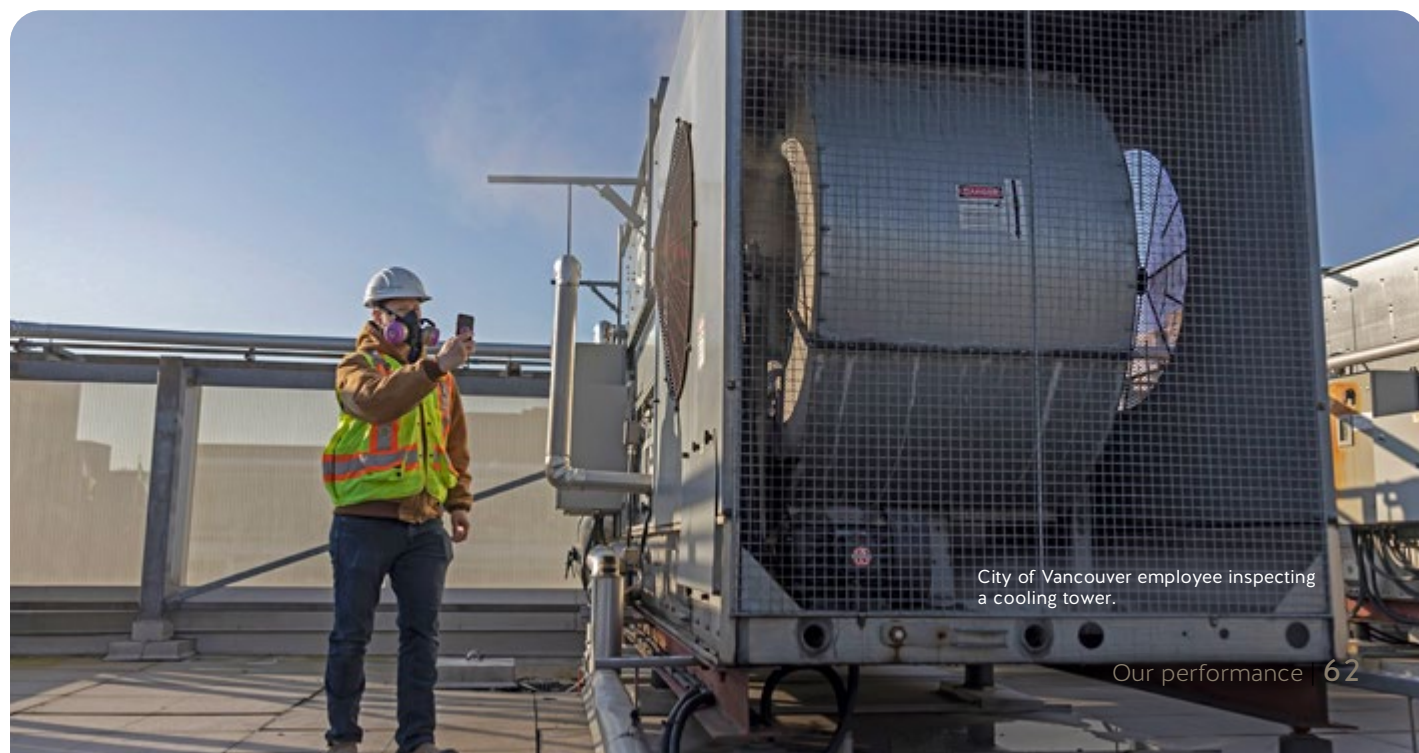
Investment losses in 2022 affected the smoothed funded level to a lesser degree than the fair-value funded level because of WorkSafeBC's smoothed-accounting method, which defers much of the loss (to be smoothed over the next four years). The smoothed funded position in the next four years will be reduced when we recognize the losses unless they are offset by future investment gains. (See page 97 of "Management discussion and analysis" for further information on our funded position.)

We expect to have a sufficient capital reserve to withstand the risk that the valuation of assets and liabilities may fluctuate from year to year.

Setting targets for our smoothed funded level

Our long-term goal is a smoothed funded level of no less than 130 percent. This target is similar in range to those of other western Canadian workers' compensation boards. At this long-term funded level or greater, we expect to have a sufficient capital reserve to withstand the risks of fluctuations in the valuation of assets and liabilities from year to year (see Note 19 of the consolidated financial statements, page 192).

While 130 percent is the long-term goal for this key performance indicator, values in any given year may rise above or fall below this level — particularly as investment markets rise and fall. Maintaining the smoothed funded level at no less than the target largely depends on earning investment returns that meet or exceed actuarial assumptions over the long term. This indicator measures that we have sufficient funds (assets) to meet the cost of claims for injured workers into the foreseeable future (liabilities).



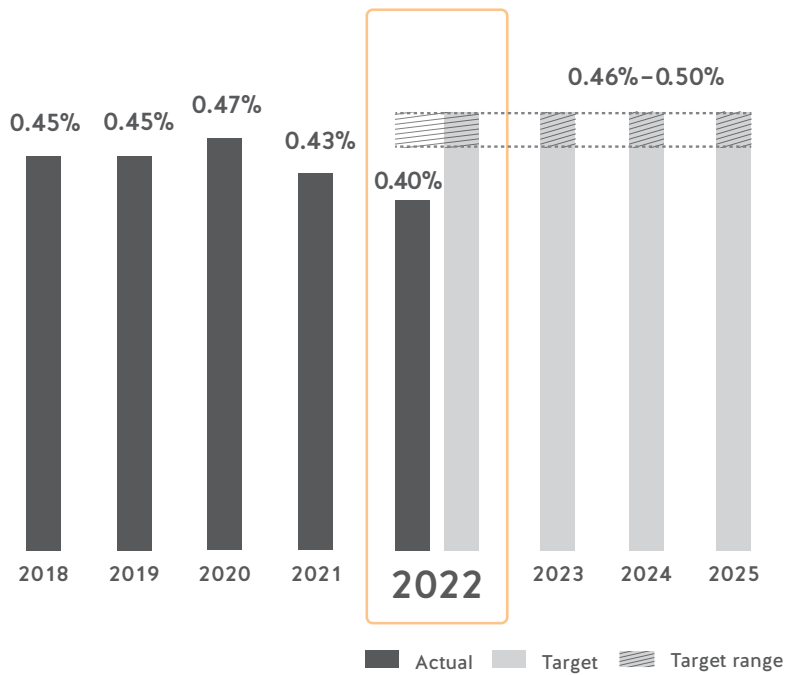
City of Vancouver employee inspecting a cooling tower.

Key performance indicator:

Control administration costs

To provide value for our stakeholders, we strive to be cost effective while providing high-quality service. We measure our success by maintaining an administration cost ratio within a target range.

Administrative costs as a percentage of the provincial assessable employer payroll



To measure our administrative efficiency, we calculate our annual administration costs, including prevention costs, as a percentage of the assessable payroll of employers. In so doing, we can compare and monitor the cost of administering B.C.'s workers' compensation system relative to the size of the province's overall employment base. We evaluate our year-over-year performance against targets approved by our Board of Directors.



In 2022, WorkSafeBC's total administration costs were 0.40 percent of assessable payroll, a reduction from 0.43 percent in 2021. Although our administration costs increased by \$21.4 million, this result was lower than the target range of 0.46 to 0.50 percent. The lower cost ratio was because of higher-than-projected growth in assessable payroll as the provincial unemployment rate decreased to the lowest level in over 10 years. (See Note 15 of the consolidated financial statements, **page 190** for further information on our administration costs.)

An alternate measure, based on a definition of the Association of Workers' Compensation Boards of Canada (AWCBC), adjusts for operating and legislative differences; this allows us to compare our administration costs with other workers' compensation organizations in Canada. In 2022, WorkSafeBC's administration cost measure using AWCBC's calculation method was 0.27 percent of assessable payroll. For 2021, the most recent year for which the AWCBC has published comparative data, B.C.'s measure was 0.28 percent, which was lower than the Canadian average of 0.29 percent.

Setting targets for our administration costs

We set our target range for this key performance indicator as part of the annual budgeting and approval of administrative costs. The target range for 2022 was set at 0.46 to 0.50 percent, reflecting past performance and providing a reasonable range for us to operate within.

Changes in the administration cost budget are required to ensure that we continue to effectively deliver services to our stakeholders. When considering changes to the administration budget, we review the effect that proposed initiatives could have in meeting our strategic priorities and operational goals (see page 115) and consider whether these benefits would outweigh increases in administration cost.

For this measure, the target is set as a range rather than a precise outcome, recognizing that variations may occur in both the administration costs (the numerator) and assessable payroll (the denominator). A target range allows us the flexibility to address areas of immediate focus or concern while keeping administration spending below the maximum target range. Additionally, the future provincial assessable payroll (denominator) is an estimate that can vary significantly depending on factors affecting the B.C. economy in any given year.

For 2023 to 2025, we have maintained the target range at 0.46 to 0.50 percent based on budgeted increases in administration costs. Assessable payroll is projected to grow at a slower pace based on economic forecasts of lower growth and a marginally increasing unemployment rate.

Administration cost ratio

$$\frac{\text{Administration costs}}{\text{Assessable payroll}}$$



Theresa O'Hara, an occupational safety officer for WorkSafeBC, uses the prevention mobile app.



Our financial perspective — looking ahead

As we look to 2023, we will continue to monitor our financial position in the face of a potentially decelerating global economy; the continued pressure on central banks in Canada, the U.S., and other parts of the world to maintain high interest rates to stem inflation; and the possibility of a recession. We will also need to consider the increase in claim costs resulting from recent legislation changes, as well as any increasing trend in claim complexity. We must ensure that we have sufficient funding to cover the risks of fluctuations in both our assets and liabilities, to protect the long-term financial sustainability of the workers' compensation system.

We are projecting a modest increase in premium income in 2023 based on higher assessable payrolls, as we expect workers' wages to increase to keep pace with inflation and to offset the forecasted increase in the unemployment rate. As previously noted, the 2023 average base premium rate remains unchanged at 1.55 percent, providing rate stability for employers. This is despite a 2023 expected cost rate of 1.80 percent at the time we set the rates, which is now anticipated to be 1.88 percent after considering the cost implications of Bill 41.

Over the long term, our investment portfolio has performed well despite the investment downturn in 2022, achieving higher-than-required returns over the last 10 years. However, because uncertainties in the investment environment continue, we need to be prudent in the future outlook of our investment income by not anticipating excess investment income over the required return to support claim benefit liabilities.

Bill 41 has changed our financial position. Apart from the one-time cost in 2022, we are expecting approximately \$117 million in additional claim costs each year going forward. As noted above, this will add about 0.08 percentage point to the average cost rate. In addition, higher costs are resulting from an increasing claim volume and longer claim duration, partially driven by the growth of psychological injury claims and chronic pain injuries.

Bill 41 has changed our financial position. Apart from the one-time cost in 2022, we are expecting approximately \$117 million in additional claim costs each year going forward.

We also expect the cost to administer claims to increase as we face a growing number of complex injury claims in addition to administrative costs from implementing the recent Bill 41 changes. To better support injured workers, we adjust our staffing models as the volume and mix of claims change. Continued increased investment in occupational health and safety efforts, as well as administrative costs from Bill 5 asbestos licensing and certification changes, will also add to administrative costs (which include prevention costs), with the intent of reducing claim costs in the future. We expect that the average cost rate will continue to increase.

Although our funded position has decreased, we remain in a strong funded position and expect to continue discounting premium rates. Premium income and thus premium rates will likely continue to be below the level required to cover claim and operating costs. As such, we are continuing to project total comprehensive losses into the near future. We will continue to monitor our financial position and any upward cost pressures over the longer term to ensure we keep our funded position at no less than 130 percent.

Lastly, we are in the process of transitioning to IFRS 17, a new financial reporting standard that is mandatory for organizations in the insurance industry, including all workers' compensation boards across Canada. This new standard, which is in effect for our 2023 reporting year, will increase the year-over-year volatility of our financial results as published in our annual report. In particular, the fair-value funded position is expected to fluctuate significantly. However, assessment rates will not be affected as we continue to set rates based on our smoothed accounting financial position. More information on how our results will differ under IFRS 17 is provided on **page 121**.

This new standard (IFRS 17) will increase the year-over-year volatility of our financial results as published in our annual report.



Our stakeholder and government perspective

We seek to better understand and build relationships with our stakeholders so we can deliver stakeholder-centred services, programs, and products that drive behavioural and cultural change.



Shannon, a care aide at The Heights at Mt. View in Victoria B.C., shows a colleague how to use a mobile chair lift.

Deliver stakeholder-centred and inclusive services

In a stakeholder-centred model, stakeholders must feel that their individual and collective voices have been heard and understood. This is especially true for workers, who the system is designed to protect and support. We work continually to better understand the perceptions and needs of all stakeholder groups, and to design services that meet those needs and embody our corporate values and behaviours.

Underserved and marginalized communities

In 2022, we began to formalize our engagement with those who are marginalized and underserved. We created the Stakeholder and Community Relations department to help divisions plan, build, and formalize their interactions and engagements with these stakeholders.



Engaging with the health care community

We continued, in 2022, working with health and medical authorities to refine our long-standing multipronged approach to pain management, in light of the ongoing opioid crisis in B.C. A practice directive guides staff in our continued efforts to ensure that injured workers are only prescribed opioids short-term and in specific circumstances. We monitor longer-term prescriptions closely and, working with partners, offer alternative treatment programs, customized to a worker's needs. In 2022, we continued to offer an evidence-based webinar on chronic non-cancer pain management called "Not Just a Prescription Pad," reaching 900 community health care practitioners.



Indigenous relations

Developed in 2022, our multi-year Indigenous Relations strategy is designed to advance recommendations from the Truth and Reconciliation Commission of Canada's calls to action, improve the Indigenous experience when navigating WorkSafeBC, and foster a culturally responsive workforce. This strategy is intended to help the organization understand and respect the unique perspectives and needs of Indigenous peoples, ensuring that our programs and policies are accessible to those we serve. The strategy also reflects WorkSafeBC's support of the implementation of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), which includes the obligations outlined in the Province of B.C.'s Declaration on the Rights of Indigenous Peoples Act (DRIPA).

Many of our medical services managers and medical advisors took Indigenous cultural safety training in 2022 to strengthen knowledge, awareness, and skills as we work with Indigenous communities and provide services to Indigenous peoples.



Incorporating equity, diversity, and inclusion

We are committed to providing services that are accessible and meet the needs of all stakeholders. Embedding the principles of equity, diversity, and inclusion (EDI) into our regulations, policies, programs, and processes is a priority for us. We carried out an enterprise-wide gender and pronoun inclusion initiative in 2022 and looked at other ways to make systems more inclusive.



Gendered language in the Occupational Health and Safety Regulation was replaced with gender-inclusive terms such as *the worker* or *the employer* to ensure that the Regulation reflects all gender identities of stakeholders. (Along with these amendments, which were approved by the Board of Directors and took effect on August 22, 2022, other changes were made to correct outdated definitions, references, and typographical errors in multiple parts of the Regulation. These changes ensure that references to legislation and standards in identified sections of the Regulation are clear and accurate.)



On October 26, 2022, the Board of Directors approved policy changes to replace outdated terminology referring to the worker as an alcoholic and language that describes the pattern of behaviours associated with alcoholism. Removal of this outdated terminology reflects our commitment to using inclusive, neutral, and bias-free language. The amended policy applies to all decisions made on or after December 1, 2022.

Investing in communities

Our community investments help to build and strengthen relationships with key stakeholders and community organizations across the province. In doing so, we are better able to engage in occupational health and safety and prevent workplace injury, disease, and death.

Every year through our Corporate Sponsorship Program, we sponsor external events and organizations that align with our mandate and allow us to build strategic partnerships and reach new or hard-to-reach stakeholders. In 2022, we sponsored 43 initiatives totalling \$230,490.

These sponsorships reached a variety of stakeholders and industries and built our relationships with key partners, and included the following in 2022:

- To advance our work in mental health and psychological safety awareness in workplaces, we sponsored the Canadian Mental Health Association (B.C. Division) in their Bottom Line Workplace Mental Health Conference. The West Coast Brain Injury Conference was another health-related sponsorship.
- To expand our reach into various business communities, we sponsored the 2022 BC Chamber of Commerce annual general meeting and conference as well as the Retail West Conference, Construction Expo, and BC Tourism and Hospitality Conference.
- We collaborated with safety organizations, including sponsoring various events including the Executive Health and Safety Council of BC Round Table, Petroleum Safety Conference, Vancouver Island Safety Conference, SafeCare BC's Hearts and Hands Conference, Manufacturing Safety Alliance of BC's Make it Safe 2022, and Actsafe Injury Prevention Week.
- To build partnerships in the forestry industry, we sponsored the Vancouver Island Safety Conference, 78th Annual Truck Loggers Association Convention + Trade Show, Women in Forestry Virtual Summit, and more.
- We continued to support Working Gear, a charity located in the Downtown Eastside neighbourhood of Vancouver. Working Gear provides clothing, personal protective equipment, and other resources at no cost to low-income or unemployed individuals in search of employment.



Over 400 delegates attended and participated in expert-led workshops at the 2023 BC First Responders' Mental Health Conference held in January in Richmond B.C. WorkSafeBC sponsored and Trudi Rondou, senior manager in Prevention Services, emceed the event.

Aligning environmental goals with local and provincial government targets

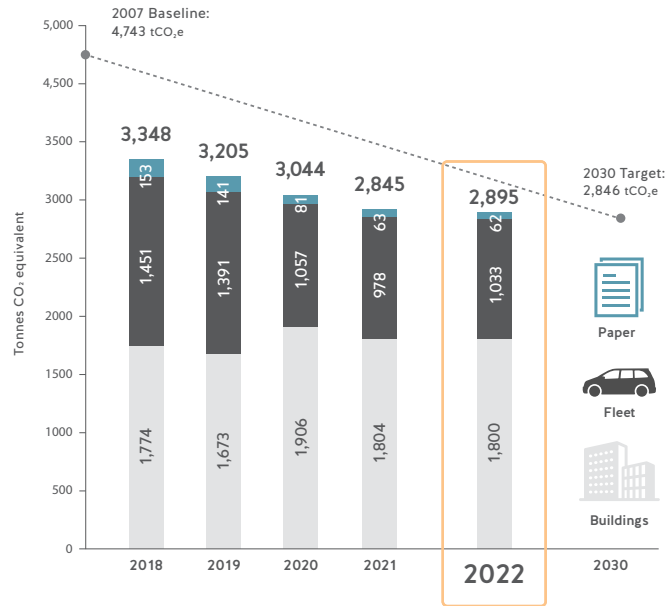
We have aligned our targets for environmental sustainability with those of the Province of B.C. and Metro Vancouver. We cannot function as an organization without consuming energy or producing waste, but good stewardship requires that we approach our operations as responsibly as possible.

Greenhouse gas emissions²⁰

B.C.'s *Climate Change Accountability Act* calls for a 40 percent reduction from our 2007 emissions by 2030. Since the baseline year, we increased our overall square footage while keeping to the same 2030 target.

All the energy sources we use emit greenhouse gases (GHGs) with varying effects to global warming. We use a universal measure of total emissions (tCO₂e, or tonnes of CO₂ equivalent) to monitor both our resource usage and our potential impact on climate change.

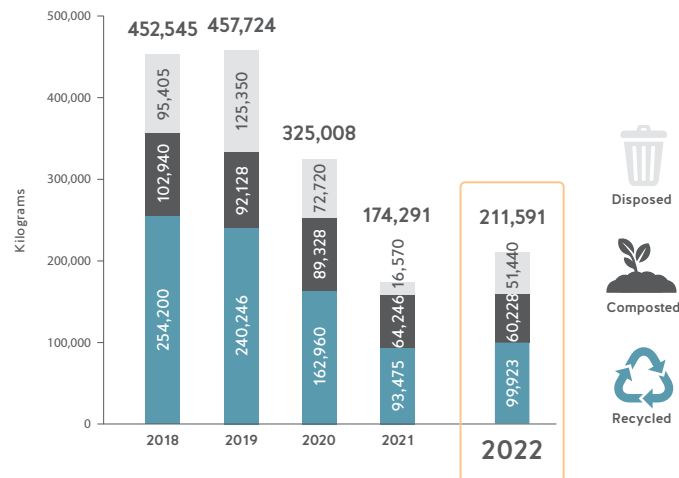
Emissions calculations are based on three components: buildings (including consumption of electricity, natural gas, and diesel), our vehicle fleet, and paper consumption.



To calculate the greenhouse gas (GHG) emissions, an emissions factor is multiplied by a quantity of fuel consumed from a specific source to determine the quantity of GHG equivalent. Emissions factors are frequently updated as new information becomes available. In 2022, the emissions factor for mobile fuels consumed in 2021 was updated, and the GHG emissions for that year have been restated.

Waste diversion

Beyond reducing our GHGs, we voluntarily align our head office in Richmond with Metro Vancouver's *Integrated Solid Waste and Resource Management* plan. The plan calls for reducing total generated waste and diverting at least 80 percent from landfills and into recycling or composting.



We fell slightly short of our target this year, diverting 76 percent from landfills. Implementing our hybrid work model meant there were more staff in our offices than in the previous year, including for corporate and team-building events. Also, activities to get our offices ready for our new model, including the disposal of end-of-life furniture and equipment, led to more waste being generated.

Communicate effectively with our stakeholders

Effective communication is foundational to all our core services. Whether we are listening to stakeholder input or responding to inquiries and questions, in 2022 we focused our efforts on opportunities for continuous improvement.

Our stakeholders expect a more personalized approach when engaging with WorkSafeBC, one that considers their unique needs and preferences (e.g., the platform they use to engage with us). By providing stakeholder-centred services and extending our reach, we work to ensure that all voices are heard, develop customized channels of communication, and build trust in WorkSafeBC and the decisions we make.

Improving online experiences

In 2022, we redesigned workers' online experiences to provide more meaningful information, improve the transparency of claim information, and make updates easier. This included adding an online direct-deposit self-enrollment tool and introducing a simpler, more user-friendly landing page for **My Worker Services**.


We enhanced the tool allowing workers, employers, and providers to upload documents online, and piloted a notification system for workers who have registered a claim via the Teleclaim call centre, providing key information via text or email and outlining their next steps in the claim process. Together, these enhancements allow workers to communicate with us at their convenience on their preferred device.

On July 13, 2022, the Board of Directors approved changes to policy related to signatures for applications and forms. As of September 2022, Teleclaim and online applications will now satisfy the requirement for a "signed" application for compensation; and electronic submission of prescribed medical reports will satisfy reporting requirements.


Extending our reach

In 2022, we established a Stakeholder and Community Relations department to lead the way in engaging and collaborating with stakeholders. (For details **see page 67**.) This team is focused first on identifying and understanding gaps in service for marginalized and underserved communities.

In addition, our government and media relations team continued to support a productive working relationship with the provincial government. This included responding to information requests from the Ministry of Labour and other government ministries and agencies while building and enhancing relationships with MLA constituency offices. They also worked to extend the reach of our occupational health and safety campaigns, with proactive and targeted outreach to industry trade publications, established media outlets, and non-English-language media outlets.



Truck drivers:
Get WorkSafeBC clearance faster



Sign up for employer online services to keep your business moving

As a business owner, you can complete almost all your transactions with WorkSafeBC online through a secure online services account. Sign up using your computer or mobile device and experience the following benefits:

- Report your payroll and make payments anytime online
- Receive immediate clearance status after reporting and making payment
- View your rates, potential discount, and avoid penalties
- View your business's health and safety information
- Grant permission to your bookkeeper or accountant to manage your online account on your behalf

Please note: Real-time clearance requires an active account of two years in the last three years. Reporting and payment requirements, as well as supplementary account information, must also be up to date.

Sign up for employer online services today. **WORK SAFE BC**

Ad at the APNA Truck Show in Abbotsford, B.C. encouraging truck drivers to sign up for a secure employer online services account.



Our Prevention Services team works closely with 13 health and safety associations to promote and develop industry-specific resources related to the prevention of occupational injury and disease and the safe return to work of injured workers. The team also engages with hundreds of industry associations and labour organizations throughout the province to help extend our reach through their membership base (see page 29).

Our medical advisors have also broadened our outreach to community physicians and nurse practitioners across the province in 2022, via educational webinars, participation in B.C.'s Rapid Access to Consultative Expertise (RACE) line, and direct outreach to primary health care providers of injured workers to discuss return to work.

All this is in addition to our regular outreach and meetings with labour, employer, and health care provider groups.

Increasing collaboration with employers, workers, and health care providers

When identifying opportunities to improve outcomes for workers through collaborating with them and their employers, we begin with research and insights about the group, and then develop a plan with the stakeholder's experience of collaborating with us at the heart of it. We test the resulting strategy, revise accordingly, and implement it with an effective measurement plan so that we can continually learn and improve.

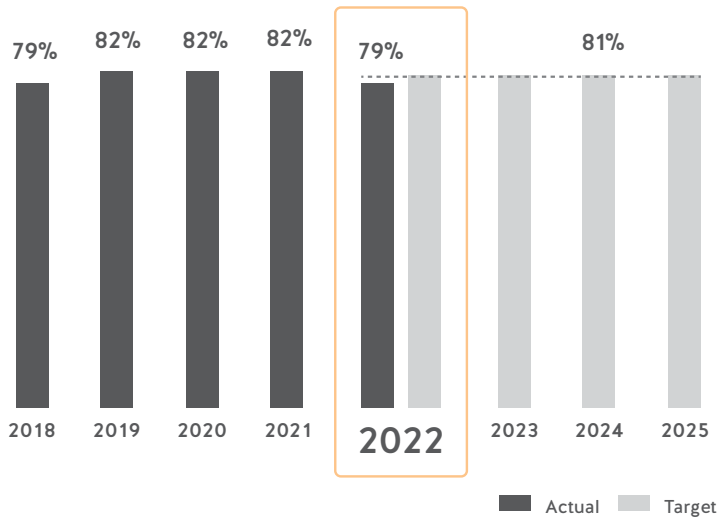
In 2022, we launched multiple digital and print campaigns to educate employers about the importance of health and leadership and the benefits of developing return-to-work opportunities in their workplaces. We worked with health care providers to expedite the processing of physiotherapy extension requests, and piloted a role to bridge communication between physiotherapists and case managers. We also refined how we collect feedback from our health care providers.

Key performance indicator:

Improve injured workers' rating of overall experience

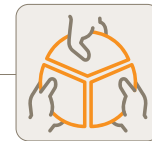
This key performance indicator helps us assess our success in delivering responsive and caring service that meets or exceeds the expectations of B.C.'s injured workers.

Percentage of injured workers' rating of their overall experience as good or very good*



*The margin of error is +/-4 percent, 95 times out of 100.

To measure performance, we contract the market research provider Ipsos to conduct random surveys of 800 injured workers per year. We survey injured workers at all stages of a claim to gauge their impressions of our organization and the services we provide.



Through the survey, workers rate their overall experience with us as very good, good, average, poor, or very poor. We then determine success based on the percentage of respondents providing good or very good ratings.

In 2022, 79 percent of injured workers rated their overall experience with WorkSafeBC as good or very good. Most injured workers rating their overall experience as good or very good noted that WorkSafeBC staff were easy to work with, provided responsive communication, and offered clear explanations.

Regardless of a worker's claim status, we are committed to responsive service that treats workers with compassion, respect, and dignity. In 2022, 6 percent of workers surveyed indicated that their experience was poor or very poor. The main reasons cited by these respondents for their rating included poor communication, staff who were not easy to work with, and claim refusal.

Setting targets for overall experience rating by workers

In setting our targets, we consider past results and the margin of error associated with surveying a sample of injured workers. There are other factors directly impacting this measure that we also consider:

- We are mandated to provide compensation and other benefits for workplace injury, disease, or death within the boundaries set by law and policy. Given the nature of our work, it is unlikely that all injured workers will agree with every claim-related decision we make.
- We measure our service at each claim stage and for all claim types — even those not allowed because of law, policy, or evidence. It stands to reason that for disallowed claims, injured workers are unlikely to rate their overall experience with us as good or very good, but we continue to focus on making the service experience as positive as possible.

Based on these factors, our targets for 2023 is set at 81 percent of injured workers' rating their overall experience with us as good or very good.

In 2022, the Board of Directors granted approval to broaden how we measure workers' overall experience, by being more inclusive of those we serve and reconsidering from whom, when, and how we collect feedback, as well what kind of feedback we collect.

This expands the audiences from which we solicit feedback. We will be including a wider range of the type of injured worker claims, while also incorporating feedback from the general population of B.C. workers and workers involved in workplace inspections. We are also extending the channels of communication beyond phone surveying to include email surveys to capture more immediate sentiments. To gain greater insights into our operations, we will broaden the scope of the questions we ask our stakeholders beyond the current overall experience rating to get more feedback on our mandate and their trust in us.

Our new key performance indicator (KPI) will be more actionable as it will allow us to gauge how well we are serving injured workers and workers in B.C., and then layer in insights from the larger Voice of Customer (VOC) program, which is focused on getting more feedback on our operations from our main channels of business. The VOC feedback also allows for a shift from point-in-time to a journey-based measurement so that if we see a significant movement in the KPI, we can then leverage insights from our VOC program to better understand the change and consider what to do next.

In 2023, we will collect data for both the current and future KPI measures, ahead of adopting our redefined KPI for reporting from 2024 onward.



Vitalis employee Justin Peters leveling an extractor pipe before welding.



Forging a new path

Four years after a workplace injury, Tauren Collinson — with his dog Cousin at his side — is back exploring the trails and beaches he loved growing up.

Photo credit: Alissa MacMullin

Regaining independence after an injury

Tauren Collinson is profoundly attached to the scenic surroundings of his home in Haida Gwaii, and it's been his dream to return to the trails and beaches he grew up exploring. But until he recently acquired an all-terrain wheelchair, that hadn't been possible.

"One of the things I really used to enjoy doing was hiking through the forest," says Tauren. His favourite haunt is Spirit Lake Trail — once his go-to trail for daily runs. "It's really great to finally go back and do that trail again. I take my dogs there as often as I can now."

Tauren became quadriplegic in 2018, at the age of 27, when he fell from a cliff face while culling racoons for Parks Canada. It was a truly life-altering injury; he has limited use of his hands and arms, has respiratory difficulties, and relies on a power wheelchair to get around. But he has spent the last four years working to regain his independence and get back to the activities that bring him joy.

"The first few years were really difficult, getting used to all the changes in my body," says Tauren.

Physiotherapy was key, but not easily accessible. Haida Gwaii claims a population of fewer than 5,000 people and is accessible only by boat or plane. So, with limited options for rehabilitation treatment locally, Tauren spent his first nine months post-injury recovering in Vancouver, participating in intensive daily physiotherapy. After moving home, he continued working with a physiotherapist regularly over Zoom and in person on twice-annual trips to Vancouver.

"I really focused on physio in the first few years," says Tauren. "WorkSafeBC really allowed me to utilize it a lot, and I've recovered a lot of function through just that alone."

As well, an occupational therapist has worked with Tauren since his injury to identify adaptive tools that allow him to be independent and return to the activities he loves. Tauren lives with his girlfriend on the lower level of his parents' home, and home modifications have been crucial to making it a safe and comfortable place for him to live. These include a barrier-free shower, a ceiling track lift in the bedroom, and a vertical platform lift for the stairs. Next, Tauren and his occupational therapist are looking into kitchen modifications that will allow him to get back to cooking for himself.

Being able to get around independently was especially important to him. "I really wanted to be able to just get out and explore," he says. In fact, one of the first things he did after his injury was learn to drive using technology specifically designed for people with spinal cord injuries. He now has an adapted vehicle that he can operate entirely himself. "It's just so important to have that freedom."

And now that he has an off-road chair that allows him to go to more remote places, more of his favourite locations and activities are within his grasp. The next activity he wants to return to is river fishing — something he cherished doing with his father growing up. He's looking forward to teaching his nephew, who's old enough to learn this year.

Tauren acknowledges the challenge of living in such a remote part of B.C., with limited accessible infrastructure and few treatment options. But he has no intention of leaving his tight-knit community any time soon. "My whole family has been right by my side through all of this and I don't think I could have done it without them," he says. "I'm just very thankful to be in the community that I'm from."

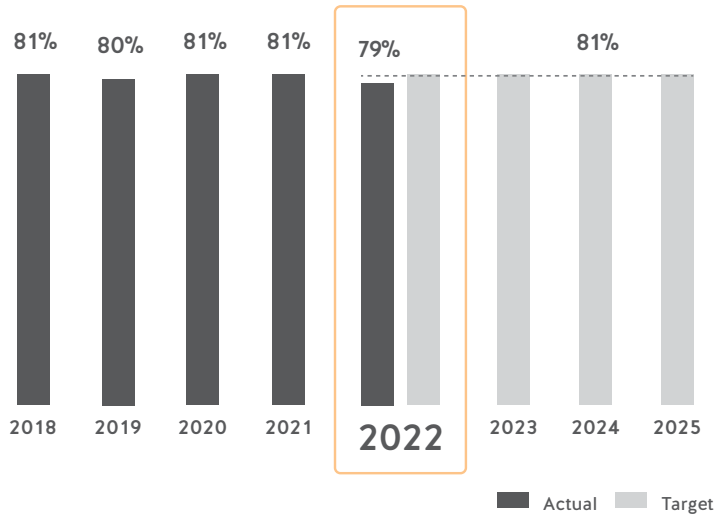
— *With thanks to Tauren for agreeing to share his story.*

Key performance indicator:

Improve employers' rating of overall experience

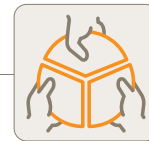
This indicator helps us assess our success in providing exceptional service in all interactions with employers through inspections, assessments, and the claim process.

Percentage of employers' rating of their overall experience as good or very good*



*The margin of error is +/-3 percent, 95 times out of 100.

To measure our performance, we contract the market research provider Ipsos to survey employers with two or more claims in the previous 12 months. In 2022, Ipsos surveyed 1,600 employers,²¹ starting with a broad measurement, and exploring specific components of the employers' experiences with us.



Employers can rate their overall experience with us as very good, good, average, poor, or very poor.

In 2022, 79 percent of employers rated their overall experience with WorkSafeBC as good or very good. This result does not meet the 81 percent target set for the year and is below the 2021 result of 81 percent.

Businesses of different sizes have different needs and expectations. Survey results from employers are broken out by size. Ratings from small businesses increased from an 81 percent rating in 2021 to 83 percent in 2022, ratings from medium-sized employers decreased from 86 to 80 percent, and ratings from large employers decreased from 79 to 76 percent.

The reasons reported for positive ratings were the ability to have questions answered with appropriate information and good explanations; responsive communication; and staff were easy to work with, patient, supportive, and cooperative. The 4 percent of employers who had a poor experience were more likely to reference lack of communication, or telephone calls being returned too slowly; staff as not being easy to work with, impatient, or uncooperative; or a need to make it easier to talk to someone who is the right person.

Setting targets for overall experience rating by employers

In establishing our targets, we consider past performance and any anticipated challenges resulting from current or future operating environments. Such challenges could include changes in business processes, assessment rates, the volume of claims, staff availability, or other factors. For our target for this key performance indicator (KPI), we consider potential challenges, the margin of error associated with surveying a sample of employers, and our mandate as a regulatory and decision-making body.

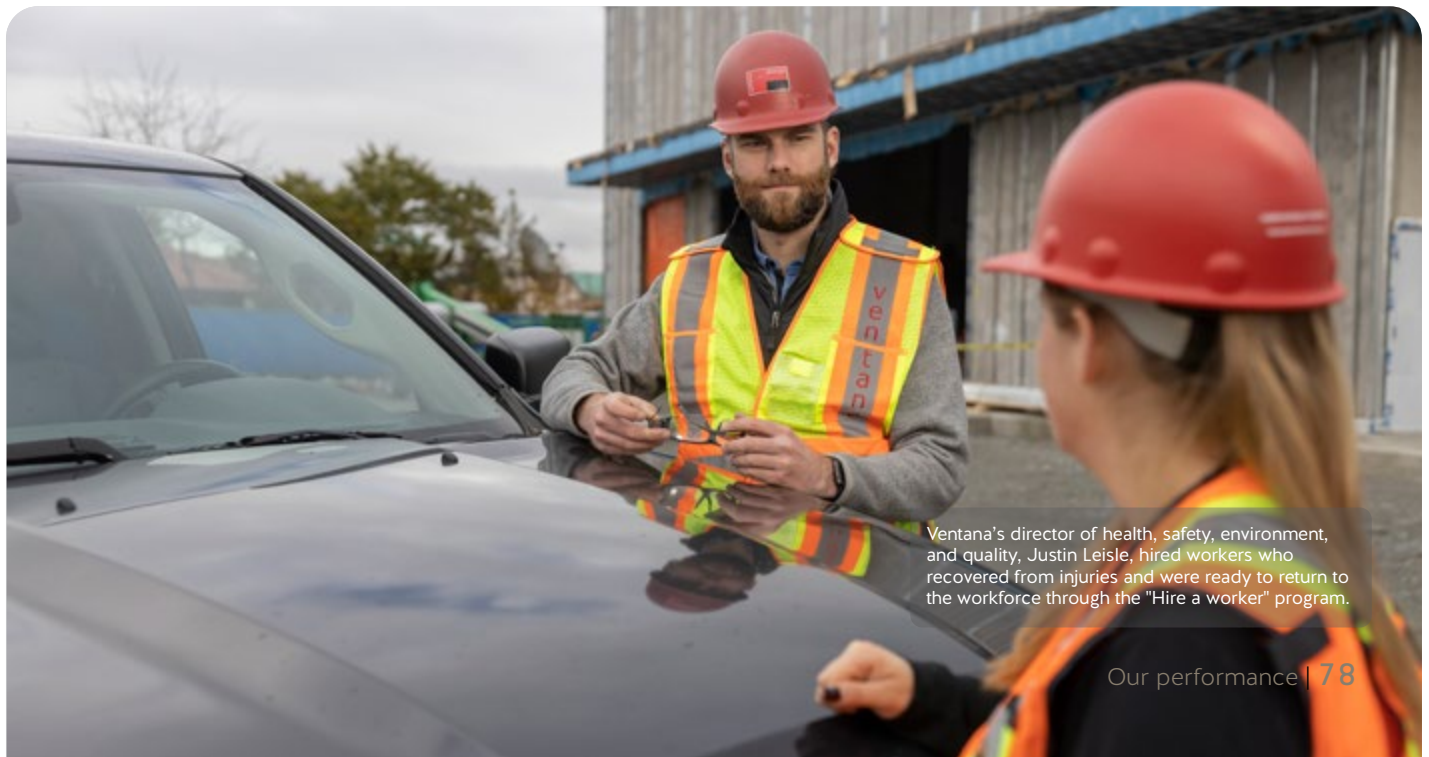
Based on these factors, our targets for 2023 through to 2025 are set at 81 percent of employers rating their overall experience with us as positive.

In 2022, the Board of Directors granted approval to broaden how we measure employers' overall experience, by being more inclusive of those we serve and reconsidering from whom, when and how we collect feedback, as well as what kind of feedback we collect.

This expands the audiences from which we solicit feedback. The new measure will now include employers with a wider range of claim experience and extend its reach to other channels of business to now include our prevention programs and assessments. As with the previous KPI, we are also including email surveys and broadening the scope of the questions beyond the current overall experience rating.

Our new KPI is more actionable as it will allow us to gauge how well we are serving employers in B.C. across our channels of business. See the previous KPI ([page 73](#)) for a description of how we are incorporating feedback from the VOC program.

In 2023, we will collect data for both the current and future KPI measures, ahead of adopting our redefined KPI for reporting from 2024 onward.



Ventana's director of health, safety, environment, and quality, Justin Leisle, hired workers who recovered from injuries and were ready to return to the workforce through the "Hire a worker" program.



Our stakeholder and government perspective — looking ahead

We aim to bolster our community-relations work to establish and develop the connection between WorkSafeBC and the unique communities we serve. Through sponsorships and facilitating events and other community-based engagement opportunities across B.C., we can gauge public attitudes and connect with hard-to-reach stakeholders, including multicultural or language-based communities and those who are marginalized and underserved. We will also implement the first phase of our Indigenous Relations strategy, which calls for organization-wide training and the hiring of a manager of Indigenous relations, as well as identify other vulnerable workers and marginalized and underserved stakeholder groups for focused engagement.

In 2023, we will continue to grow our Stakeholder and Community Relations department and to work on outreach and engagement with stakeholders with a view to improving their experience. We will be launching a website in 2023 to give our stakeholders and members of the public information and updates on our stakeholder, community, and Indigenous relations strategies. Stakeholders will have an opportunity to provide feedback on specific initiatives, community engagements, and our activities. This feedback will help us have further meaningful conversations.

Our Corporate Sponsorship Program will continue to build and strengthen many community partnerships across the province. We will consult with stakeholder groups to determine the baseline of how much we engage with them and how we can increase the quality of the engagement.

In 2023, we will continue to design better service experiences such as expanding our text and email notification programs and improving our online worker and employer portals so that we can meet rising expectations for higher service levels, shorter timelines, and greater options to access information.



First Nations Health Authority
Health through wellness

Answering The Call: Reconciliation in Action

Making Connections - Partners in Health
April 3, 2023

Tlesla Dr. Evan Adams, MD, MPH
Tla'amin Nation
Deputy Chief Medical Officer



Dr. Evan *Tlesla* II Adams, chief medical officer for the First Nations Health Authority, presenting a webinar on the health care needs of Indigenous people to WorkSafeBC staff as part of the Mental Health Conversations series.



Megan, fastening her safety apparel as she prepares to work on a wheel rim at Rimex in Langley, B.C.

Our governance

WorkSafeBC is governed by our Board of Directors. They represent the stakeholders we serve and offer a wide range of industry experience and perspectives. They serve as our stewards, making balanced policy and regulation decisions that affect the workers and employers of British Columbia.

Board of Directors

Our Board of Directors is appointed by the provincial Minister of Labour based on the requirements of the *Workers Compensation Act* to ensure it consists of a diverse group of people who represent the public interest, as well as stakeholders in the compensation system as a whole.

AC Audit Committee

GC Governance Committee

HRCC Human Resources and Compensation Committee

IC Investment Committee

PRRC Policy, Regulation, and Research Committee



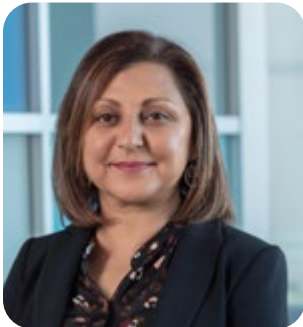
Jeff Parr, BA, MPA

Chair and public interest representative

Appointed August 2020;
Reappointed December 2022.



Jeff is a retired deputy minister with more than 25 years of experience in senior executive roles with the governments of Saskatchewan, Manitoba, and Alberta. He's led teams through the major reform of labour legislation, encompassing workers' compensation, occupational health and safety, labour relations, and employment standards. He was the board of directors' chair at Manitoba Housing and Renewal Corporation; on the Special Operating Agency Advisory Board for the Manitoba Office of the Fire Commissioner; and the president of the Canadian Association of Administrators of Labour Legislation.



Anne Naser, CDir

President and chief executive officer

Ex officio member
Appointed June 2019



Anne is an established innovator and strategic leader with more than 20 years of executive leadership experience. As president and CEO, her focus is on championing health and safety, improving supports for injured workers, and ensuring the financial sustainability of the workers' compensation system. Previously she was the senior vice-president of information technology at the British Columbia Investment Management Corporation and chief information officer of WorkSafeBC. Anne has been named Canadian CIO of the year by *Computerworld* and is a recipient of the Premier's Award for Innovation.



Baltej Dhillon, Hon LLD, CDir

Law enforcement representative

Appointed December 2017; Reappointed December 2021.



Baltej is a retired member of the RCMP, served as a police officer for more than 31 years, and has extensive investigative experience. He is the program manager for the Crime Guns Intelligence and Investigations Group, Combined Forces Special Enforcement Unit of BC; former officer in charge for RCMP Operational Readiness and Response, Protective Technical Services Section; former investigator for the Air India Task Force and Pickton investigations; and a recipient of the Queen Elizabeth II Golden and Diamond Jubilee medals for community service.



Michelle Laurie

Worker representative

Appointed December 2019; Reappointed December 2021.



Michelle is a Red Seal-certified electrician and has spent 25 years as a worker representative and advocate. She was a staff representative for United Steelworkers, and prior to that represented workers in the International Brotherhood of Electrical Workers as president of Local 258. She has considerable board experience, having been a vice-president of the BC Federation of Labour and past chair of the boards of the Tumbler Ridge Community Health Centre, United Way of the Lower Mainland, BC Citizens for Public Power, and the Electrical Industry Training Institute.



Lee Loftus, CDir

Vice-chair and public interest representative

Appointed December 2017; Reappointed December 2021.



Lee has 45 years of experience in the B.C. construction sector. He has extensive governance experience as a labour leader with the BC Federation of Labour, BC Building Trades, and BC Insulators Union. He is a former member of the board of governors of the Canadian Centre for Occupational Health and Safety; director of the Canadian Standards Association and Canadian Society of Safety Engineering; and administrator of the Insulation Industry Apprenticeship Board. He is active on not-for-profit boards with a focus on mental health, medical research, essential skills, climate research, and literacy. He also maintains an involvement in pension trust funds, B.C. credit unions, and local municipal commissions.



Cindy Morton, LLB

Public interest representative

Appointed December 2022



Cindy Morton is a lawyer and former deputy minister, working in both B.C. and Ontario in the areas of labour and workers' compensation, health care, and law. She was previously vice-president with the Workplace Safety and Insurance Board (WSIB) of Ontario before becoming deputy there. She was also B.C.'s first children's commissioner and has served as the CEO of a national organization, the Canadian Partnership Against Cancer. Currently, Cynthia sits on the board of directors for the Canadian Council on Rehabilitation and Work. She is very familiar with the complex operational, legal, regulatory, and stakeholder-relations issues arising out of the areas of health and safety, as well as with workers' compensation.



Becky Packer, MScPT, BCom, GCVBL, CDir

Health care representative

Appointed February 2020; Reappointed December 2021.



Becky is a registered physical therapist with a special interest in long-term care, working for Island Health in the unceded traditional territory of K'ómoks First Nation on Vancouver Island. She has experience working with joint occupational health and safety and regional coordination committees with a focus on safe patient handling and the mental health of health care workers. She is a board director and secretary treasurer of the Health Sciences Association of British Columbia.



Lorna Pawluk, KC, CDir

Employer representative

Appointed February 2021



Lorna is a lawyer with over 30 years of experience in workers' compensation. She began as an appeal commissioner in 1991 for the Workers' Compensation Board of BC (now WorkSafeBC). In 2001, she opened her own practice and represented employers in health and safety, assessment, and claims matters. She has been a chair, vice chair and committee chair at the BC Safety Authority (now Technical Safety BC), BCIT, the College of Massage Therapists of British Columbia (CMTBC), and the CMTBC Inquiry Committee.

On March 30, 2022, Lorna Pawluk was appointed as a member of the Human Resources and Compensation Committee (HRCC).



Don Smith, FCIA

Actuary

Appointed December 2018; Reappointed December 2021.



Don has 40 years of experience providing actuarial, pension, employee-benefit, compensation, and investment consulting services to public and private sector organizations and joint boards of trustees across Canada. He is the partner at Smith Pension & Actuarial Consultants Inc.; former partner in three actuarial, compensation, and benefit consulting firms; and senior vice-president of an international human resources consulting firm. He holds an MBA in finance and has completed the CFA and ICD.D programs.



Kay Teschke, MPH, PhD

Public interest representative

Appointed December 2017; Reappointed December 2021.



Kay has 40 years of experience in occupational and environmental health, as a professional and an academic. She is professor emeritus of the School of Population and Public Health at the University of British Columbia, where she was a co-founder and director of the graduate program in occupational and environmental hygiene. She has led research on occupation and various diseases and injuries, determinants of exposure modelling, and exposure assessment for epidemiological studies. She has served on the boards of Population Data BC, the Canadian Association for Research on Work and Health, and HUB Cycling.

Kay Teschke's term on the Board of Directors ended on December 1, 2022.



Judy Village, PhD, MSc, BSc

Occupational health and safety representative

Appointed October 2021



Judy is a certified professional ergonomist in Canada and the United States. She has 40 years of experience consulting, teaching, and conducting research in occupational health and safety. Judy has served as president of the Association of Canadian Ergonomists and board member of the Canadian College for the Certification of Professional Ergonomists. Prior to starting Judy Village & Associates in 1997, she worked for the Workers' Compensation Board of British Columbia (WorkSafeBC), BC Research, and the Mines Accident Prevention Association of Ontario. From 1993 to 2020, she was an adjunct faculty member in the School of Population and Public Health at the University of British Columbia.

Terms and appointments

Board member terms and appointments are outlined by the *Workers Compensation Act*. Each voting director holds office for a term of up to three years and can be reappointed but cannot be appointed for a continuous period of more than six years. The chair may hold office for a term of up to five years and can be reappointed but cannot be appointed for a continuous period of more than ten years. Appointments and terms are set by the Lieutenant Governor in Council of B.C.

Directors of the Board are selected from a list provided by communities representing workers, employers, occupational health and safety, law enforcement, health care and rehabilitation services, and actuaries.

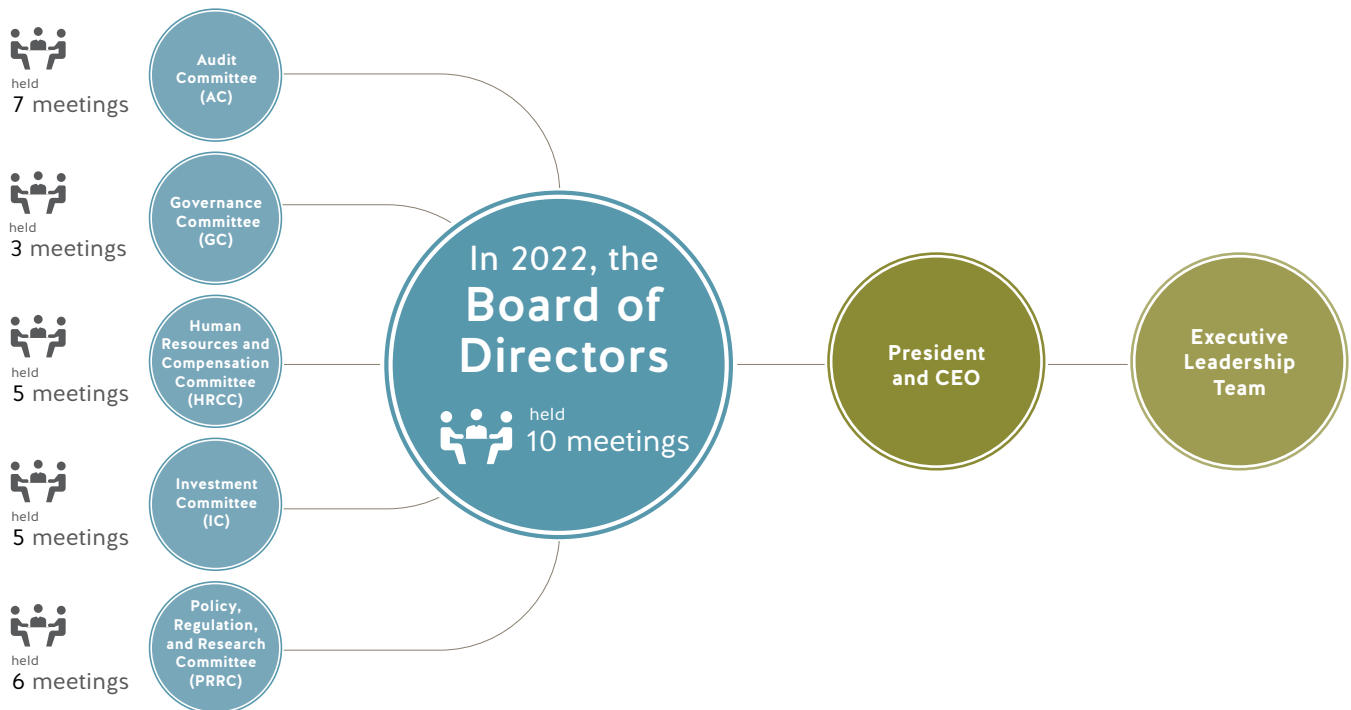
Board of Directors and committees

We are governed by our Board of Directors (BOD). The BOD guides our strategic direction, while our Enterprise Leadership Team carries out the Board’s mandate through our priorities and initiatives.

The BOD and its committees make decisions on policy and regulations affecting the workers and employers of British Columbia. We refer to the B.C. government’s guidelines for corporate governance in the public sector.²²

Day-to-day operations are the responsibility of our president and chief executive officer, as well as our Enterprise Leadership Team and management team.

Committees



Decisions

BOD decisions can affect occupational health and safety, as well as the level of benefits workers receive, and the premium rates employers pay. As part of our commitment to remaining open and accountable to our stakeholders and the public, we post decisions and formal resolutions at worksafebc.com.

Duties

The chair

Appointed by the Lieutenant Governor in Council, the chair is responsible for:

- Facilitating the work and effectiveness of the BOD in governing WorkSafeBC during and outside of meetings
- Monitoring activities of the Board committees to ensure that their work follows the mandate, is being done efficiently and effectively, and does not interfere with management's responsibilities
- Serving as a support and confidant to the chief executive officer (CEO) and conduit with the BOD
- Maintaining an open and cooperative relationship with the chair of the Workers' Compensation Appeal Tribunal
- Fulfilling the legal obligation under the *Freedom of Information and Protection of Privacy Act* to perform the powers, duties, and functions as set out in the *Workers Compensation Act (Act)*, including ensuring compliance with the Act

The Board of Directors

In accordance with the Act, the BOD must:

- Set and revise, as necessary, the policies of the BOD, including policies respecting compensation, assessment, rehabilitation, and occupational health and safety
- Set and supervise the direction of WorkSafeBC, which includes approving major programs and expenditures and planning for the future of WorkSafeBC
- Select the president of WorkSafeBC, determine the president's functions, and assess their performance
- Approve the operating and capital budgets of WorkSafeBC
- Establish policies and accounting systems to ensure adequate funding of the Accident Fund²³
- Approve the investment of WorkSafeBC funds in accordance with requirements imposed under the Act
- Enact bylaws and pass resolutions for the conduct of WorkSafeBC's business and the functions of the BOD, including enacting bylaws regarding the way the policies of the BOD are to be published

The BOD must appoint an auditor to audit the accounts at least once each year, and establish and maintain an accounting system satisfactory to the Minister of Labour. The Board also must appoint a chief review officer and one or more officers to conduct reviews under the Act.

Changes in policies and regulations

In its role, the Board of Directors sets and revises, as necessary, policies and regulations that affect compensation, assessments, rehabilitation, and occupational health and safety.

Here are the 2022 outcomes for our 2022 priorities. Detailed information can be found on worksafebc.com.



As part of **our operational perspective**, the Board of Directors approved the following policy amendments, policy changes, and decisions related to supporting injured workers through compensation, rehabilitation, and facilitating their recovery and safe return to work

- Reassignment of refused work, **page 31**
- Changes to improve worker safety when using tower cranes, **page 29**
- Changes to reflect gender-inclusive language, **page 68**
- Determination of workplace status, **page 34**
- Suitable occupation for loss-of-earnings assessments, **page 33**
- Worker mileage rate review, **page 34**
- Cost relief for the serious and wilful misconduct of a worker claims, **page 36**
- Review of the permanent-disability benefits policy, **page 33**
- Signature requirements for applications and forms, **page 71**
- Terminology related to alcohol use, **page 69**

Our research grants program

As part of **our stakeholder and government perspective**, the Board of Directors continued to explore new and emerging workplace risks to plan proactively and mitigate them. Research is an important aspect of this.

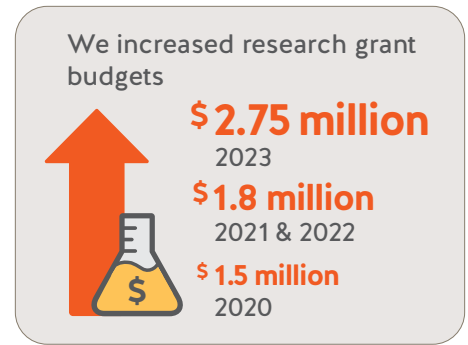
We launched this program in 2000 to provide funding for occupational health and safety and work-disability research, and for the transfer of research knowledge and insights. This program supports research aligned with our mandate and strategic priorities, develops occupational health and safety research capacity in B.C. and Canada, and provides practical and innovative solutions to address the needs of workers and employers.

Examples of projects funded in 2022 include:

- Developing a predictive modelling tool to help employers analyze and assess the risk of welding-fume exposure to workers
- Developing new analytical methodologies and sampling techniques to ensure that chemical exposures are within the threshold limit values established by the American Conference of Governmental Industrial Hygienists

- Using artificial-intelligence-based models to predict risk factors for combustible dust explosions
- Understanding how the COVID-19 pandemic is affecting the duration of mental health-related disability among health care workers

In 2022, we awarded \$1.8 million in research grants. For 2023, the Board of Directors has expanded the research grants program budget to \$2.75 million. The additional funding would be used to support high-impact and transformative research that shows a strong potential to be applied by workers and employers.



Partnership with the University of British Columbia

In addition, we are continuing our work with researchers at the University of British Columbia through the Partnership for Work, Health, and Safety to identify current and emerging issues relating to occupational health and safety and work-related disability. In 2022, areas of research and knowledge translation included evaluating occupational health and safety policies and programs, violence prevention in health care and the food and beverage sector, emerging mental health issues at work, precarious work, the pandemic response, and heat-related illnesses.

Our stakeholder consultations

Stakeholder feedback is an important part of developing policy and regulations. Our stakeholder consultation process ensures that the Board of Directors considers the real-world experiences of workers and employers in making decisions. Engaging our stakeholders early in the process ensures that their feedback informs the direction of projects from the outset, improving the outcomes of policy and regulations.

- **Pre-consultation sessions:** Pre-consultation sessions allow stakeholders to identify potential issues with proposed amendments before they are released for public consultation. In 2022, we held seven pre-consultation sessions on a variety of policy and regulation projects.
- **Public consultations:** Eleven public consultations were held throughout the year.
- **Public hearings:** Public hearings continued to be held online, with public hearings on three regulation projects held in June and December 2022. These hearings were seen by 290 viewers.
- **Feedback submissions:** We also publicized our consultations and public hearing sessions through social media, increasing our stakeholder engagement. In 2022, we received 150 feedback submissions from stakeholders.



and supervision.

WORK SAFE BC

Representatives from our legal; occupational health and safety; and policy, regulation, and research teams attending a public hearing on rate consultations.



From left, Charmaine Chin, Todd Yule, Kevin La Freniere, Mark Heywood, Anne Naser, Ian Shaw, Todd McDonald, Wendy Strugnell, Joe Pinto.

Enterprise Leadership Team

Our Enterprise Leadership Team is structured so that our core operational areas all have a line of sight to our CEO, and through her, to the Board of Directors. It is responsible for managing the day-to-day operations of the organization and for implementing the strategic initiatives of our service plan, which is approved by the Board of Directors. In 2022, we welcomed a new head of Prevention Services.

Shared responsibilities

Along with leading their respective divisions, each member of the Enterprise Leadership Team is accountable for enterprise-level vision, strategic direction, performance metrics, financial plans, service plans, decisions, and risk management. All members of the Enterprise Leadership Team act as strategic resources for each other and to the president and CEO, and foster enterprise thinking throughout the organization.

Anne Naser

President and Chief Executive Officer (CEO)

Anne is responsible for the leadership and management of WorkSafeBC and is accountable to the Board of Directors (BOD). Anne ensures that strategic and annual plans are implemented effectively, that the results are monitored and reported to the BOD, and that financial and operational objectives are achieved.

Charmaine Chin

Head of Executive Operations

Charmaine oversees independent functions of the organization, is the primary management liaison with the BOD, and supports Anne in fulfilling her CEO responsibilities, including attaining WorkSafeBC's strategic goals and annual business planning outcomes. Key functional areas include corporate strategy and governance, Review Division, fair practices office, internal audit, strategic research, issues management, and executive operations.

Joe Pinto

Head of Claims and Rehabilitation Services

Joe leads the division that oversees all compensation and rehabilitation decisions and benefits, processes health care support as specified under the *Workers Compensation Act*, and facilitates safe and durable return to work for injured workers. Key functional areas include claims intake and adjudication, claims management, and health care services.

Mark Heywood

Head of Assessments and Finance, and Chief Financial Officer (as of December 12, 2022)

Mark leads the division that ensures transparency and responsibility in all of WorkSafeBC's financial decisions and oversees the investment of the accident fund in accordance with the BOD's approved investment policy. Key functional areas include assessments, all aspects of corporate finance, actuarial services, health care operations, procurement services, enterprise risk management, and investment management.

Brian Erickson (not pictured) held this position until December 12, 2022.

Ian Shaw

Head of Law and Policy

Ian leads the division that is responsible for advising the BOD, the enterprise leadership team, and the organization on legal matters. The division is also responsible for developing policy and regulation. Key functional areas include corporate and commercial law, litigation, privacy and access to information, and policy and regulation.

Kevin La Freniere

Head of Stakeholder Experience, Marketing, and Corporate Communications

Kevin leads the division that helps us better understand our stakeholders' needs so we can create products, services, and awareness campaigns that further our health and safety mandate and drive behaviour change. The division champions stakeholder-centred communication and engagement, strengthening stakeholder relationships. Key functional areas include government and media relations, stakeholder and community relations, and stakeholder experience, communications, marketing, and insights.

Wendy Strugnell

Head of People and Culture

Wendy leads the division that focuses on attracting and retaining a skilled and engaged workforce, and delivering comprehensive programs and services to support the organization's diverse talent. Key functional areas include talent recruitment and retention, compensation and benefits, organizational effectiveness, training and development, business partnerships, labour relations, and health and safety.

Todd McDonald

Head of Prevention Services

Todd leads the division that uses a multi-faceted approach of education, consultation, and enforcement to protect workers from occupational health and safety risks. This supports WorkSafeBC's vision of a British Columbia free from workplace injury, disease, and death. Key functional areas include prevention field services, occupational health and safety investigations, and consultation and education services.

Todd Yule

Head of Innovation Services and Chief Digital Officer

Todd leads the division that stewards innovation for WorkSafeBC, delivers technology, and provides business support. Key business areas include business engagement, end-user services, enterprise development and operations, cybersecurity services, analytics and data services, real property and workplace services, and innovation services.



Regional chef Garett Weston and kitchen Manager Jordan Chew talk safety with staff at White Spot.

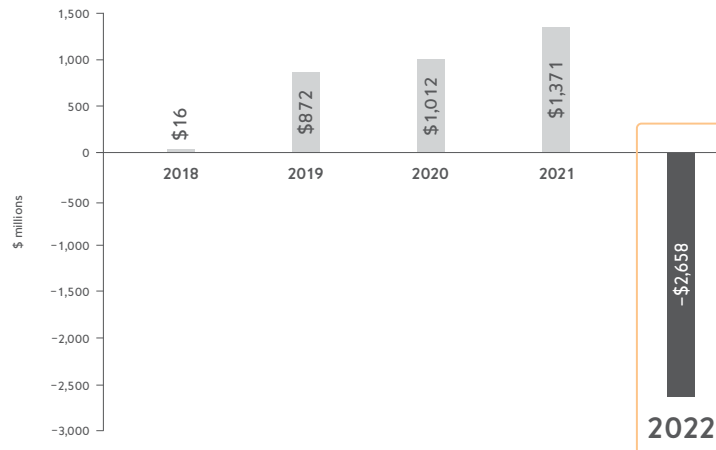
Our finances

As we adapt to the changing financial climate, our financial priority is to ensure the long-term sustainability of the workers' compensation system for both workers and employers.

2022 financial highlights

Our operating costs remained relatively stable in 2022. However, our bottom line was significantly affected by a legislative amendment to improve benefits for injured workers (Bill 41, see page 22) and the downturn in financial markets. As a result, our total comprehensive loss for the year was \$2.7 billion, \$4.0 billion lower than in 2021, causing the first decrease to the Accident Fund²⁴ since 2011.

Total comprehensive income (loss)



↓ **\$346 million**
(smoothed basis)
4.4% lower than 2021

Funded position

We ended the year in a strong financial position with a funded position of \$7.5 billion on the smoothed-accounting basis, absorbing the total comprehensive loss, because of our capital management strategy. The smoothed-basis funding level at year-end was 146 percent. The funding level decreased from 155 percent at December 31, 2021 largely because of a one-time increase in claim liabilities stemming from the legislative amendment noted above. (See page 100.)

↑ **\$253 million**
13.6% higher than 2021

Premium income

Premium income was \$2.1 billion in 2022, a 14 percent increase from 2021, even though we held the average base premium rate unchanged at 1.55 percent (since 2018). During the year, as the economy continued to improve and unemployment rates decreased, assessable payroll increased, which generated a higher premium income as compared with the prior year. (See page 101.)



\$3.2 billion

120.3% lower than 2021

Investment income (loss)

Our investment portfolio experienced a loss of \$0.5 billion in 2022, compared with investment income of \$2.7 billion in 2021. The portfolio investment return in 2022 was -2.6 percent, lower than the required long-term return²⁵ of 7.0 percent and down from a 12.7 percent gain in 2021. This investment result, however, was better than the investment policy benchmark²⁶ of -4.5 percent, and our investment return continues to be higher than the required return over the long term. (See page 105.)



\$1.0 billion

32.1% higher than 2021

Claim costs

Claim costs for 2022 before non-recurring adjustments were \$3.1 billion, which was comparable to the prior year — benefit payments increased by 7 percent, but were offset by a reduction in the actuarial valuation of liabilities. Non-recurring liability adjustments added \$1.1 billion to the total claim costs. This included a one-time increase of approximately \$1.3 billion to our claim benefit liabilities (to increase benefits for existing claims) stemming from Bill 41, partially offset by a \$178 million decrease in liabilities due to changes in the discount rate. (See page 107.)



\$35 million

10.7% higher than 2021

Administration and other operating costs

Administration and other operating costs (excluding claim administration) totalled \$363 million in 2022. Administration costs increased by \$4 million mainly because of salary increases for staff and increases in staffing levels to improve services. However, our measure for administrative efficiency — administration costs as a percentage of assessable payroll — has continued to improve. Other operating costs increased by \$31 million, mostly from increases in investment and bad debt expenses. (See page 117.)

Management discussion and analysis

This section provides management’s perspective on our financial results and financial position for the year ending December 31, 2022, and includes a comparison with the 2022 financial plan prepared as part of our annual business-planning process.

The following areas are discussed and should be read in conjunction with the consolidated financial statements and accompanying notes: funded position, premium income, investments, claims, administration and other operating costs, and other comprehensive income. **The information presented is based on our International Financial Reporting Standard (IFRS) results unless otherwise noted.** We also discuss the upcoming new accounting standard for insurance contracts — IFRS 17 — that will be in effect for our 2023 financial reporting year. Please see “Our financial perspective” (page 55) for a discussion of the financial context we are operating in, forward-looking information, and a comparison of our IFRS-based, fair-value financial results with smoothed-accounting financial results.

Financial information based on smoothed accounting provides readers with a better long-term perspective of WorkSafeBC’s financial sustainability; it is used to set premium rates and determine the required funding level. Information on our operating results over the last 10 years, prepared using the smoothed-accounting approach, is available online at worksafebc.com/annualreport. The supplementary information includes a 10-year summary table, gain and loss analysis, and a statement of changes in rate group balances.

Smoothed accounting

- Smoothed accounting is a method to level out short-term fluctuations in financial reporting periods. Under this approach, investment income is recognized at the required rate of return (based on the opening real discount rate used to calculate liabilities [2022: 2.4 percent] plus the inflation rate [2022: 6.9 percent]) plus amortization — over a five-year period — of the difference between the actual and required return on investments. The required rate of return is subject to a maximum differential of 10 percentage points from the preliminary market rate of return (2022: -3.0 percent, which lowered the required return to 7.0 percent in 2022). The smoothed-basis investment income is adjusted, if necessary, to ensure that the smoothed value of assets is between 90 and 110 percent of the market value of assets.
- The present value of claim benefit liabilities (for the current year’s and prior years’ injuries to be paid in the future) is calculated using a nominal discount rate. (A discount rate is an interest rate for determining the present value of future cash flows). This nominal discount rate is based on WorkSafeBC’s long-term real discount rate (which was updated at 2022 year-end from 2.4 to 2.65 percent) plus the assumed long-term inflation rate (2.0 percent at 2022 year-end). The assumption is that investment income will be earned at an annual rate that is 2.65 percent higher than the annual rate of general inflation in the long term. Additionally, for the 2022 liability valuation, we introduced a short-term real discount rate in light of the significant differences of the short-term inflation and wage growth for 2023 from the long-term assumptions.
- The liability for long-latency occupational diseases (which may result in future claims) is not recognized.
- Actuarial gains or losses relating to WorkSafeBC’s employee-benefit-plan net liabilities are amortized on a straight-line basis over a five-year period.

2022 and 2021 comparison

Summary 2022 and 2021

	2022	2021	Change
Financial summary — IFRS basis (\$ millions)			
Total assets ^a	23,906	24,446	(540)
Total liabilities ^a	16,883	14,765	2,118
Reserves	4,843	4,306	537
Unappropriated balance and accumulated other comprehensive income	2,180	5,375	(3,195)
Premium income	2,111	1,858	253
Investment (loss) income	(546)	2,691	(3,237)
Other income	6	6	—
Claim costs (before non-recurring liability adjustments)	3,145	3,200	(55)
Non-recurring claim costs:			
Bill 41 legislation changes ^b	1,261	—	1,261
Discount rate change ^c	(178)	—	(178)
Administration costs (excluding claim administration)	250	246	4
Other operating costs	113	82	31
Surplus (deficit) from operations	(3,020)	1,027	(4,047)
Other comprehensive income	362	344	18
Total comprehensive (loss) income	(2,658)	1,371	(4,029)
Operational highlights			
Smoothed funded level	146%	155%	(9 points)
Average base premium rate	1.55%	1.55%	—
Investment return (loss)	(2.6%)	12.7%	(15.3 points)
Number of insured employers (at year-end)	269,321	263,292	6,029
Number of workers covered (estimated average for the year)	2.62 million	2.49 million	0.13 million
Provincial time-loss claims rate ^d	2.40	2.24	0.16 points
Number of claims registered ^e	150,369	141,229	9,140
Number of claims first paid ^f	104,843	97,747	7,096

^a Total assets and total liabilities for 2021 have been restated from what was published in the *2021 Annual Report and 2022–2024 Service Plan* to reflect a reclassification of the net credit balance of hedging contracts from portfolio investments to payables and accruals.

^b Bill 41 introduced amendments to the *Workers Compensation Act* on October 31, 2022, which came into effect on November 24, 2022. The legislation changes resulted in a one-time adjustment to claim liabilities of \$1,261 million. (See page 22.)

^c Discount rate is the interest rate used to determine the present value of future cash flows (e.g., claim benefit payments). At 2022 year-end, we incorporated a short-term real discount rate to reflect short-term inflation and wage growth assumptions for 2023. We also updated the long-term real discount rate from 2.4 to 2.65 percent for 2024 and later.

^d The time-loss claims rate for 2022 is preliminary and subject to change. The rate is finalized in July each year; the prior-year's results are restated if necessary to reflect final figures. The 2021 time-loss claims rate has been restated from what was published in the *2021 Annual Report and 2022–2024 Service Plan*.

^e The number of claims registered in 2021 has been revised from what was published in the *2021 Annual Report and 2022–2024 Service Plan* because of the claim consolidation process that removed duplicate claims.

^f The number of claims to receive a first payment during the year.

Gain and loss analysis

Gain and loss table (rateable classes only)*

(\$ millions)	2022	2021	Change
Premium income (deficiency) in covering current-year's claim and operating costs	(521)	(587)	66
Investment income (deficiency) excess over the annual interest requirement on the liability from prior years' claims	(1,853)	1,760	(3,613)
Lower (higher) actuarial liabilities than previously anticipated for prior years' claims	410	(139)	549
Discount rate adjustment	173	—	173
Changes in liabilities due to Bill 41	(1,229)	—	(1,229)
Actuarial gains (losses) on latent occupational disease liability	16	(7)	23
Actuarial gains on employee benefit plans	361	344	17
Total comprehensive (loss) income	(2,643)	1,371	(4,014)

*The gain and loss table excludes costs relating to deposit classes. The total comprehensive loss of \$2,658 million shown in the statement of comprehensive income includes unbilled costs of \$15 million for the latent occupational disease liability attributable to the deposit classes.

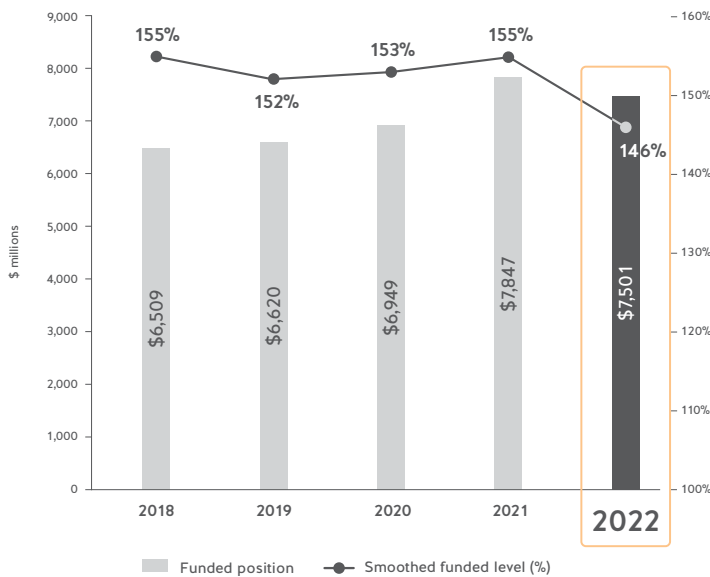
Theoretically, under our funding model, premiums are intended to cover the current-year's claim and operating costs, while annual investment returns are generally expected to finance the annual interest requirement on the liability from prior years' claims.

However, it is important to note that in 2022, employer premiums were priced below the cost rate, creating a premium-income deficit that is covered using a portion of the existing surplus. In fact, the actual costs for 2022 were higher than anticipated at the time we set the 2022 rates, further contributing to the premium-income deficit. Overall, we had a net loss of \$2,643 million attributable to rateable classes due to the premium deficiency, higher actuarial valuation of claim benefit liabilities, and investment returns being lower than the liability requirements during the year. Factors contributing to gains and losses are best understood when presented in the format shown in the gain and loss table.

Funded position

WorkSafeBC has a responsibility to ensure the financial sustainability of the workers' compensation system. To meet this responsibility, sufficient funds (assets, primarily the investment portfolio) must be set aside to make future payments for current claims (liabilities). A reasonable level of assets in excess of liabilities — the funded position — is maintained to manage volatility in the valuation of those assets and liabilities. Our Board of Directors has established a target of a total asset level of no less than 130 percent of total smoothed liabilities (see “Our financial perspective,” page 55, for more on our funded level).

Funded position (smoothed basis)



Our funded position is made up of the unappropriated balance, reserves, and accumulated other comprehensive income. For financial reporting purposes, we report our funded position in the consolidated financial statements based on International Financial Reporting Standards (IFRS), providing a point-in-time valuation of financial assets and liabilities (i.e., the fair value at year-end). However, we determine our required funding level on the basis of smoothed accounting, which has a long-term perspective and is how we set premium rates (to minimize rate volatility). For a comparison of the funded position on the IFRS basis versus the smoothed-accounting basis, see the table on the following page.


\$346 million
 (smoothed basis)
 4.4% lower than 2021

Impact of investment losses on smoothed funded position

Investment losses in 2022 did not significantly affect the smoothed funded position — because of the smoothed-accounting method. We recognized a positive rate of return of +8.7 percent on the smoothed basis versus -2.6 percent on the fair-value basis. The much higher smoothed investment return is due to the following:

- Investment losses in 2022 have been mostly deferred and will be recognized over the next four years.
- Investment gains earned in the previous three years continue to be smoothed into 2022 income.

The result is a smoothed investment income of \$2.0 billion in 2022, compared with a fair-value investment loss of \$0.5 billion.

Our smoothed-basis funded position was \$7.5 billion at December 31, 2022, making our funded level 146 percent (smoothed assets compared with smoothed liabilities). At December 31, 2021, we had a funded level of 155 percent, or a funded position of \$7.8 billion. The reduction in funded position was largely due to a one-time increase in claim benefit liabilities of approximately \$1.3 billion as a result of the Bill 41 legislation changes. Despite the reduction in funded position, our surplus remains healthy and above the funded target of 130 percent.

Changes in funded position

(\$ millions)	Unappropriated balance	Accumulated other comprehensive income (loss)	Reserves	Total
Funded position, IFRS basis — January 1, 2022	5,073	302	4,306	9,681
Deficit for the year	(3,020)	—	—	(3,020)
Actuarial gains on employee benefit plans	—	362	—	362
Net transfer to reserves	(537)	—	537	—
Funded position, IFRS basis — December 31, 2022	1,516	664	4,843	7,023
The portion of investment and actuarial gains and losses deferred under the smoothed-accounting approach*	1,142	(664)	—	478
Funded position, smoothed-accounting basis — December 31, 2022	2,658	—	4,843	7,501

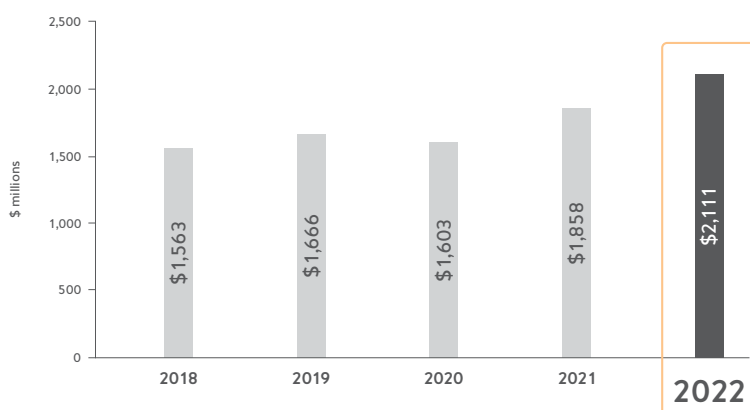
*Actuarial gains and losses on employee benefit plans are included in the unappropriated balance in the smoothed-accounting approach.

Premium income

In 2022, premium income was \$2.1 billion, \$253 million higher than in 2021. Premium income consists mostly of assessments received from rateable employers and, to a much lesser extent, premiums from deposit-class²⁷ (self-insured) employers. Rateable premium income is determined by the sum of each employer's assessable payroll multiplied by the premium rate for each employer classification.

\$253 million
13.6% higher than 2021

Premium income



Premium income

(\$ millions)	2022	2021	Change
Rateable employers	2,017	1,787	230
Deposit-class (self-insured) employers	94	71	23
Total	2,111	1,858	253
Average base premium rate	1.55%	1.55%	—
Assessable payroll (\$ billions)	\$140.4	\$123.9	\$16.5

With the average base premium rate unchanged from 2021, premium income from rateable employers was \$230 million higher in 2022. This increase is attributed to growth in the provincial assessable payroll as the economy improved and the number of workers employed and wage rates continued to increase.

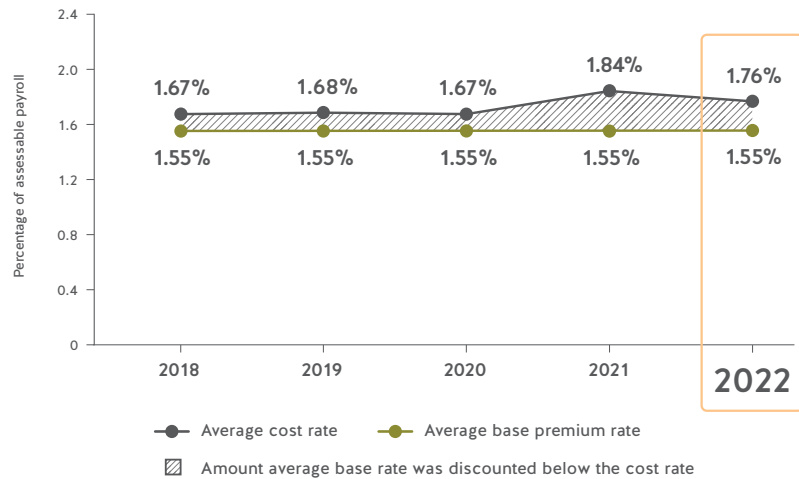
In 2022, premium income from deposit-class (self-insured) employers increased by \$23 million from the prior year, resulting from the higher claim costs that were recovered from these employers. This income includes a portion of administration costs to manage their compensation claims.

Premium rates

Since 2007, the average base premium rate in the province has remained lower than the average cost rate. The graph to the right presents a five-year comparison of the average cost rate and published average base premium rate.

The difference between the average cost rate and the average base premium rate, indicated by the shaded area of the graph, represents the discounting of the average base premium rate.

Premium rates



Cost rate

A major component of the premium rate is the expected average cost rate. This is determined by the estimated benefit and administration costs for new claims (the numerator) and the projected assessable payroll (the denominator) for the year. To help mitigate the effect of COVID-19 claim costs on employers' premium rates, COVID-19 claim costs were excluded from determining an employer's cost rate in 2022.²⁸ The expected average cost rate decreased to 1.76 percent in 2022 from 1.84 percent in 2021. This is driven by a higher assessable payroll due to the increase in maximum assessable earnings.²⁹

When we set rates for 2023, we projected an increase in the average cost rate to 1.80 percent. Note that additional claim costs stemming from changes due to Bill 41 were not reflected in the expected cost rate for 2023, as the legislation changes were announced after we set the 2023 rates. The additional costs were projected to be approximately \$117 million each year going forward, which would have increased the expected cost rate for 2023 to 1.88 percent.

Base premium rate

The average base premium rate is determined by deducting from or adding to the cost rate as a result of the amortization of surpluses or deficits under the smoothed-accounting approach, the capping of rate increases and decreases, and any other required adjustments to the rate. Because of better-than-required investment returns during the prior years, the average base premium rate has remained flat at 1.55 percent since 2018. Despite the higher average cost rate expected for 2023, the average base premium rate will remain unchanged at 1.55 percent for 2023.

Investments

As outlined in the *Workers Compensation Act*, we maintain an Accident Fund to provide for all present and future payments (liabilities) for injuries arising in the current year as well as from prior years. The Accident Fund is invested in pooled funds, directly held investments, and investment corporations managed by the British Columbia Investment Management Corporation. At December 31, 2022, our investment portfolio, valued at \$22.3 billion, accounted for 93 percent of our total assets. Because of the investment downturn in 2022, investment returns decreased significantly, from an income of \$2.7 billion in 2021 to a loss of \$0.5 billion in 2022. However, over longer terms (e.g., 5-year and 10-year periods), our investment portfolio outperformed the required rate of return objective.

Financial markets overview

Geopolitical tensions due to the Russian invasion of Ukraine, supply-chain challenges, the expected global economic slowdown, high inflation rates, and the rapid increases in central banks' interest rates contributed to losses in equity and fixed-income assets. Developed global equity markets lost 12.2 percent in 2022; in fixed-income markets, bond yields increased and the Canadian bond market lost 11.7 percent.

Portfolio investments

The portfolio investments table below shows the value of WorkSafeBC investments by asset allocation category. In 2022, the portfolio value decreased by \$0.9 billion from 2021, mostly because of the decline in public-equity and bond markets resulting in \$0.5 billion in investment losses, and also from the withdrawals required to fund claim payments, investment fees, and other operating costs not covered by the current-year's premiums.

Portfolio investment

(\$ millions)	2022	2021 restated*	Change
Fixed income	6,125	5,884	241
Equities	9,156	10,946	(1,790)
Real assets	7,040	6,345	695
Total	22,321	23,175	(854)

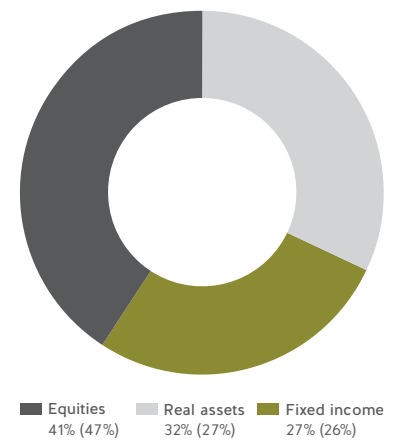
*Fixed income and real assets for 2021 have been restated from what was published in the 2021 Annual Report and 2022–2024 Service Plan to reflect a reclassification of the net credit balance of hedging contracts from portfolio investments to payables and accruals.

Every three to five years, we conduct an asset-liability review for our investment portfolio to update the long-term target asset mix strategy while incorporating up-to-date assumptions in areas such as inflation and investment return expectations. These periodic reviews allow us to maintain a prudent and diversified investment portfolio that reflects the most recent investment outlook. The most recent review was completed in 2021.

Based on the review, the policy asset mix³⁰ was revised effective December 2021. Our Investment Committee maintained an investment portfolio close to its asset allocation targets. See the chart above right for the asset mix of the portfolio at year-end.

↓ **\$0.9 billion**
3.7% lower than 2021

Portfolio investments at 2022 year-end (2021 year-end)

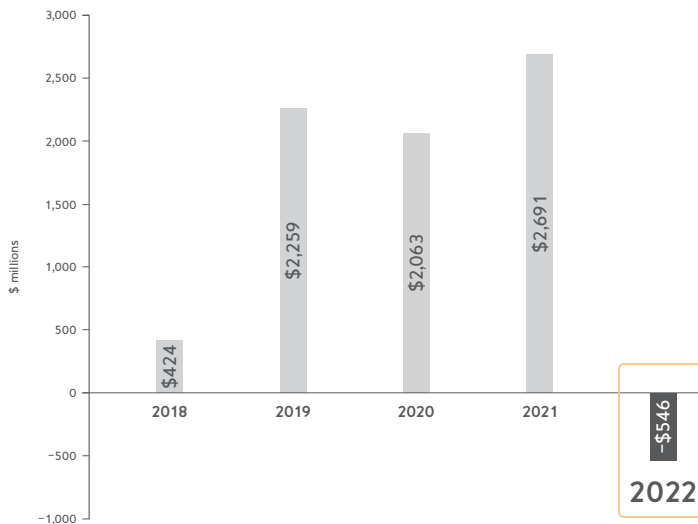


Investment income

In 2022, we saw an investment loss of \$0.5 billion, a difference of \$3.2 billion compared with 2021. The return of -2.6 percent for 2022 (compared with 12.7 percent in 2021) is net of investment fees. While this outperformed the investment policy benchmark³¹ of -4.5 percent, it was lower than our 7.0 percent required rate of return³² for the year. Public equity and fixed-income markets generally declined throughout most of 2022.

 **\$3.2 billion**
120.3% lower than 2021

Investment income (loss)



The table on the next page provides a summary of the returns for our fixed-income, equity, and real asset investments.

Investment return is made up of income distributions, realized gains on sales of investments, and unrealized gains due to market-value adjustments, as shown in the table. Note that investment return reported in this section is not reduced by investment management fees (see “Administration and other operating costs,” **page 114**, for a discussion of investment expenses).

Investment income (loss)

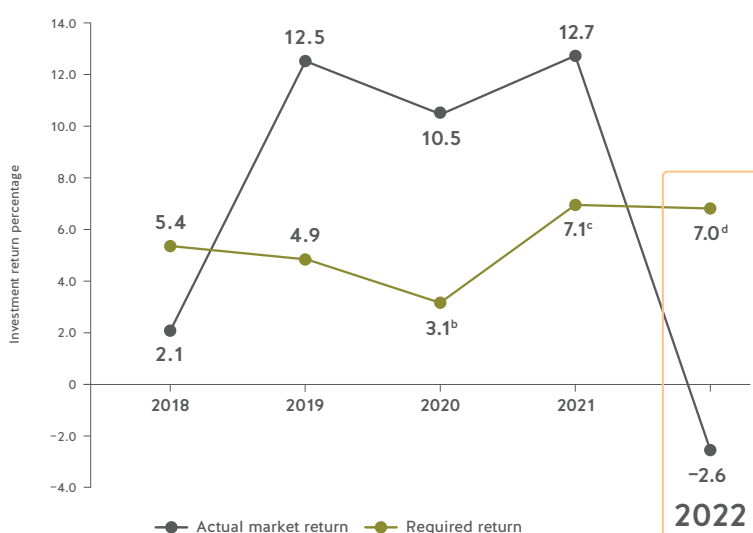
(\$ millions)	2022	2021	Change
Fixed income	(292)	33	(325)
Equities	(824)	1,910	(2,734)
Real assets	570	748	(178)
Total	(546)	2,691	(3,237)

Investment income (loss)

(\$ millions)	2022	2021	Change
Income distributions from investments	831	1,607	(776)
Net realized gains on investments	538	711	(173)
Net unrealized (losses) gains on investments	(1,915)	373	(2,288)
Total	(546)	2,691	(3,237)

The performance of the investment portfolio is expected to fluctuate from year to year, similar to the financial markets. The investment portfolio is managed so that it can generate a return that is greater than the required rate of return over the long term (e.g., over 10 years). Over the short term, the investment portfolio could underperform in any single year. On average, over longer terms, the investment portfolio continued to outperform the 5-year and 10-year required rates of return ending December 31, 2022, with the 5-year annualized return at 6.9 percent and 10-year annualized return at 8.1 percent.

Market return versus required return^a



^a The rate of return is shown as net of investment fees.

^b Effective January 1, 2020, the long-term required rate of return (to fund future payments for current year's and prior-years' injuries) was adjusted downward by 0.6 percentage point, reflecting a decrease in the real discount rate from 3.0 to 2.4 percent.

^c The required return is calculated based on the Canadian inflation rate plus WorkSafeBC's long-term real discount rate of 2.4 percent. The required return was higher in 2021 because the Canadian inflation rate increased from 0.7 percent in 2020 to 4.7 percent in 2021.

^d Starting in 2022, the required rate of return is subject to a maximum differential of 10 percentage points from the preliminary market rate of return (2022: -3.0 percent). The adjusted required rate of return of 7.0 percent was used to determine the smoothed investment income. The unadjusted required rate of return was 9.3 percent (CPI increase of 6.9 percent + real discount rate of 2.4 percent).

Claims

Workers' compensation claims make up our largest cost (92 percent of total costs in 2022) and liability (95 percent of total liabilities at December 31, 2022).

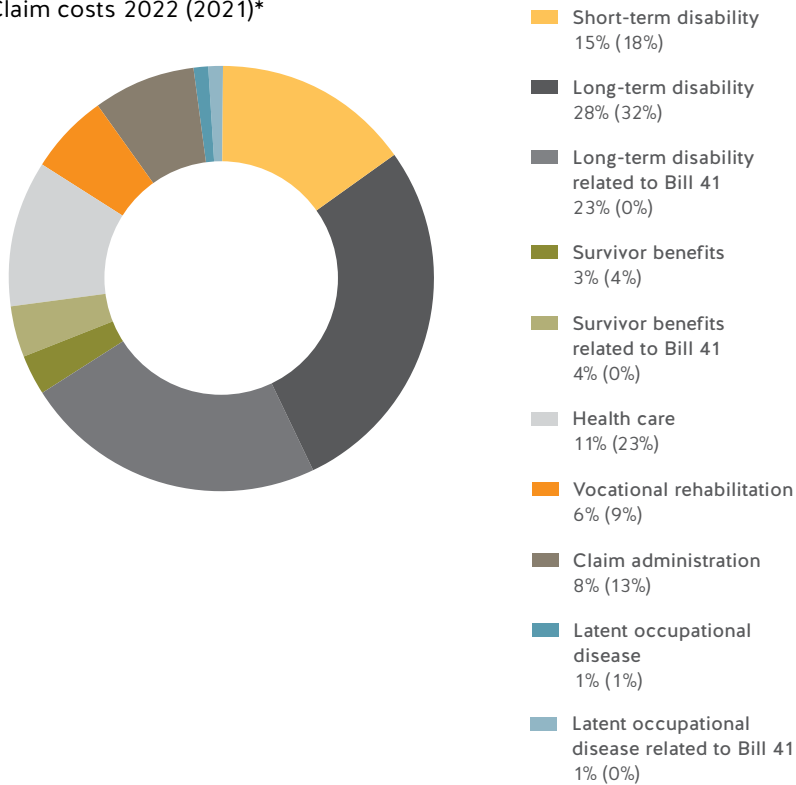
Claim costs

Because a claim can continue over an injured worker's lifetime, claim costs are the total anticipated cost of a claim over time. These costs reflect the benefit payments made to or on behalf of workers in the year and the cost to administer those claims, plus an actuarial valuation of claim benefit liabilities to cover the future payments of the current year's and prior years' injuries. Actuarial valuations generally reflect levels and patterns in benefit payments but can also be significantly affected by changes in economic assumptions such as discount rates, wage growth, and price inflation.

Generally, long-term disability benefits account for a third of all claim costs, with health care and short-term disability benefits also contributing to a significant portion of the total costs. For 2022 specifically, the non-recurring costs of Bill 41 and a change in discount rates accounted for a quarter of all claim costs.

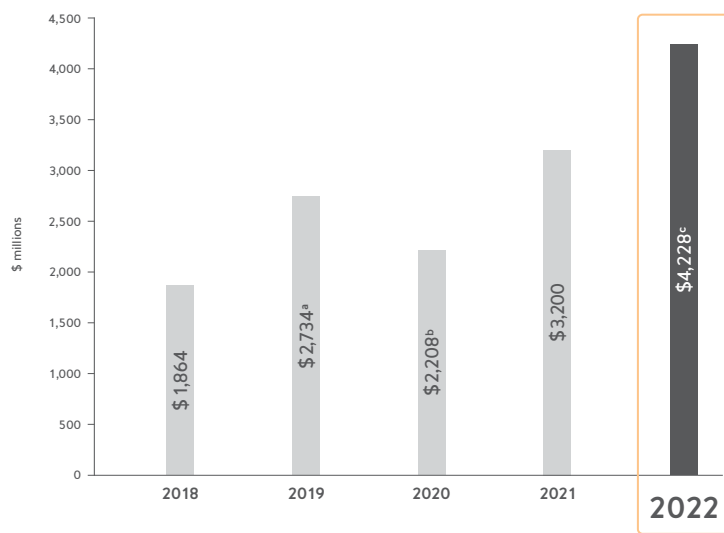
\$1.0 billion
32.1% higher than 2021

Claim costs 2022 (2021)*



*The 2022 percentages for all claim benefit types, except for long-term disability, survivor benefits, and latent occupational disease, were lower than 2021 percentages because of the one-time costs of \$1,261 million related to Bill 41. Of the \$1,261 million increase, \$966 million was related to long-term disability, \$168 million to survivor benefits, and \$50 million to latent occupational disease, which accounted for 23, 4, and 1 percentage point(s) of the total 2022 claim costs, respectively. The effects of Bill 41 on the other claim benefit types were less significant.

Claim costs



^a In 2019, the real discount rate used to value claim benefit liabilities was changed from 3.0 to 2.4 percent, resulting in a non-recurring increase of \$486 million in claim costs.

^b In 2020, claim costs were lower than the trend because of fewer new claims registered and first paid, and limited access to health care services in the early months of the COVID-19 pandemic.

^c In 2022, claim costs were higher than 2021 almost entirely because of the Bill 41 legislation change, partially offset by a change in the discount rate.

In 2022, total claim costs were \$4.2 billion, increasing by \$1.0 billion from 2021. Benefit payments increased by \$152 million, and changes in actuarial liabilities increased by \$876 million. A breakdown of claim costs by benefit type is provided in the table below.

Claim costs

(\$ millions)	2022			2021			Change
	Benefit payments	Change in actuarial valuation of benefit liabilities	Total	Benefit payments	Change in actuarial valuation of benefit liabilities	Total	
Short-term disability	547	58	605	480	79	559	46
Long-term disability	684	551	1,235	625	407	1,032	203
Survivor benefits	74	71	145	71	48	119	26
Health care	424	128	552	396	351	747	(195)
Vocational rehabilitation	172	58	230	195	85	280	(50)
Claim administration	318	23	341	300	118	418	(77)
Latent occupational disease	—	37	37	—	45	45	(8)
Non-recurring items:							
Bill 41 legislation changes	—	1,261	1,261	—	—	—	1,261
Discount rate change	—	(178)	(178)	—	—	—	(178)
Total	2,219	2,009	4,228	2,067	1,133	3,200	1,028

The increase in claim costs in 2022 was made up of:


- A \$1,261 million increase in claim liabilities due to Bill 41 legislative amendments. The most significant financial change from this bill is to change indexing of workers' compensation benefits to the full rate of annual percentage change in the Canadian consumer price index (CPI) with a minimum of 0.0 percent. In addition, annual indexation can be above 4.0 percent if the annual CPI increase exceeds that amount. Before the legislation changes, these benefits were indexed at the annual increase in CPI less 1.0 percent, with a maximum of 4.0 percent and a minimum of 0.0 percent. (See page 22 for more on this legislation change.)
- A \$152 million increase in benefit payments mainly due to higher short-term disability payments resulting from an increased number of accepted COVID-19 claims and also to higher long-term disability payments mostly resulting from the annual inflation adjustment for existing pensions.

This increase was partly offset by:

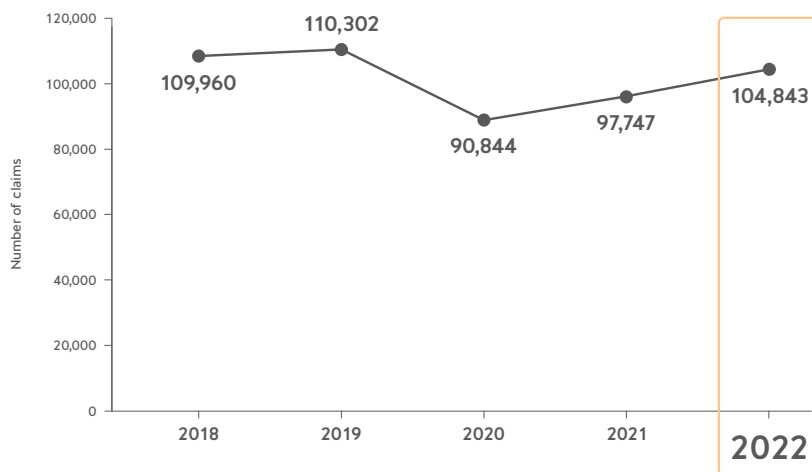
- A \$385 million decrease in the change in actuarial valuation of liabilities (excluding Bill 41 liability adjustments), where \$178 million of the decrease was due to changes in the discount rates (in particular, a higher long-term nominal discount rate from 4.40 to 4.65 percent); the net decrease of \$207 million was because of other factors such as changes in actuarial assumptions.

Claim benefit payments

Total claim benefit payments increased by 7.4 percent in 2022. Short-term disability payments totalling \$547 million were \$67 million, or 14.0 percent, higher than in 2021. This increase was a result of more claims during the year (see the chart below) and an increase in the average daily wage-loss rate, which increased to \$138.01 from \$131.88.

 **\$152 million**
7.4% higher than 2021

Number of claims first paid*



*The number of claims to receive a first payment during this year.

Claims for work-related COVID-19 illnesses contributed to an increase in short-term disability payments; we accepted 10,469 COVID-19 claims, amounting to \$32.0 million in 2022. (In 2021, 3,534 claims amounted to \$21.4 million.)

Long-term disability payments, which continue to be the largest category of payments on an annual basis, totalled \$684 million, an increase of \$59 million, or 9.4 percent, from 2021. This increase was primarily due to a higher number of pensions paid in the year, as well as the annual cost-of-living adjustment of 3.7 percent (4.7 percent CPI increase less 1 percent) at January 1, 2022, for existing pensions.

Survivor benefit payments increased to \$74 million for 2022, primarily from the cost-of-living adjustment for existing pensions. The number of claims have remained at the same level for the last five years.

Health care payments increased by \$28 million, or 7.1 percent, to \$424 million. This increase was primarily driven by higher costs to provide health care and increased usage of physiotherapy, occupational therapy, services related to hospitals, mental disorder injury treatment, and increased worker travel.

Vocational rehabilitation benefit payments decreased by \$23 million, or 11.8 percent, to \$172 million, reflecting a small decrease in the number of workers receiving these benefits because of the greater availability of training programs and job placements as the economy and employment market continued to improve.

The cost to administer claims totalled \$318 million, or \$18 million higher than 2021, corresponding with the increase in administration costs. (See “Administration and other operating costs,” **page 114.**)

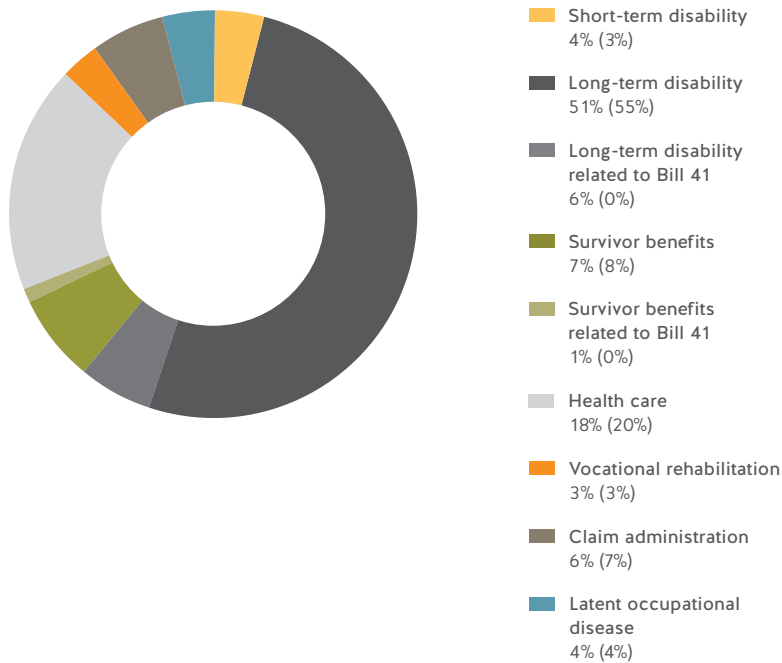
Claim benefit liabilities

Long-term disability and health care liabilities are the two largest components of our total liabilities. Injured workers can receive payments from these two benefits many years into the future. In 2022, these benefits accounted for 75 percent of the total claim benefit liabilities.

Claim benefit liabilities represent an estimate of the present value of future payments to be made for injuries and disease exposures that have already occurred, and are calculated based on actuarial assumptions. The methods and assumptions used by WorkSafeBC and resulting liability valuations are reviewed and certified by an independent actuary. For more information, see “Actuary’s opinion,” **page 126**.

 **\$2.0 billion**
14.3% higher than 2021

Claim benefit liabilities at 2022 year-end (2021 year-end)



Benefit liabilities

(\$ millions)	2022					2021	
	Unfinalled claims	Pension awards	Claim administration	Future claims	Total	Total	Change
Short-term disability	548	—	—	—	548	490	58
Long-term disability	2,867	5,369	—	—	8,236	7,685	551
Survivor benefits	170	975	—	—	1,145	1,074	71
Health care	2,992	—	—	—	2,992	2,864	128
Vocational rehabilitation	503	—	—	—	503	445	58
Claim administration	—	—	970	—	970	947	23
Latent occupational disease	—	—	—	596	596	559	37
Non-recurring items:							
Bill 41 legislation changes	455	738	18	50	1,261	—	1,261
Discount rate change	(145)	(10)	(16)	(7)	(178)	—	(178)
Total	7,390	7,072	972	639	16,073	14,064	2,009

In 2022, total benefit liabilities increased by \$2.0 billion (or 14.3 percent). A breakdown of the total liability increase by claim benefit type is shown in the table above. The increase was mainly driven by the one-time adjustment of \$1,261 million in claim liabilities due to Bill 41. Other causes of the increase include higher pension award levels, together with CPI increases and wage growth in 2022, which resulted in higher long-term disability and survivor benefit liabilities.

In estimating benefit liabilities, the two most important underlying assumptions are the net discount rates and anticipated future payment patterns.

Net discount rates

The liability amount is the present value of the expected benefit payments that will be made in future years for injuries and disease exposures that have already occurred. This present value is determined by the net discount rates that are based on the assumed long-term investment return and benefit payment growth rates. A change of 1 percentage point in the overall net discount rates would see liabilities increase or decrease by approximately \$1.7 billion, on average. See Note 10 of the consolidated financial statements, **page 175**, for further information on net discount rates³³ used in calculating the various components of benefit liabilities.

At 2022 year-end, we increased the long-term nominal discount rate from 4.40 to 4.65 percent, and our short-term CPI and wage growth assumptions for 2023 are 4.0 percent and 4.5 percent, respectively, after our annual review of economic and discount-rate assumptions to reflect a more updated outlook of the future market.³⁴

Future payment pattern

Benefit liabilities consist of three major categories (excluding the liability provision for long-latency occupational diseases). Each category incorporates an estimate of the future payment pattern:

- **Pension awards, capitalized values:** This is the present value of monthly annuities (or pensions) already awarded to injured workers (with a long-term disability) or survivors of fatally injured workers. As the award amounts are already known, the potential estimation error in this \$7.1 billion liability is relatively small.
- **Provision for unfinalled claims:** This is the present value of estimated future benefit payments and pension awards relating to injuries that have already occurred or diseases that have already been diagnosed but the claims have not yet been finalized. The liability is currently estimated at \$7.4 billion. While we cannot determine the exact measure of uncertainty in the liability estimate, historical data suggests that it could range from +20 percent to -20 percent (a range of about \$1.5 billion).
- **Provision for claim administration costs:** This is the present value of the estimated future cost of administering existing claims and pension awards. The liability is currently estimated at \$1.0 billion, and the potential estimation uncertainty is approximately \$0.2 billion.

Other factors could also influence a change in liability value. These include the duration of short-term disability, vocational rehabilitation initiatives successfully returning injured workers to work, the likelihood of injured workers receiving long-term disability awards, the cost of health care services, and general economic conditions. Judicial or legislative decisions that alter policy or scope of coverage and/or accounting and actuarial standards changes could also affect the valuation of benefit liabilities. For instance, under the new insurance contract standard IFRS 17, which is in effect for our 2023 reporting year, claim benefit liabilities will be valued at the end of each reporting year (i.e., December 31) using a market-value-based interest rate determined on that day.

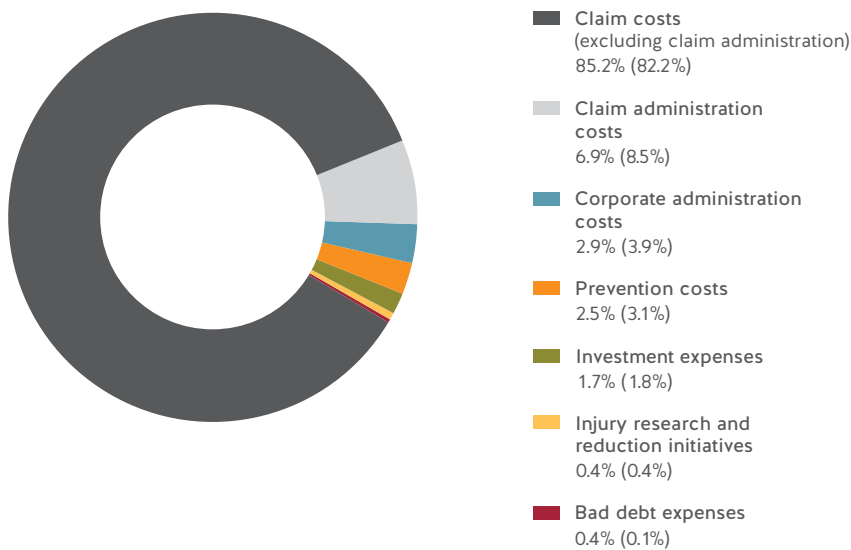
Latent occupational disease

Workers' compensation organizations are required to recognize a liability for long-latency occupational diseases.³⁵ These are work-related diseases (for which there has already been exposure to the disease-causing agent) recognized as compensable and expected to manifest as claims in future years. At December 31, 2022, this liability was valued at \$639 million (or about 4 percent of total claim liabilities), an increase of \$80 million from the previous year.

Administration and other operating costs

We pay costs associated with administering compensation claims, costs associated with administering the occupational health and safety provisions of the *Workers Compensation Act*, and corporate administration costs. Costs to fund the Workers' Compensation Appeal Tribunal and the Workers' and Employers' Advisers offices are included in claim administration and corporate administration costs. Administration costs accounted for 12 percent of total costs, and other operating costs — injury research and reduction initiatives, bad debt and investment expenses — accounted for 3 percent of total costs.

Operating costs 2022 (2021)



Administration costs

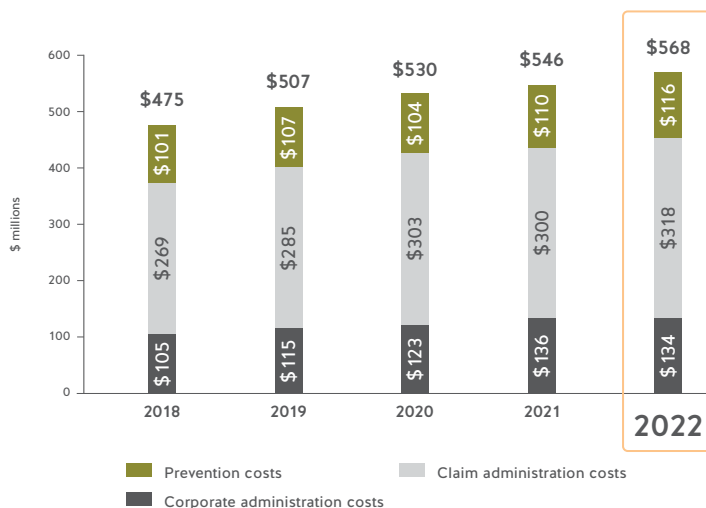
In 2022, total administration costs increased by \$22 million from 2021.

Prevention costs were \$116 million in 2022, an increase of 5 percent from 2021. Prevention strategies play a vital role in the risk-based approach to ensuring the health and safety of workers. We engage employers and workers in risk reduction through education, consultation, and enforcement. In 2022, we continued to focus our resources in occupational disease prevention, prevention strategies for high-risk sectors, and support for psychological health and safety (see page 29). (Injury research and reduction initiatives are a separate category, under “other operating costs.”)

The costs to administer claims include costs for adjudicating and managing claims and processing claim payments. These costs were \$318 million in 2022, 6 percent more than 2021. This is mainly owing to increased staff resources to improve service levels, negotiated salary increases in the collective agreement for unionized staff, and cost-of-living adjustments approved by the Public Sector Employers’ Council for management staff. Claim administration costs are reported as a part of total claim costs, in keeping with the standardized presentation of financial statements by workers’ compensation organizations in Canada.

\$22 million
4.0% higher than 2021

Total administration costs



Corporate administration costs were \$134 million in 2022, 1 percent less than in 2021 — increases in salary and labour costs were offset by a reduction in employee-benefit-plan liabilities. See Note 15 of the consolidated financial statements, **page 189**, for a detailed breakdown of our administration costs.

We measure administration cost efficiency using the ratio of annual administration costs as a percentage of the provincial assessable payroll, a key performance indicator (**see page 63**). The calculation of the ratio is based on total administration costs, including prevention, claim administration, and corporate administration costs. In 2022, the administration cost ratio was 0.40 percent — better than the target range for the year, and better than the 2021 result of 0.43 percent. This result was because of a larger-than-projected increase in the provincial assessable payroll, partially offset by an increase in administration costs.

Administration costs

(\$ millions)	2022	2021	Change
Prevention costs ^a	116	110	6
Claim administration ^b	318	300	18
Corporate administration ^c	134	136	(2)
Total administration costs	568	546	22
Less: claim administration costs (reclassified to claim costs)	(318)	(300)	(18)
Net administration costs	250	246	4

^a In 2021, the presentation of administration costs was changed to include overhead relating to prevention services in prevention costs. These overhead costs were previously recorded as part of corporate administration.

^b Claim administration is classified as claim costs in the financial statements (a standard format for financial statements of workers' compensation organizations). Net administration costs of \$250 million (\$246 million in 2021) is reported in the statement of comprehensive income.

^c The Workers' Compensation Appeal Tribunal, the Review Division, and Workers' and Employers' Advisers accounted for \$46 million (\$44 million in 2021) of our total administration costs, with \$30 million (\$29 million in 2021) included in claim administration costs and the remaining \$16 million (\$15 million in 2021) included in corporate administration costs.

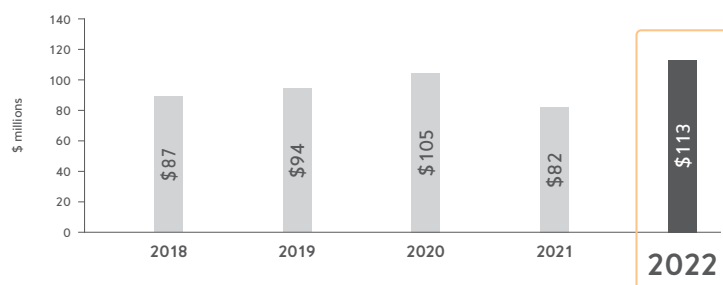
Other operating costs

In 2022, other operating costs increased by \$31 million compared with 2021.

Expenses for injury research and reduction initiatives increased slightly by \$2 million. Bad debt expenses increased by \$14 million because of a larger collection inventory and higher provision for at-risk accounts, with the high inflation and high interest rates in the current environment. Investment expenses increased by \$15 million because of larger allocations of our investment portfolio to funds and asset classes that have higher management fees. In addition, management fees charged for these investments have increased since 2021.

\$31 million
37.8% higher than 2021

Other operating costs



Other operating costs

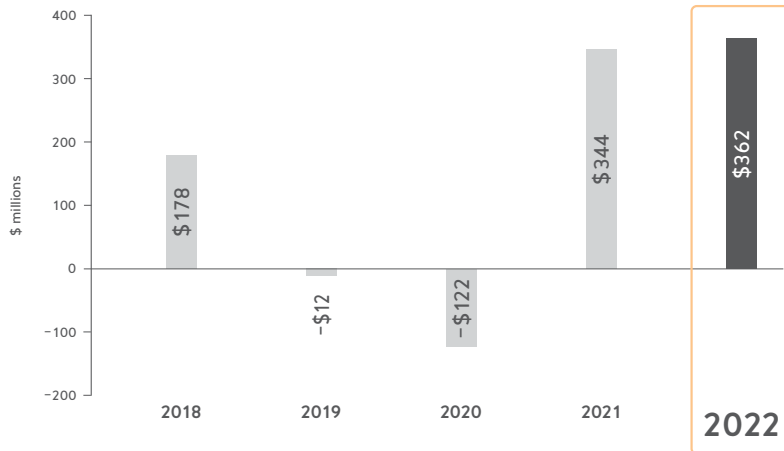
(\$ millions)	2022	2021	Change
Injury research and reduction initiatives	18	16	2
Bad debt expenses	16	2	14
Investment expenses	79	64	15
Total	113	82	31

Other comprehensive income

Other comprehensive income reflects gains or losses on remeasurements of asset and liability values. These are the result of changes in actuarial assumptions, particularly discount rates, for both the valuation of employee benefit plan liabilities and the return on pension plan assets. The International Accounting Standards Board has deemed it necessary to separate out these remeasurement changes, as they are not indicative of our normal operating activities. For WorkSafeBC, other comprehensive income consists entirely of actuarial gains or losses arising from the employee pension plan and retiree medical benefit plan.

In 2022, net actuarial gains of \$362 million resulted from changes in actuarial assumptions used to value the liabilities of the employee pension and retiree medical benefit plans totalling \$645 million, partially offset by a lower-than-expected return on pension plan assets of \$172 million, and a pension asset ceiling adjustment³⁶ of \$111 million.

Other comprehensive income (loss)



\$18 million
5.2% higher than 2021

Financial results compared with the 2022 plan

Comparison with financial plan

(\$ millions)	2022 actual	2022 plan	More (less) than plan
Premium income	2,111	1,871	240
Investment (loss) income	(546)	1,253	(1,799)
Other income	6	7	(1)
Total revenues	1,571	3,131	(1,560)
Claim costs	4,228	2,888	1,340
Administration costs			
Prevention and administration costs	568	591	(23)
Less: Claim administration costs	(318)	(324)	6
Other operating costs			
Injury research and reduction initiatives	18	24	(6)
Bad debt expenses	16	8	8
Investment expenses	79	83	(4)
Total expenses	4,591	3,270	1,321
Operating deficit	(3,020)	(139)	(2,881)
Other comprehensive income	362	—	362
Total comprehensive loss	(2,658)	(139)	(2,519)
Smoothed funded level	146%	157%	(11 points)

Each year, we compare our financial results with our financial plan. We planned for a total comprehensive loss of \$139 million, based on projected claim benefit liabilities³⁷ and an intended shortfall in premium income. The planned premium-income deficiency, which was funded from existing surplus, was due to setting premiums at a lower average rate than required to cover the current-year's costs (see the "Gain and loss analysis" table, **page 99**), resulting in discounted rates to employers.

We ended 2022 with a total comprehensive loss of \$2.7 billion — higher-than-planned claim costs combined with an investment loss resulted in a total comprehensive loss that was \$2.5 billion more than planned. Total revenues were \$1.6 billion lower than planned because of investment losses. Investors' concerns about high inflation, rising interest rates, and slowing economic growth resulted in a steep decline in the financial markets. Total costs were \$1.3 billion higher than planned because of higher claim costs, most notably due to a one-time \$1.3 billion liability adjustment resulting from the Bill 41 legislation changes.

When we prepared the budget in the fall of 2021, our investments were earning favourable returns as the global economy continued its recovery from the COVID-19 lockdowns. We budgeted enough income to cover the annual interest requirement on our claim benefit liabilities, with a planned or required rate of return of 4.4 percent.³⁸ But with the financial market downturn in 2022, while our result was still favourable compared with the investment policy benchmark,³⁹ we ended the year with an investment loss of \$546 million, or -2.6 percent.

Partially offsetting the investment loss was premium income that was \$240 million more than projected. With the projected slow growth in the economy, we budgeted for only a small increase in premium income since the average base premium rate remained unchanged at 1.55 percent in 2022. But the increase in assessable payroll was more than what we projected as the unemployment rate continued to decrease in 2022, resulting in higher-than-planned premium income for the year.

As noted above, claim costs were more than planned, mostly because of the adjustment to claim costs resulting from the Bill 41 legislation changes. We did not account for these additional costs when we prepared the plan.

Prevention and administration costs were \$23 million less than planned because of staff vacancies resulting from a tight labour market and less travel than anticipated. Claim administration costs were correspondingly less than planned.

Other operating costs were \$2 million less than planned. This was because of lower-than-planned payments to fund external health and safety programs. Investment expenses were also lower mainly because of lower-than-planned public equity asset values. The lower costs were partially offset by higher-than-planned bad debt expenses resulting from the increase in the collection inventory (see “Other operating costs,” **page 117**).

For other comprehensive income, we do not budget for actuarial gains or losses on employee benefit plans as we have not attempted to forecast changes in assumptions for future discount rates and returns on pension plan assets.

The smoothed funded level at 146 percent (smoothed assets compared with smoothed liabilities) was 11 percentage points lower than planned in 2022. The decrease in funded level was largely because of the above-noted one-time increase in claim benefit liabilities as a result of the Bill 41 legislation changes.⁴⁰

Accounting standards

We prepare our consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), which are issued by the International Accounting Standards Board. As the standards continue to evolve, future changes could affect our financial reporting. IFRS 17 *Insurance Contracts* is one such standard.

IFRS 17 *Insurance Contracts*

The new accounting standard for insurance contracts to be used by organizations in the insurance industry, including all workers' compensation boards across Canada, is effective January 1, 2023. This change is expected to have a significant effect on our financial reporting. We anticipate increased volatility in our future reporting of financial results because we will be required to measure the present value of claim benefit liabilities (for future payments) using a variable market-based discount rate determined at each year-end, rather than a more stable long-term discount rate⁴¹ we use currently. In general, every 0.5 percent change in the market-based discount rate in any given year could equal approximately a \$800 to \$900 million change in the claim liabilities.⁴²

To illustrate the possible effect of using a market-based discount rate, if IFRS 17 were in place at December 31, 2022, our claim benefit liabilities would have been about \$0.9 billion lower than reported in this year's financial statements (using a market-based discount rate of 5.2 percent versus long-term discount rate of 4.65 percent). This in turn would have increased the reported funded position by the same amount.

If the standard had been in effect at January 1, 2022, the reported claim liabilities on the financial statements would have been higher by approximately \$1.7 billion compared with the current method (using a market-based discount rate of 3.3 percent versus long-term discount rate of 4.4 percent), with a corresponding lower reported overall funded position. We expect additional changes from the implementation of IFRS 17. The financial impact of these changes are still being assessed at the time of issuance of the Annual Report; these changes may be material.

The new accounting standard will apply only to our IFRS-based consolidated financial statements published in our annual report; the new standard will not apply to the smoothed basis⁴³ financial statements used to set premium rates and manage the funding level (see “Our financial perspective,” **page 57**, for more information on smoothed accounting). We do not use a point-in-time valuation of our financial assets and liabilities in our operational decisions. As such, this reporting change is not anticipated to have an operational effect on WorkSafeBC; it will not affect the targeted funding level, employer premium rates, or worker benefits.

When implemented, the new standard will also change the format of our financial statements, including the disaggregation of workers’ compensation service results from financing and investment activities. Expanded disclosures are also expected.

We have been working with other workers’ compensation boards across Canada to determine accounting policies and disclosures under IFRS 17, and to coordinate a communication and implementation strategy. We will continue to refine our transition plan in 2023.



Tim Morris demonstrates proper tractor safety to young workers at Paynter's Fruit Market in Kelowna, B.C.

Consolidated financial statements

Contents

Responsibility for financial reporting.....	125
Actuary's opinion.....	126
Independent auditor's report.....	128
Consolidated statement of financial position.....	131
Consolidated statement of comprehensive income for the year ended December 31.....	132
Consolidated statement of changes in funded position	133
Consolidated statement of cash flows for the year ended December 31	134
Notes to the consolidated financial statements for the year ended December 31, 2022.....	135
Note 1 — Nature of operations.....	135
Note 2 — Significant accounting policies	136
Note 3 — Receivables	141
Note 4 — Portfolio investments	144
Note 5 — Property, equipment, intangible assets, and right-of-use assets	157
Note 6 — Cash and outstanding payments	163
Note 7 — Payables and accruals.....	163
Note 8 — Injured workers' retirement benefit liability	164
Note 9 — Employee benefit assets, liabilities, and costs	166
Note 10 — Claim benefit liabilities and costs.....	175
Note 11 — Reserves	185
Note 12 — Premiums	186
Note 13 — Deposit-class (self-insured) employers	188
Note 14 — Other income.....	189
Note 15 — Prevention and administration costs.....	189
Note 16 — Injury research and reduction initiatives	191
Note 17 — Commitments.....	191
Note 18 — Contingencies.....	191
Note 19 — Capital management.....	192
Note 20 — Related party transactions.....	193

Responsibility for financial reporting

Management is responsible for preparing the accompanying consolidated financial statements in accordance with International Financial Reporting Standards. These consolidated financial statements include some amounts based on management's best estimates and judgments.

Management is responsible for the integrity and fairness of the consolidated financial statements and has established a system of internal controls to provide reasonable assurance that relevant and reliable financial information is produced and that assets are safeguarded from loss.

Our Board of Directors is responsible for overseeing management in the performance of our financial reporting responsibilities and has approved the consolidated financial statements and other financial information included in this annual report and service plan.

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

Our actuarial staff perform an annual actuarial valuation of the claim benefit liabilities included in the consolidated financial statements of WorkSafeBC.

We have appointed an independent peer actuary, Eckler Ltd., to review the annual actuarial valuation of the claim benefit liabilities and to report thereon in accordance with accepted actuarial practice.

Our Internal Audit department performs audits to test the adequacy and consistency of our internal controls, practices, and procedures.

Our external auditor, PricewaterhouseCoopers LLP, has full and unrestricted access to the Audit Committee. It has performed an independent audit of the consolidated financial statements in accordance with Canadian generally accepted auditing standards. Its report outlines the scope of this independent audit and its opinion on the consolidated financial statements of WorkSafeBC.



Anne Naser

President and Chief Executive Officer
WorkSafeBC



Mark Heywood, CPA, CA, CIA

Head of Assessments and Finance
and Chief Financial Officer
WorkSafeBC

April 26, 2023

ECKLER

Actuary's opinion

The liabilities included herein have been computed by WorkSafeBC in accordance with methods and assumptions approved by us. We reviewed the calculations and performed tests to confirm their accuracy and the reasonableness of results. We have also examined the data upon which the calculations were based and found it to be sufficient and reliable for the purpose of the valuation and consistent with WorkSafeBC's financial statements.

Methods

The liabilities under Pension Awards, Capitalized Values are for pensions in payment, and include the effect of future cost-of-living increases, including the increases granted effective January 1, 2023.

The Provision for Unfinalled Claims represents the liabilities for future claims costs in respect of injuries which occurred during 2022 and prior years, including future pensions other than those already in payment. It is based on projections of future claim payments and awards using assumed run-off patterns developed from WorkSafeBC's claims experience and average benefit rates, and includes allowance for future claims inflation and cost-of-living increases.

The Claims Administration liability is for future claims administration expenditures of WorkSafeBC in respect of injuries which occurred during 2022 and prior years.

The Latent Occupational Disease liability (LODL) is for future benefit payments on occupational disease claims that will be diagnosed in the future, but for which some exposure to disease-causing agents has already occurred. The estimated future benefits are adjusted to reflect the estimated portion of the total latency period exposure which has already transpired.

The methods used in calculating the liabilities were substantially the same as those employed in the previous valuation as at December 31, 2021, except that the calculation approach was updated to include the effect of the relevant Bill 41 legislative changes: increasing indexation from "CPI minus 1%" to full CPI and removing the automatic 4% cap, the additional interest benefit, the change in the non-traumatic hearing loss benefit level, and the independent medical examination ("IME") provision.

Assumptions

The key assumptions used in the valuation are summarized in the table below, alongside the prior year assumptions for comparison.

	2021	2022
Fixed-income investments		
Investment return.....	4.40%	4.65%
CPI inflation.....	2.00%	4.00% in 1993, 2.00% thereafter
Wage growth.....	3.00%	4.50% in 2023, 3.00% thereafter
Health care inflation.....	4.40%	4.40%
Claims administration expense inflation.....	2.80%	2/80%
Mortality assumptions		
Base tables.....	Based on review of WorkSafeBC experience from 2012-2016	Based on review of WorkSafeBC experience from 2017-2021
Improvements.....	2017 OASDI Alternative III applied from 2014 to obtain generational mortality tables	From 2019 to 2024; using the 2025 to 2029 projected improvements from 2022 OASDI Alternative III tables From 2025 onwards; using the 2022 OASDI Alternative III improvements unadjusted

Actuarial liabilities

The table below sets out the resulting actuarial liabilities as at December 31, 2022.

(\$ thousands)	Pension awards, capitalized values	Provision for unfinalled claims	Claim administration	Latent occupational disease	Total
Benefit liabilities:					
Short-term disability	—	565,742	—	—	565,742
Long-term disability.....	5,965,373	3,193,241	—	—	9,158,614
Survivor benefits.....	1,106,409	196,704	—	—	1,303,113
Health care.....	—	2,914,343	—	—	2,914,343
Vocational rehabilitation.....	—	519,804	—	—	519,804
Claim administration.....	—	—	972,472	—	972,472
Latent occupational disease.....	—	—	—	638,971	638,971
	7,071,782	7,389,834	972,472	638,971	16,073,059

Actuarial opinion

In our opinion,

- the data on which the valuation is based are based are sufficient and reliable for purpose of the valuation;
- the assumptions adopted by WorkSafeBC are appropriate for the purpose of the valuation;
- the methods employed in the valuation are appropriate for the purpose of the valuation; and
- the amount of the benefits liabilities makes appropriate provision for all personal injury compensation obligations and fairly present the results of the valuation for the purpose of disclosure in WorkSafeBC's financial statements.

Our review has been carried out, and our opinion given, in accordance with accepted actuarial practice in Canada.



Richard A. Border, FIA, FCIA



Euan Reid, FIA, FCIA

Actuaries with the firm of Eckler Ltd.

April 11, 2023



Independent auditor's report

To the Board of Directors of WorkSafeBC

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of WorkSafeBC and its subsidiaries (together, WorkSafeBC) as at December 31, 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

WorkSafeBC's consolidated financial statements comprise:

- the consolidated statement of financial position as at December 31, 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in funded position for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of WorkSafeBC in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report.

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

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

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, BC, Canada V6C 3S7

T: +1 604 806 7000, F: +1 604 806 7806

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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

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

In preparing the consolidated financial statements, management is responsible for assessing WorkSafeBC'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 management either intends to liquidate WorkSafeBC or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The 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 WorkSafeBC'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 WorkSafeBC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause WorkSafeBC to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within WorkSafeBC to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia

April 26, 2023

Consolidated statement of financial position

(\$ Canadian thousands)

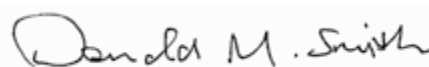
	Note	December 31, 2022	December 31, 2021
Assets			
Cash.....	6	—	64,369
Receivables.....	3	814,954	692,245
Portfolio investments.....	4	22,321,301	23,174,977
Property, equipment, intangible assets, and right-of-use assets.....	5	267,306	276,858
Benefit assets of employee pension plans.....	9	502,205	237,379
Total assets		23,905,766	24,445,828
Liabilities and funded position			
Outstanding payments.....	6	31,388	30,371
Payables and accruals.....	7	291,065	156,683
Injured workers' retirement benefit liability.....	8	180,850	155,765
Employee benefit liabilities.....	9	306,348	357,532
Claim benefit liabilities.....	10	16,073,059	14,064,663
Total liabilities		16,882,710	14,765,014
Unappropriated balance.....		1,515,942	5,072,583
Accumulated other comprehensive income.....	9	664,114	302,231
Reserves.....	11	4,843,000	4,306,000
Total funded position		7,023,056	9,680,814
		23,905,766	24,445,828

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

Authorized for issue on April 26, 2023, on behalf of the WorkSafeBC Board of Directors:



Jeff Parr, BA, MPA
Chair, Board of Directors
WorkSafeBC



Don Smith, FCIA
Chair, Audit Committee
WorkSafeBC

Consolidated statement of comprehensive income for the year ended December 31 (\$ Canadian thousands)

	Note	2022	2021
Income			
Premium income.....	12,13	2,110,826	1,858,216
Investment (loss) income.....	4	(546,374)	2,690,956
Other income.....	14	6,513	6,079
Total income		1,570,965	4,555,251
Expenses			
Claim costs	10		
Claim benefit payments.....		2,219,419	2,066,643
Changes in actuarial valuation of claim benefit liabilities.....		2,008,396	1,133,212
		4,227,815	3,199,855
Prevention and administration costs	15		
Prevention costs.....		116,220	109,972
Administration costs.....		451,708	436,603
Less: Claim administration costs.....		(318,306)	(299,980)
		249,622	246,595
Injury research and reduction initiatives.....	16	17,590	16,216
Investment expenses.....	4	79,344	64,039
Bad debt expenses.....	3	16,235	1,635
Total expenses		4,590,606	3,528,340
(Deficit) surplus for the year		(3,019,641)	1,026,911
Other comprehensive income			
Actuarial gains on employee benefit plans (will not be reclassified into surplus subsequently).....	9	361,883	344,123
Total other comprehensive income		361,883	344,123
Total comprehensive (loss) income		(2,657,758)	1,371,034

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

Consolidated statement of changes in funded position (\$ Canadian thousands)

	Note	December 31, 2022	December 31, 2021
Unappropriated balance — opening balance		5,072,583	4,429,672
(Deficit) surplus for the year		(3,019,641)	1,026,911
Appropriation to special reserve	11	(27,000)	(175,000)
Appropriation to Capital Adequacy Reserve	11	(510,000)	(209,000)
Unappropriated balance — closing balance		1,515,942	5,072,583
Accumulated other comprehensive income — opening balance		302,231	(41,892)
Actuarial gains on employee benefit plans	9	361,883	344,123
Accumulated other comprehensive income — closing balance		664,114	302,231
Reserves — opening balance	11	4,306,000	3,922,000
Appropriation to special reserves from unappropriated balance		27,000	175,000
Appropriation to Capital Adequacy Reserve from unappropriated balance		510,000	209,000
Reserves — closing balance		4,843,000	4,306,000
Total funded position		7,023,056	9,680,814

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

Consolidated statement of cash flows for the year ended December 31 (\$ Canadian thousands)

	Note	2022	2021
Cash obtained from (used for) operating activities			
Cash received from:			
Employer premiums.....		1,995,619	1,775,972
Other.....		6,513	6,079
		2,002,132	1,782,051
Cash paid to:			
Claimants or third parties on behalf of claimants.....		(1,901,112)	(1,766,664)
Employees and vendors for goods and services.....		(523,863)	(497,191)
		(2,424,975)	(2,263,855)
Net cash flow used for operating activities.....		(422,843)	(481,804)
Cash obtained from (used for) investing activities:			
Sale of portfolio investments.....		13,983,929	6,399,028
Purchase of portfolio investments.....		(13,613,583)	(5,840,381)
Disposal of property, equipment, and intangible assets.....		202	220
Purchase of property, equipment, and intangible assets.....		(12,074)	(12,694)
Net cash flow obtained from investing activities.....		358,474	546,173
Net (decrease) increase in cash.....		(64,369)	64,369
Cash — January 1.....		64,369	—
Cash — December 31.....	6	—	64,369

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

Notes to the consolidated financial statements for the year ended December 31, 2022

Unless otherwise stated, all dollar amounts are in thousands of Canadian dollars.

Note 1 — Nature of operations

General information

WorkSafeBC administers the *Workers Compensation Act* for the Province of British Columbia. WorkSafeBC has its corporate office in Richmond, B.C., Canada, with area offices in various locations throughout the province. Under the Act, WorkSafeBC's primary functions include establishing and enforcing occupational health and safety standards; compensating workers for occupational injury, disease, or death; rehabilitating injured workers; collecting the funds necessary for its operations from employers covered under the Act; and managing the portfolio investments.

WorkSafeBC does not receive government funding or other financial assistance. The Act requires that an Accident Fund be maintained to meet all present and future costs and liabilities for injuries arising in the current and previous years. WorkSafeBC's financial strategy is to accumulate adequate capital reserves to mitigate the risks in its assets and liabilities. While International Financial Reporting Standards (IFRS) are the reporting basis for the consolidated financial statements, WorkSafeBC applies a smoothed-accounting method for the funding policy (see "Smoothed accounting," **page 97**). This policy helps manage premium-rate volatility caused by short-term financial market fluctuations.

Premium rates are established at a level to provide for current and future costs of claims and operations arising from current claims, subject to a capping policy to moderate excessive changes in rates from year to year. When considered necessary, WorkSafeBC may also levy a special premium. For rate-setting purposes, the unappropriated balance and accumulated other comprehensive income are amortized on a five-year averaging basis through adjustments to future premium rates.

Note 2 — Significant accounting policies

Basis of preparation

WorkSafeBC's consolidated financial statements have been prepared in accordance with IFRS in effect as at December 31, 2022, standards that the Accounting Standards Board (Canada) adopts as Canadian generally accepted accounting principles for publicly accountable enterprises. WorkSafeBC presents its consolidated statement of financial position in order of liquidity. The principal accounting policies applied in preparing the consolidated financial statements are set out below.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for the carrying value of land, which is measured at deemed cost (fair value at the date of transition to IFRS), and certain financial assets and liabilities, which are measured at fair value, as explained in the accounting policy notes.

Basis of consolidation

WorkSafeBC has investments in a number of fully owned investment entities, which in turn have investments in investment funds and other financial instruments. In each case, WorkSafeBC owns 100 percent of the participating, non-voting shares of the investment entity, and the British Columbia Investment Management Corporation (BCI), our investment manager, owns one non-participating, voting share of the entity. The voting share gives BCI full authority to manage these investment entities on our behalf. We control the investment entities because WorkSafeBC is exposed to, or has rights to, variable returns from its involvement with these entities and has the ability to affect those returns through its power over the entities. The substance of the relationship between WorkSafeBC and the fully owned investment entities indicates that they are controlled by WorkSafeBC. Accordingly, these investment entities are fully consolidated from the date on which control is transferred to WorkSafeBC; they are no longer consolidated from the date that control ceases. We have consolidated the assets and liabilities and results of 53 (2021: 50) fully owned investment entities within these financial statements.

Transactions, balances, and gains or losses on transactions between WorkSafeBC and the fully owned investment entities are eliminated.

Critical accounting estimates and judgments, and measurement uncertainty

In accordance with IFRS, WorkSafeBC's consolidated financial statements include management's estimates, judgments, and assumptions of the reported amounts of assets and liabilities as at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting periods presented. As a result, some reported amounts are subject to measurement uncertainty. This uncertainty exists when there is a variance between the recognized amount and another reasonable amount. Assumptions and estimates are reviewed on an ongoing basis, with any related revisions recorded in the period when they are adjusted. Consequently, actual results may differ from management's best estimates by material amounts. Level 3 portfolio investments (Note 4); employee benefit assets, liabilities, and costs (Note 9);

Note 2 — continued

and claim benefit liabilities and costs (Note 10) are the most significant items reflecting critical estimates and judgments in these consolidated financial statements. Information about critical estimates and judgments are disclosed within the respective notes.

In 2022, economic challenges, including global financial market volatility and rising inflation, affected the operations and certain balances and transactions recorded within the financial statements. These include portfolio investments (Note 4), employee benefit assets and liabilities (Note 9), and claim benefit liabilities and costs (Note 10). Assessments of the impacts are contained within the specific notes.

Specific accounting policies and related critical judgments

To facilitate better understanding of WorkSafeBC's consolidated financial statements, significant accounting policies and related critical judgments (where applicable) are disclosed in these notes:

Note	Topic	Page
3	Receivables	141
4	Portfolio investments	146
5	Property, equipment, intangible assets, and right-of-use assets	160
6	Cash and outstanding payments	163
7	Payables and accruals	163
8	Injured workers' retirement benefit liability	164
9	Employee benefit assets, liabilities, and costs	166
10	Claim benefit liabilities and costs	175
11	Reserves	185
12	Premiums	186
13	Deposit-class (self-insured) employers	188
14	Other income	189
15	Prevention and administration costs	189
16	Injury research and reduction initiatives	191

Note 2 — continued

Changes in accounting policy

International Financial Reporting Standards issued and in effect during 2022

No new or amended International Financial Reporting Standards (IFRS) were adopted by WorkSafeBC in 2022.

International Financial Reporting Standards issued but not in effect in 2022

IFRS 17 *Insurance Contracts* will replace IFRS 4 *Insurance Contracts* effective January 1, 2023. The new standard sets out the requirements for how to recognize, measure, present, and disclose insurance contracts. Under IFRS 17, WorkSafeBC will:

- Identify insurance contracts as arrangements where WorkSafeBC accepts significant insurance risk from another party. WorkSafeBC determined that workers' compensation contracts for rateable and deposit-class employers are within the scope of IFRS 17.
- Identify portfolios of contracts, which comprise contracts that are subject to similar risks and managed together. Portfolios are further divided into the following groups and into cohorts: (1) contracts that are onerous at initial recognition; (2) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; and (3) any of the remaining contracts in the portfolio. WorkSafeBC expects to group contracts together in annual cohorts aligning with its fiscal period.
- Use the concept of *contract boundary* to determine what cash flows to consider in the measurement of groups of insurance contracts.
- Apply the measurement models introduced by IFRS 17, as discussed below.

Measurement model

At the end of each reporting period, the carrying amount of a group of workers' compensation contracts is remeasured to be the sum of the following:

- The liability for remaining coverage relating to future services
- The liability for incurred claims, which is measured as *fulfillment cash flows* (see below) related to past services allocated to the group at that date

IFRS 17 requires the general measurement model (GMM) to be applied by default, which is based on the following components:

- The fulfillment cash flows, which comprise:
 - Probability-weighted estimates of future cash flows
 - An adjustment to reflect the time value of money (i.e., discounting) and the financial risks associated with those future cash flows
 - A risk adjustment for non-financial risk
- The contractual service margin (CSM), which is the unearned profit for a group of insurance contracts

WorkSafeBC will recognize the liability for incurred claims of a group of contracts as the amount of fulfillment cash flows relating to past service allocated to the group at the reporting date. The future cash flows will be discounted.

Note 2 — continued

Premium allocation approach

A premium allocation approach (PAA) is permitted for measuring the liability for remaining coverage if the measurement is not materially different from the general model or if the coverage period is one year or less. WorkSafeBC expects to apply the PAA for liability for remaining coverage as the PAA eligibility criteria are met and the GMM for the liability for incurred claims.

On initial recognition of each group of insurance contracts, the carrying amount of the liability for remaining coverage is measured as the premiums received on initial recognition. WorkSafeBC will elect to recognize contract acquisition cash flows as expenses when they are incurred. Subsequently, the carrying amount for the liability for remaining coverage is increased by any further premium received and decreased by the amount recognized as insurance revenue for services provided. As permitted under IFRS 17, WorkSafeBC will not adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk. For the PAA, changes relative to IFRS 4 are expected to be limited. The accounting under the PAA is similar to the current approach under IFRS 4.

Onerous contracts

WorkSafeBC is required to identify groups of insurance contracts as *onerous contracts* when at initial recognition facts and circumstances indicate that a set of insurance contracts issued are expected to incur a loss. When identifying onerous contracts, WorkSafeBC is required to recognize the expected loss immediately in net income, along with an increase in the liability for remaining coverage, known as a *loss component*, if applicable. This loss component adjusts the liability for remaining coverage and is amortized into total comprehensive income over the coverage period of group of contracts.

Risk adjustment

Risk adjustment measures the compensation required for uncertainty around the amount and timing of the future cash flows, uncertainty that arises from non-financial risk as WorkSafeBC fulfills insurance contracts. Risk adjustment is considered close to zero for WorkSafeBC because WorkSafeBC is an entity created by statute, able to fully mitigate non-financial risk by applying legislation and policy.

Discount rates

The methodology for determining discount rates is not prescribed and requires judgment to determine. Under IFRS 4, the discount rate was closely tied to the assets supporting the insurance liabilities and their duration. A key change with IFRS 17 is that the discount rate is explicitly required to consider the liquidity characteristics of the cash flow in insurance contracts, which may be different from the assets supporting those liabilities. WorkSafeBC expects to use an approach based on a risk-free rate plus an illiquidity premium. The risk-free rate will be derived using the Government of Canada benchmark bond yields. The illiquidity premium will be estimated based on the market observable spread of a reference portfolio made up of investment grade corporate bonds. The spread is further adjusted to remove credit risks. WorkSafeBC considers the cash flows of insurance contracts to be more illiquid than investment grade corporate bonds; as such, an additional illiquidity premium of 50 basis points is added.

Note 2 — continued

The changes in discount rate methodology under IFRS 17 may result in more volatile discount yields over time and, as a consequence, in increased volatility in total comprehensive income or loss.

Presentation and transition

The standard will also change the presentation of consolidated financial statements, with insurance and investment activities separated, and expanded disclosures about amounts recognized in the consolidated financial statements, significant judgments, and the nature and extent of risks arising from contracts. The expected key changes include:

- Some of the balance sheet line items being regrouped under workers' compensation contract liabilities
- Workers' compensation activities being presented in the statement of income under "workers' compensation result," which will be composed of:
 - Assessment revenue
 - Workers' compensation expenses, which include incurred claims and related expenses, contract acquisition expenses and losses, and reversal of losses on onerous contracts
- Workers' compensation results being presented without the impact of discount unwinding and change in discount rate, which will be shown separately under "insurance finance income and expenses."

As WorkSafeBC transitions to IFRS 17, we will apply the full retrospective approach.

Estimated impact of adopting IFRS 17

This standard will cause significant changes to the accounting for workers' compensation contracts and is expected to have a material impact on WorkSafeBC's consolidated financial statements in the year the standard is first applied. Adopting IFRS 17 is expected to result in a reduction to the total funded position approximately \$1.7 billion to the transition balance sheet as at January 1, 2022 due to changes in discount rate, which is based on the accounting assessments undertaken to date. There are potentially other financial impacts of the accounting changes of adopting IFRS 17 that are still being assessed at the time of the issuance of these financial statements. These changes may be material.

Reclassification of comparatives

In 2022, WorkSafeBC classified the net credit balance of hedging contracts as payables and accruals in the consolidated statement of financial position. This classification has also been applied to the comparative period resulting in a reclassification of the net credit balance of hedging contracts from portfolio investments to payables and accruals.

Note 3 — Receivables

Accounting policy

Receivables are non-derivative financial assets, not quoted in an active market, with fixed or determinable payments. They arise primarily from premiums but also incorporate other types of contractual monetary assets. Under IFRS 9 *Financial Instruments*, receivables are classified as amortized cost financial assets and are recorded at fair value on initial recognition; they are subsequently measured at amortized cost.

The expected credit loss allowance is made based on lifetime expected credit losses, applying an expected cash flow approach, and recognizing the expected credit risk impairment at the initial date of asset recognition. When there is no reasonable expectation of future cash flows of the receivables, the amounts are written off and recognized in operating costs.

Accrued premiums

Employers are required to report their assessable payrolls and remit premiums owing. The employer deadline for reporting and remitting for the period ending December 31 is not until after year-end; therefore, WorkSafeBC estimates the unremitted portion of premium revenue. The accrual of premiums is calculated using the estimated assessable payroll for the year and applying the current-year's premium rates. The estimated assessable payroll is determined using the actual reported payroll and projected payroll to December 31, taking into account economic changes in the province.

Deposit-class (self-insured) employers

The receivable from deposit-class (self-insured) employers represents an estimate of expected future costs of current claims for deposit classes, for which the final settlement amount has not been determined. This receivable also includes unpaid current billings.

Note 3 — continued

Receivables

	December 31, 2022	December 31, 2021
Premiums receivable		
Premiums and accrued premiums.....	561,361	463,679
Deposit-class employers.....	277,476	233,504
	838,837	697,183
Prepaid expenses.....	22,046	14,735
Claim overpayments receivable.....	24,273	22,118
Other receivables.....	5,407	5,332
Expected credit losses.....	(75,609)	(47,123)
Total.....	814,954	692,245

Changes in the allowance for expected credit losses were as follows:

	Premiums receivable	Claim overpayments receivable	Total
January 1, 2021.....	32,179	17,925	50,104
Additions.....	34,238	10,602	44,840
Write-offs.....	(6,490)	(4,103)	(10,593)
Reductions.....	(32,603)	(4,625)	(37,228)
December 31, 2021.....	27,324	19,799	47,123
Additions.....	41,102	12,771	53,873
Write-offs.....	(4,281)	(4,758)	(9,039)
Reductions.....	(24,867)	(5,973)	(30,840)
Adjustments.....	14,492	—	14,492
December 31, 2022.....	53,770	21,839	75,609

The total net addition to the allowance for expected credit losses in relation to premiums receivable in 2022 is \$16,235 (2021: net addition of \$1,635). The current portion of receivables is estimated to be \$590,886 (2021: \$542,804).

Note 3 — continued

Credit risk

Premiums receivable are written off when there is no reasonable expectation of recovery. However, WorkSafeBC continues to pursue enforcement activity to collect the amounts due. WorkSafeBC has aggregated its receivables into shared risk categories to facilitate the analysis of credit losses on a collective basis.

Premiums receivable from B.C. employers have credit risk, which varies based on employer-specific factors, industry conditions, and macroeconomic or other factors. Their credit risk is largely subject to the economic circumstances they face; in periods of economic slowdown, credit risk is increased and a corresponding increase in expected credit losses is recognized. Specific employer accounts with increased credit risk indicators are assessed individually for expected credit losses, applying debt collection information and forward-looking economic information.

Impairments are recognized for the remainder of premiums receivable, by applying a historical matrix and taking into consideration the general economic conditions in the province. The maximum credit risk exposure is the carrying value of \$838,837 (2021: \$697,183).

Deposit-class (self-insured) employers provide collateral in the form of surety bonds or letters of credit. Expected credit loss allowance is not recognized for deposit-class (self-insured) employers. As at December 31, 2022, the value of the collateral is \$66,161 (2021: \$63,140).

Claim overpayments receivable are recovered from future claim payments. Where no future payments are expected, the remaining overpayments are recognized as specifically credit impaired. The maximum credit risk exposure is the carrying value of \$24,273 (2021: \$22,118).

Other receivables, not past due or impaired, have been assessed as having minimal risk of default. These are primarily composed of the goods and services tax (GST) refund receivable from the Government of Canada of \$2,332 as at December 31, 2022 (December 31, 2021: \$1,983), and vendor deposits of \$2,553 as at December 31, 2022 (December 31, 2021: \$2,356). For the remainder of other receivables, the maximum credit risk exposure is the carrying value of \$522 (2021: \$993).

Liquidity risk

Premiums receivable determined to be individually impaired include employer accounts on which WorkSafeBC has obtained judgments attaching liens to land and insolvent accounts, totalling \$4,374 as at December 31, 2022 (December 31, 2021: \$4,382), and other specific employers with evidence of unlikely collection, totalling \$10,192 (December 31, 2021: \$8,689). Claim overpayments receivable, where no future payments are anticipated, of \$21,839 (2021: \$19,799) have been assessed as individually impaired.

Note 4 — Portfolio investments

Accounting policy

WorkSafeBC invests in fixed-income, equity, and real asset investments. The investments are held through pooled funds, held directly, and held through investment entities managed by BCI.

Classification

WorkSafeBC's portfolio investments are classified as fair value through profit or loss (FVTPL) investments. WorkSafeBC manages and evaluates the portfolio investments' performance based on fair values and makes key decisions, such as whether to sell portfolio investments, based on fair-value performance. Therefore, the portfolio investments are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale and are categorized as FVTPL. All portfolio investments are measured at their fair value, with all changes in fair value immediately recorded in investment income in the consolidated statement of comprehensive income. The changes in fair value of FVTPL instruments comprise net realized and unrealized gains or losses on investments.

Unconsolidated structured entities

WorkSafeBC invests in pooled funds, which have underlying objectives ranging from achieving short-term investment income to achieving long-term capital growth. WorkSafeBC holds redeemable units in each of its investee pooled funds that entitle the holder to a proportional share in the respective fund's net assets. WorkSafeBC's rights do not provide the ability to direct the investments within the pooled funds. These investments do not satisfy the criteria for control and have not been consolidated; they are accounted for as FVTPL. As at December 31, 2022, WorkSafeBC's interests ranged from 1 to 91 percent of the net assets of pooled funds held directly (2021: 1 to 84 percent), and varying percentages of pooled funds held through investment entities — none individually significant as a proportion of the ownership interests of the respective pooled fund, which are typically in the form of units or shares.

WorkSafeBC also holds minority interests in investment entities ranging from 6.6 to 15.0 percent (2021: 6.6 to 15.0 percent). These investments do not satisfy the elements for control or significant influence, and are therefore accounted as FVTPL.

These investments in the investment entities are carried at fair value and presented as part of the portfolio investments in the consolidated statement of financial position. The changes in fair value of these investments are included in the consolidated statement of comprehensive income in net unrealized gains (losses) on investments within investment income.

WorkSafeBC's maximum exposure to loss from its interest in these unconsolidated structured entities is equal to the total fair value of its investments held by such entities.

Note 4 — continued

Recognition and measurement

WorkSafeBC uses trade date accounting for the purchase and sale of all financial instruments in its investment portfolio. Transactions are recorded on the date an agreement is entered into (the trade date), not on the date the transaction is finalized (the settlement date). If the transaction involves interest, the interest is recorded on an accrual basis from the trade date onward. Investment transactions pending settlement at December 31 are disclosed as a receivable or payable.

WorkSafeBC's portfolio investments are measured at fair value on initial recognition and on a recurring basis. The fair values of foreign currency exchange contracts are based on dealer-quoted prices or derived from valuation methods involving directly observable market data. Pooled funds are valued based on WorkSafeBC's share of the net asset value of the pooled fund. The fair values of global real estate, private equity, and infrastructure and renewable resources, which are held directly through debt and equity instruments and held through investment entities, are based on independent appraisals or valuation estimates. Fair values of the pooled funds, investment entities, and underlying investments are provided by the investment manager. These appraisals and estimates use the most appropriate valuation technique for each investment type (see "Fair-value hierarchy," **page 149**).

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amount, and an intention to either settle on a net basis or realize the asset and settle the liability simultaneously. Over-the-counter currency hedging contracts are offset on the consolidated statement of financial position only where there is both a legal right of offset and an intention to settle on a net basis or simultaneously through a payments exchange system. When currency hedging contracts are in net asset position, they are recorded as portfolio investments; when in net liability position, they are recorded as payables and accruals (Note 7).

Investments denominated in foreign currency are translated into Canadian dollars at the exchange rate in effect on the date of the consolidated statement of financial position. Revenues and expenses are translated at the exchange rates in effect on the transaction date. Foreign currency exchange gains or losses for these investments are recorded as an integral component of the overall change in fair value in investments within investment income in the consolidated statement of comprehensive income.

Income recognition

Investment income includes income from directly held investments, income distributions from pooled funds, income from minority-owned investment entities, and income from fully owned investment entities.

WorkSafeBC recognizes investment income from pooled funds and minority-owned investment entities when the income is distributed from the fund or the entity to unit-holders. These distributions are automatically reinvested into the pool and the investment entities.

The consolidated financial statements include fully owned investment entities' income and expenses, with all inter-entity transactions eliminated on consolidation.

Note 4 — continued

Fair-value adjustments at the reporting date are disclosed as investment income and represent a change in unrealized gains or losses in the consolidated statement of comprehensive income as disclosed in this note. When an investment is sold, the cumulative unrealized gain or loss is reclassified as a realized gain or loss in investment income in the year of disposition.

Critical accounting estimates and judgments

Considerable judgment may be required in developing estimates of fair value, particularly for investments classified as Level 3 in the fair-value hierarchy as such estimates incorporate unobservable inputs that require the use of assumptions.

Portfolio investments

	December 31, 2022			
	Investments in pooled funds	Investments held through minority-owned investment entities	Investments held through fully owned investment entities	Total investment assets
Fixed-income investments				
Money market.....	452,820	—	—	452,820
Bonds.....	2,756,957	—	—	2,756,957
Mortgages.....	664,402	—	272,613	937,015
Credit investments.....	1,909,441	—	68,694	1,978,135
	5,783,620	—	341,307	6,124,927
Equity investments				
Canadian equity.....	925,639	—	—	925,639
Global equity.....	4,966,834	—	—	4,966,834
Emerging markets equity.....	902,648	—	—	902,648
Private equity.....	310,720	709,773	1,340,485	2,360,978
	7,105,841	709,773	1,340,485	9,156,099
Real asset investments				
Infrastructure and renewable resources.....	81,375	—	2,516,936	2,598,311
Domestic real estate.....	2,502,172	—	—	2,502,172
Global real estate.....	—	92	1,939,700	1,939,792
	2,583,547	92	4,456,636	7,040,275
Total.....	15,473,008	709,865	6,138,428	22,321,301

The realization of portfolio investments is dependent on operational needs to ensure that adequate cash is available for payment of WorkSafeBC's obligations — mainly claim benefit liabilities and administration expenses. See Note 10 for the estimated payments expected for the next 12 months.

Note 4 — continued

	December 31, 2021			
	Investments in pooled funds	Investments held through minority-owned investment entities	Investments held through fully owned investment entities	Total investment assets
Fixed-income investments				
Money market.....	357,294	—	—	357,294
Bonds.....	2,839,320	—	—	2,839,320
Mortgages.....	706,917	—	90,765	797,682
Credit investments.....	1,852,040	—	37,496	1,889,536
	5,755,571	—	128,261	5,883,832
Equity investments				
Canadian equity.....	2,549,982	—	—	2,549,982
Global equity.....	5,200,044	—	—	5,200,044
Emerging markets equity.....	838,301	—	—	838,301
Private equity.....	255,445	457,980	1,644,194	2,357,619
	8,843,772	457,980	1,644,194	10,945,946
Real asset investments				
Infrastructure and renewable resources.....	35,323	—	2,229,873	2,265,196
Domestic real estate.....	2,355,168	—	—	2,355,168
Global real estate.....	—	913	1,723,922	1,724,835
	2,390,491	913	3,953,795	6,345,199
Total.....	16,989,834	458,893	5,726,250	23,174,977

Note 4 — continued

Hedging contracts

WorkSafeBC does not enter into foreign exchange forward contracts for speculative purposes; these contracts are periodically entered into based on an assessment of the portfolio's foreign currency exposure. Foreign currency exposure can be direct or indirect based on the underlying investments. WorkSafeBC has an enforceable right of offset with BCI for its currency hedging contract sets and intends to settle these on a net basis. All contracts have settlement dates within one year. The table below shows the gross amounts of hedging contracts offset presented within the preceding tables.

	Notional gross amount of receivable contracts	Notional gross amount of payable contracts	Net offset
December 31, 2022			
Liabilities.....	4,007,797	(4,209,228)	(201,431)
Assets.....	1,396,517	(1,359,275)	37,242
Net total liabilities presented in payables and accruals (Note 7).....			(164,189)
December 31, 2021			
Liabilities.....	2,951,482	(3,001,759)	(50,277)
Assets.....	2,077,524	(2,050,233)	27,291
Net total liabilities presented in payables and accruals (Note 7).....			(22,986)

Investment income (losses)

	2022			
	Fixed-income investments	Equity investments	Real asset investments	Total
Income distributions from pooled funds.....	244,149	233,804	99,918	577,871
Income (losses) from investment entities				
Credit investments.....	(403)	—	—	(403)
Mortgages.....	9,685	—	—	9,685
Private equity.....	—	76,620	—	76,620
Infrastructure and renewable resources.....	—	—	110,270	110,270
Global real estate.....	—	—	56,667	56,667
	9,282	76,620	166,937	252,839
Realized gains (losses) on investments.....	(110,847)	642,870	6,434	538,457
Unrealized (losses) gains on investments.....	(434,800)	(1,778,289)	297,548	(1,915,541)
Total.....	(292,216)	(824,995)	570,837	(546,374)

Note 4 — continued

	2021			
	Fixed-income investments	Equity investments	Real asset investments	Total
Income distributions from pooled funds	126,187	991,557	59,238	1,176,982
Income from investment entities				
Credit investments	—	—	—	—
Mortgages	17,898	—	—	17,898
Private equity	—	68,214	—	68,214
Infrastructure and renewable resources	—	—	308,669	308,669
Global real estate	—	—	34,948	34,948
	17,898	68,214	343,617	429,729
Realized gains on investments	62,879	506,011	142,028	710,918
Unrealized (losses) gains on investments	(173,973)	344,098	203,202	373,327
Total	32,991	1,909,880	748,085	2,690,956

Investment expenses

	2022	2021
External investment management fees	78,449	63,122
Internal investment management fees	895	917
Total	79,344	64,039

Fair-value hierarchy

Portfolio investments have been classified within a three-level fair-value hierarchy in accordance with IFRS 7 *Financial Instruments: Disclosures*. Fair-value hierarchy levels are defined as follows:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities. They offer the most persuasive evidence of fair value and are used whenever possible.
- Level 2 inputs are market-based inputs that are directly or indirectly observable but not considered Level 1 quoted prices. They consist of quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in non-active markets (e.g., markets with few transactions and where prices are not current or price quotations vary substantially); inputs other than quoted prices that are observable (e.g., interest rates, yield curves, volatilities, credit risks, and default rates); and inputs derived from, or corroborated by, observable market data.
- Level 3 inputs are unobservable inputs. They reflect assumptions about market pricing using the best internal and external information available. Valuation techniques include appraised or calculated market values plus net assets and liabilities, discounted cash flows, audited financial statements, and externally priced comparables. The valuation approaches applied are the most appropriate for the type of investments.

In certain situations, WorkSafeBC uses inputs to measure the fair value of asset positions that fall into different levels of the fair-value hierarchy. In these situations, WorkSafeBC will determine the level into which the fair value falls based on the lowest-level input that is significant in determining the fair value. Fund holding is the unit of account for pooled funds applied for classification within Level 2 of the fair-value hierarchy.

Note 4 — continued

The fair values of assets and liabilities measured by level of input are as follows:

	December 31, 2022			Total
	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Fixed-income investments				
Money market.....	—	452,820	—	452,820
Bonds	—	2,756,957	—	2,756,957
Mortgages.....	—	—	937,015	937,015
Credit investments	—	501,343	1,476,792	1,978,135
	—	3,711,120	2,413,807	6,124,927
Equity investments				
Canadian equity	—	925,639	—	925,639
Global equity	—	4,141,487	825,347	4,966,834
Emerging markets equity.....	—	902,648	—	902,648
Private equity.....	—	—	2,360,978	2,360,978
	—	5,969,774	3,186,325	9,156,099
Real estate investments				
Infrastructure and renewable resources	—	—	2,598,311	2,598,311
Domestic real estate	—	—	2,502,172	2,502,172
Global real estate.....	—	—	1,939,792	1,939,792
	—	—	7,040,275	7,040,275
Total portfolio investments at fair value	—	9,680,894	12,640,407	22,321,301

Note 4 — continued

	December 31, 2021			
	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2) <i>Restated</i>	Significant unobservable inputs (Level 3) <i>Restated</i>	Total
Fixed-income investments				
Money market.....	—	357,294	—	357,294
Bonds	—	2,839,320	—	2,839,320
Mortgages	—	—	797,682	797,682
Credit investments*	—	882,344	1,007,192	1,889,536
	—	4,078,958	1,804,874	5,883,832
Equity investments				
Canadian equity	—	2,549,982	—	2,549,982
Global equity*	—	4,610,834	589,210	5,200,044
Emerging markets equity.....	—	838,301	—	838,301
Private equity.....	—	—	2,357,619	2,357,619
	—	7,999,117	2,946,829	10,945,946
Real estate investments				
Infrastructure and renewable resources	—	—	2,265,196	2,265,196
Domestic real estate	—	—	2,355,168	2,355,168
Global real estate	—	—	1,724,835	1,724,835
	—	—	6,345,199	6,345,199
Total portfolio investments at fair value	—	12,078,075	11,096,902	23,174,977

*Certain investments amounting to \$1,296,127 were classified in Level 2 as at December 31, 2021. Additional information became available after approval of the previous year's financial statements and these investments have been reclassified to Level 3.

WorkSafeBC did not have Level 1 investments at December 31, 2022, and December 31, 2021. Currency hedging contracts recorded in payables and accruals (Note 7) are Level 2 instruments.

Note 4 — continued

Changes in portfolio investments measured at fair value using significant unobservable inputs (Level 3) were as follows:

	2022	2021 <i>Restated</i>
Opening balance as at January 1.....	11,096,902	8,842,137
Transfers.....	—	638,201
Net realized and unrealized gains.....	220,027	599,045
Purchases.....	2,529,894	3,106,647
Dispositions.....	(1,206,416)	(2,089,128)
Closing balance as at December 31.....	12,640,407	11,096,902

There were no transfers of assets between levels in 2022. In 2021, transfers into Level 3 were primarily due to change in underlying asset in the fund and are deemed to have occurred at the beginning of the reporting period.

Net unrealized gains of \$244,614 (2021: \$515,819) attributable to Level 3 investment assets are included in investment income in 2022.

Valuation techniques

WorkSafeBC's investment portfolio is measured at fair value on a recurring basis.

The following table provides information on the valuation techniques employed by hierarchy level, with significant unobservable inputs, if applicable. Regarding changes to unobservable inputs in the table, WorkSafeBC does not have sufficient information to provide sensitivities on the fair values of the related investments.

Level 1 assets		Level 2 assets		Level 3 assets	
Valuation technique	Significant unobservable inputs	Valuation technique	Significant unobservable inputs	Valuation technique	Significant unobservable inputs
Market approaches:		Market approaches:		Market approaches:	
<ul style="list-style-type: none"> Derived from external quotations 	n/a	<ul style="list-style-type: none"> Derived from external quotations Net asset values provided by fund administrators 	n/a	<ul style="list-style-type: none"> Appraisals Third-party transactions 	Adjustment to current conditions and attributes of comparable assets
				Income approaches:	
				<ul style="list-style-type: none"> Discounted cash flows Earnings multiples 	<ul style="list-style-type: none"> Longer-term operating margin and discount rate for lack of liquidity Variability of earnings and discount rate for lack of liquidity

Note 4 — continued

The valuation of Level 3 assets is dependent on assumptions included within valuation models. In 2022, global economic disruptions affected the amount and timing of future cash flows, discount rates, growth rates, and other inputs incorporated into the fair value of these assets. The uncertainty in those assumptions has been incorporated into the valuations of these assets through wider credit spreads and higher discount rates, as applicable.

Investment risk management

WorkSafeBC's Board of Directors is responsible for establishing policies to ensure adequate funding of the Accident Fund, and for approving investments of funds under sections 320(2)(c) and 320(2)(e) of the *Workers Compensation Act*. To this end, the Board of Directors has developed an investment policy specifying the asset allocation target and limits for investing funds. To assist the Board in discharging these responsibilities, the board has appointed an Investment Committee consisting of internal and independent external voting members. This committee oversees WorkSafeBC's investment portfolio under the parameters set out by the Board of Directors' statement of investment policies and goals for the Accident Fund.

Under the direction of the Investment Committee, within the parameters established by the Board of Directors, BCI manages the investment of the portfolio.

Portfolio investment disclosures show investments by their primary investment focus — that is, the asset class. Many of the pooled funds hold cash, net investment receivables and payables, and/or small amounts of other investments outside their primary investment focus. The risk analysis considers the assets directly held and reflects how WorkSafeBC manages the risk, based on units in pooled funds and the direct exposure to the price risk of these units themselves, rather than to the underlying investments.

The Investment Committee continues to closely monitor the diversified investment portfolio and its investment risk management policies, given the volatility and uncertainty in financial markets.

Credit risk

Credit risk on financial instruments arises from the possibility of a counter-party to an instrument failing to meet its obligations. WorkSafeBC has direct credit risk exposure, as a result of investments held directly and through interests in investment entities. Debt instruments held in conjunction with related equity investments in private companies through the fully owned investment entities, totalling \$558.1 million (2021: \$539.8 million), are not rated. Debt instruments within credit investments held through investment entities total \$6.1 million (2021: \$15.1 million).

WorkSafeBC has indirect credit risk exposure to the underlying investments held by the pooled funds and by the investment entities in which it has a minority interest. Credit risk exposures are mitigated by ensuring that the Accident Fund invests in accordance with the investment policies and a well-diversified portfolio with limited exposure to any one entity, industry, or country.

Note 4 — continued

Inflation risk

WorkSafeBC is exposed to fluctuations in the inflation rate. Prior to Bill 41 coming into effect, compensation benefits were indexed annually to the annual percentage increase in the Canadian consumer price index (CPI), as measured in October each year, less 1 percent, up to a maximum annual indexation of benefits of 4 percent and a minimum of zero. Amendments to the *Workers Compensation Act* introduced through Bill 41 (see “Claim benefit liabilities” in Note 10 for additional information) effective November 24, 2022, restores the ability for WorkSafeBC to index workers’ compensation benefits to the full rate of annual percentage increase in the CPI. If the increase in CPI is greater than 4 percent, WorkSafeBC will have the discretion to approve the annual indexation above 4 percent up to the CPI increase. To mitigate the effect of inflation on WorkSafeBC’s future liabilities over the long term, the Accident Fund holds real assets, including real estate, and infrastructure and renewable resources.

Liquidity risk

The Accident Fund is exposed to liquidity risk because it must provide funding for operations, such as claim benefit payments and administration expenses. WorkSafeBC always maintains a portion of its investments in money market and bond pooled funds, which are highly liquid. WorkSafeBC has made commitments to participate in future funding for investment purchases (Note 17). If necessary, units of pooled-fund investments will be liquidated to satisfy these funding requirements.

There were no restrictions on the redemptions of WorkSafeBC’s portfolio investments for the reporting period. Because of the absence of active markets, Level 3 investments cannot be sold or converted easily to cash in a timely or cost-effective manner.

Market risk

Market risk is the risk of loss in the value of portfolio investments that may arise as a result of changes in market factors, such as public equity prices; interest rates; foreign exchange rates; and valuations of real estate, private equity, and infrastructure and renewable resources. These changes are subject to economic factors and other movements in global capital markets. As previously disclosed, market risk is managed by the Investment Committee through established investment policies that BCI must follow, as well as through risk monitoring and portfolio diversification. WorkSafeBC is exposed to varying levels of market risk, depending on the type of investment and conditions within the global markets.

The tables that follow provide estimates of the potential dollar impact on the fair value of investments when there are material changes in key risk variables. Each table shows the potential impact of the risk under normal market conditions within the 12-month period following the date of the consolidated statement of financial position. It should be noted that each table shows the impact of the specific downside risk, independent of the correlation to other market variables, and that these estimates do not address worst-case scenarios or potential losses arising from even more extreme market conditions and events.

Note 4 — continued

Price risk

WorkSafeBC's fixed-income, equity, and real asset investments include pooled funds, investments held through minority-owned investment entities, and investments held through fully owned investment entities. WorkSafeBC is directly exposed to price risk of the units issued by the pooled funds and of the investments held through fully owned investment entities.

It is also indirectly exposed to price risk for investments held through minority-owned investment entities. The following table presents the estimated effect of a material adverse change in the values of each asset class if there is a 10 percent decline in asset values.

	10% decline in asset value	
	December 31, 2022	December 31, 2021
Estimated loss in fair value:		
Fixed-income investments		
Money market.....	45,000	35,000
Bonds.....	275,000	285,000
Mortgages.....	95,000	80,000
Credit investments.....	200,000	190,000
Equity investments		
Canadian equity.....	95,000	255,000
Global equity.....	495,000	520,000
Emerging markets equity.....	90,000	85,000
Private equity.....	235,000	235,000
Real asset investments		
Infrastructure and renewable resources.....	260,000	225,000
Domestic real estate.....	250,000	235,000
Global real estate.....	195,000	170,000

Interest-rate risk

Fluctuations in interest rates can affect the fair value of the fixed-income securities. WorkSafeBC's investments are directly exposed to interest-rate risk through debt instruments that are held in investment entities of \$564.2 million (2021: \$554.9 million).

Interest-rate risk for private debt held through directly held investments and interests in investment entities included within the equity and real asset portfolios is not material. These debt investments are held in conjunction with related equity investments in private companies; any change in the market value of these debt investments due to fluctuations in interest rates would result in an offsetting change in value of the related equity investments.

WorkSafeBC is also indirectly exposed to interest-rate risk through its investments in fixed-income pooled funds. Interest-rate risk on those fixed-income pooled funds is managed by its duration.

Note 4 — continued

The following presents the estimated effect of a material adverse change in the valuations of WorkSafeBC's investments in fixed-income pooled funds due to changes in the nominal interest rates.

	100 basis points increase in nominal interest rates	
	2022	2021
Estimated loss in fair value:		
Bond pooled funds	145,000	200,000
Mortgage pooled funds	5,000	5,000
Credit pooled funds	30,000	70,000

Foreign exchange risk

WorkSafeBC's investments held directly through investment entities are denominated in Canadian dollars as well as U.S. and other foreign currencies and, as such, are directly exposed to the currency risks shown in the following table.

	December 31, 2022	December 31, 2021
	(\$ Canadian)	(\$ Canadian)
Currency		
U.S. dollars	5,679,648	4,364,107
Other foreign currencies	1,912,229	1,851,434
Total	7,591,877	6,215,541

WorkSafeBC's investments in pooled funds are denominated in Canadian dollars. Although the pooled fund unit prices are not directly affected by currency risk, the underlying investments in money market, mortgages, credit investments, global equity, emerging markets equity, private equity, infrastructure, and renewable resources pooled funds are exposed to currency risk.

The following table presents the estimated effect of a material adverse change in the Canadian dollar/U.S. dollar and other currency exchange rates on foreign-currency-based investments held directly through interests in investment entities, if there is a 10 percent appreciation in the Canadian dollar. WorkSafeBC manages its currency risk by using directly held currency hedging contracts. For this analysis, the base exchange rates are those at December 31.

	10% appreciation in the Canadian dollar	
	2022	2021
Estimated loss in fair value:		
Appreciation in the Canadian dollar versus U.S. dollar	210,000	70,000
Appreciation in the Canadian dollar versus other foreign currencies	60,000	65,000

Note 4 — continued

Real estate risk

Risk in the real estate portfolio is managed by investing across real estate sectors and locations. Adverse effects in any one segment of the market or geographic location are minimized through diversification, which includes investments in domestic real estate indirectly held through pooled funds, and global real estate directly held through fully owned investment entities.

The biggest risk for real estate is price risk. Sensitivity relating to a decline in asset value of real estate investments are included in the price risk section above.

Collateral

No investments held by WorkSafeBC were pledged at December 31, 2022, and at December 31, 2021.

Note 5 — Property, equipment, intangible assets, and right-of-use assets

Accounting policies

Recognition and measurement of property, equipment, and intangible assets

Property, equipment, and intangible assets are reported at historical cost less accumulated depreciation/amortization and any amount for impairment, with the exception of land. Land is reported at deemed cost (fair market value on the date of transition to IFRS); subsequent acquisitions of land will be measured at historical cost.

Operating systems represent the direct costs incurred in developing new internally generated systems. Costs are deferred and amortized on a straight-line basis on the date the asset is ready to use. Project costs incurred in the definition stage for feasibility studies are recognized in administration costs in the consolidated statement of comprehensive income as incurred.

Additions and subsequent expenditures are capitalized only to the extent that they enhance future economic benefits expected to be derived from the asset — either a significant extension of the asset's expected useful life or major enhancements to the asset's functions.

Expenditures incurred to replace a component of an asset are separately capitalized, and the replaced component is derecognized. All other expenditures, including maintenance costs, costs of minor enhancements, and costs relating to the minor extension of an asset's useful life, are recognized in administration costs in the consolidated statement of comprehensive income as incurred.

Recognition and measurement of right-of-use assets

In accordance with IFRS 16 *Leases*, at the inception of a contract, WorkSafeBC assesses whether a contract is, or contains, a lease and conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Note 5 — continued

WorkSafeBC uses the definition of a lease in IFRS 16, which stipulates that the contract must enable the right of WorkSafeBC to obtain substantially all of the economic benefits and direct the use of an identifiable asset throughout the period.

We have applied this approach to all contracts entered into or changed since January 1, 2019. WorkSafeBC elected not to recognize right-of-use assets for low-value leases, leases with contract durations of less than 12 months, and intangible assets.

WorkSafeBC recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Depreciation and amortization

Depreciation and amortization are charged to administration costs in the consolidated statement of comprehensive income. Property, equipment, and intangible assets are depreciated and amortized beginning on the date the asset is ready for use, on a straight-line basis, over the asset's estimated useful life or the life of its major component.

Right-of-use assets are depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to WorkSafeBC before the end of the lease term, or there is an assumption that a purchase option will be exercised. In that case, the right-of-use asset will be depreciated over the shorter of the lease term or the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

Useful lives and any residual values of assets are reviewed annually to take into account any change in circumstances, including technological obsolescence, redundancy due to change in business strategy or economic conditions, and physical deterioration or loss. Land is not depreciated, as it is deemed to have an indefinite life.

The ranges of estimated useful lives of assets are shown in the following table.

Property and equipment:

Buildings.....	10–40 years
Equipment.....	2–7 years
Furniture.....	10 years
Vehicles.....	10 years

Intangible assets:

Operating systems.....	5–10 years
Computer software.....	3 years

Right-of-use assets:

Buildings.....	5–26 years
Equipment and other.....	5 years

Note 5 — continued

Impairment

Property, equipment, intangible assets, and right-of-use assets are assessed at each consolidated statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the assets are subject to an impairment review. If an asset is impaired, an impairment loss is recognized in administration costs in the consolidated statement of comprehensive income.

When indicators of impairment exist, International Accounting Standard (IAS) 36 *Impairment of Assets* requires an entity to test assets for impairment. The impairment review must be conducted for an individual asset, an asset group, or the cash-generating unit level — the smallest identifiable group of assets generating cash inflows (independent of cash inflows from other assets or groups of assets).

Based on an analysis of cash flows, WorkSafeBC has established that the appropriate cash-generating unit for impairment review is the entity. As WorkSafeBC has statutory power to increase premiums and/or impose levies to ensure full funding into the foreseeable future under the *Workers Compensation Act*, the likelihood of impairment at the entity level is remote. WorkSafeBC conducts an annual review to ensure that no events or changes in circumstance have occurred that would provide evidence of impairment.

Management conducted impairment indicator reviews at the entity level at December 31, 2022, and December 31, 2021; these reviews confirmed no significant impairment indicators — changes in the legislative, economic, or business environments — that would have a material impact on WorkSafeBC's ability to generate future economic benefits from its operating (non-financial) assets.

Note 5 — continued

Property, equipment, intangible assets, and right-of-use assets

	December 31, 2022	December 31, 2021
Property and equipment.....	188,300	195,179
Intangible assets.....	41,578	41,263
Right-of-use assets.....	37,428	40,416
Total.....	267,306	276,858

Property and equipment

	Land	Buildings	Furniture and equipment	Vehicles	Total
Cost.....	145,873	126,532	13,505	15,172	301,082
Less: Accumulated depreciation.....	—	81,720	8,858	9,147	99,725
Balance at January 1, 2021.....	145,873	44,812	4,647	6,025	201,357
Changes during the year:					
Cost					
Additions.....	—	170	231	1,648	2,049
Disposals.....	—	(1,130)	(47)	(750)	(1,927)
Less: Accumulated depreciation					
Depreciation.....	—	5,317	1,491	1,358	8,166
Disposals.....	—	(1,076)	(47)	(743)	(1,866)
Balance at December 31, 2021.....	145,873	39,611	3,387	6,308	195,179
Representing:					
Cost.....	145,873	125,572	13,689	16,070	301,204
Less: Accumulated depreciation.....	—	85,961	10,302	9,762	106,025
Balance at December 31, 2021.....	145,873	39,611	3,387	6,308	195,179
Changes during the year:					
Cost					
Additions.....	—	179	935	446	1,560
Disposals.....	—	(1,053)	(267)	(848)	(2,168)
Less: Accumulated depreciation					
Depreciation.....	—	5,336	1,385	1,346	8,067
Disposals.....	—	(769)	(211)	(816)	(1,796)
Balance at December 31, 2022.....	145,873	34,170	2,881	5,376	188,300
Representing:					
Cost.....	145,873	124,698	14,357	15,668	300,596
Less: Accumulated depreciation.....	—	90,528	11,476	10,292	112,296
Balance at December 31, 2022.....	145,873	34,170	2,881	5,376	188,300

Note 5 — continued

Intangible assets

	Operating systems	Computer software	Total
Cost.....	230,668	24,779	255,447
Less: Accumulated amortization	192,243	22,152	214,395
Balance at January 1, 2021	38,425	2,627	41,052
Changes during the year:			
Cost			
Additions.....	11,811	—	11,811
Disposals.....	(1,720)	(560)	(2,280)
Less: Accumulated amortization			
Amortization	10,368	1,230	11,598
Disposals.....	(1,719)	(559)	(2,278)
Balance at December 31, 2021.....	39,867	1,396	41,263
Representing:			
Cost.....	240,759	24,219	264,978
Less: Accumulated amortization	200,892	22,823	223,715
Balance at December 31, 2021.....	39,867	1,396	41,263
Changes during the year:			
Cost			
Additions.....	9,169	116	9,285
Disposals.....	(1,007)	(370)	(1,377)
Less: Accumulated amortization			
Amortization	8,386	584	8,970
Disposals.....	(1,007)	(370)	(1,377)
Balance at December 31, 2022.....	40,650	928	41,578
Representing:			
Cost.....	248,921	23,965	272,886
Less: Accumulated amortization	208,271	23,037	231,308
Balance at December 31, 2022.....	40,650	928	41,578

Note 5 — continued

Right-of-use assets

	Buildings	Equipment and other	Total
Cost.....	48,426	920	49,346
Less: Accumulated depreciation	5,696	243	5,939
Balance at January 1, 2021	42,730	677	43,407
Changes during the year:			
Cost			
Additions.....	(119)	86	(33)
Disposals.....	(1,145)	—	(1,145)
Less: Accumulated depreciation			
Depreciation.....	2,700	258	2,958
Disposals.....	(1,145)	—	(1,145)
Balance at December 31, 2021	39,911	505	40,416
Representing:			
Cost.....	47,162	1,006	48,168
Less: Accumulated depreciation	7,251	501	7,752
Balance at December 31, 2021	39,911	505	40,416
Changes during the year:			
Cost			
Additions.....	(111)	—	(111)
Disposals.....	—	—	—
Less: Accumulated depreciation			
Depreciation.....	2,639	238	2,877
Disposals.....	—	—	—
Balance at December 31, 2022	37,161	267	37,428
Representing:			
Cost.....	47,051	1,006	48,057
Less: Accumulated depreciation	9,890	739	10,629
Balance at December 31, 2022	37,161	267	37,428

Note 6 — Cash and outstanding payments

Accounting policy

Cash and outstanding payments represent the net balance of cash on hand and items in transit, including cheques issued but not cashed. In the event that these cheques are cashed and there are insufficient funds held at that time in its bank accounts, WorkSafeBC can use available credit facilities. As at December 31, 2022, the unused credit facility was \$1,790 (2021: \$1,912). WorkSafeBC is also a partner in an offset program with the Province of British Columbia; this program provides WorkSafeBC with access to additional credit facilities for varying amounts in connection with the daily cash balance of the partners.

Cash and outstanding payments

	December 31, 2022	December 31, 2021
Cash.....	—	64,369
Less: Outstanding payments.....	31,388	30,371
Net cash.....	(31,388)	33,998

All outstanding payments are expected to be settled within 12 months.

Note 7 — Payables and accruals

Accounting policy

Payables and accruals are financial liabilities representing obligations to pay for goods or services received by WorkSafeBC in the ordinary course of operations. WorkSafeBC recognizes a liability and an expense for goods on receipt or transfer of control and for services when they have been performed. Other payables include credit balances on employer accounts. The timing and amount of payables and accruals are readily determinable. These amounts are normally settled before the end of the next reporting period.

Payables and accruals in the table on the next page are classified as amortized cost under IFRS 9 *Financial Instruments*, recorded at fair value on initial recognition, and subsequently measured at amortized cost. The carrying value of these items approximates fair value.

Lease liabilities

In accordance with IFRS 16 *Leases*, at the inception of a contract, WorkSafeBC assesses the contract to determine if a lease is contained within. Right-of-use assets and lease liabilities are recognized at the lease commencement dates (Note 5).

Lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, at WorkSafeBC's incremental borrowing rate. The incremental borrowing rate is determined using a buildup approach as at the date of lease inception that starts with a risk-free interest rate adjusted for credit risk for leases.

Note 7 — continued

The lease liability is subsequently increased by the interest cost on the liability and decreased by lease payments made. It is remeasured when future lease payments are adjusted as a result of changes in one or more of the following:

- An index or rate
- The estimated amount expected to be payable under a residual value guarantee
- As appropriate, the assessment of whether a purchase or extension or termination option is reasonably certain to be exercised or not to be exercised

Lease payments include all fixed payments, variable payments that are tied to an index, and payments for renewal periods, if it is reasonably certain the extension options will be exercised. Lease payments do not include operating costs.

Payables and accruals

	December 31, 2022	December 31, 2021
Accrued staff salaries	24,236	25,375
Vendor payables.....	31,641	34,622
Other payables and accruals	26,103	26,455
Currency hedging contracts.....	164,189	22,986
Lease liabilities	44,896	47,245
Total.....	291,065	156,683

Currency hedging contracts are financial instruments held that are in net liability position (see Note 4 for more information). Payables and accruals expected to be settled within 12 months total \$247,291 (2021: \$156,683).

Note 8 — Injured workers' retirement benefit liability

Accounting policy

The injured workers' retirement benefit obligation is a liability that represents obligations under section 204 of the *Workers Compensation Act*, effective for all injuries occurring on or after June 30, 2002. This section requires that WorkSafeBC contribute a monthly amount for permanently disabled workers equal to 5 percent of the worker's permanent-disability monthly benefit payment. This amount is over and above the benefit payment issued monthly and separate from the long-term disability benefit liability (Note 10). In addition, workers may voluntarily choose to contribute between 1 and 5 percent of their monthly benefit.

WorkSafeBC recognizes a liability for past contributions made to the injured workers' retirement benefit liability when a worker's permanent-disability monthly benefit is paid. The corresponding liability for future monthly contributions is included in the long-term disability benefit liability (Note 10). The injured workers' retirement benefit liability accrues interest based on WorkSafeBC's annual smoothed-accounting rate of return, but no less than the Government of Canada's 90-day treasury bill rate. On the end date of long-term disability benefits, workers receive a lump-sum payout of these amounts and the liability is derecognized.

Note 8 — continued

Injured workers' retirement benefit liability

Changes in the injured workers' retirement benefit liability are as follows:

	2022	2021
Balance at January 1	155,765	130,312
Interest income	12,664	14,591
Contributions by WorkSafeBC	20,022	16,661
Contributions by injured workers	2,920	2,636
Benefits paid	(10,521)	(8,435)
Balance at December 31	180,850	155,765

The liability broken down by duration, based on all workers reaching retirement age (65 or older), is as follows:

	December 31, 2022	December 31, 2021
Under 1 year	12,682	10,237
1-5 years	53,005	42,601
5-10 years	43,345	39,102
Over 10 years	71,818	63,825
Total	180,850	155,765

Note 9 — Employee benefit assets, liabilities, and costs

Accounting policy, critical accounting estimates and judgments

WorkSafeBC has various employee benefits, including plans that provide pension benefits and retiree health care benefits. The cost of the plans and present value of obligations are determined using actuarial valuations; these valuations involve making assumptions about discount rates, rates of returns on net assets, future salary increases, mortality rates, and future pension changes. Obligations are sensitive to changes in these assumptions because of their long-term nature and the complexity of the valuations and underlying assumptions. All assumptions are reviewed at each reporting date. Details of key assumptions used in the estimates are disclosed below.

Employee pension plans

WorkSafeBC and its employees contribute to the WorkSafeBC Pension Plan, a defined benefit plan. Appointed by WorkSafeBC's Board of Directors, the Pension Committee is responsible for overseeing prudent investment of plan assets and ensuring that certain administration services are provided to plan members. The Pension Committee is composed of three appointed members: one represents WorkSafeBC, another represents WorkSafeBC employees, and the third is an independent member nominated jointly by the other Pension Committee members.

The plan provides pensions, based on length of service and an employee's best five-year average earnings, for all active plan members (eligible permanent employees and temporary employees), with immediate vesting on joining the plan. In accordance with WorkSafeBC Pension Plan rules, WorkSafeBC may apply surplus funds to reduce or eliminate contributions that might otherwise be required. The plan also permits continuation of contributions to the plan during a leave of absence under the *Employment Standards Act*.

For funding purposes, and to determine employee/employer contribution rates, the plan requires an actuarial valuation of plan liabilities at intervals of not more than three years. The most recent valuation was carried out at December 31, 2021 (report issued September 23, 2022); its results were used to derive projected liabilities at year-end.

The WorkSafeBC Pension Plan is subject to B.C.'s *Pension Benefits Standards Act* and, as such, requires certain certifications relating to the plan's funding and solvency. In accordance with the legislation, WorkSafeBC must adequately fund all benefits earned by plan members and is required to make scheduled special payments to make up any funding or solvency deficits. The most recent actuarial valuation, as at December 31, 2021, reported funding and solvency ratios greater than 100 percent.

WorkSafeBC also has a defined benefit supplemental executive retirement plan (DB SERP); in July 2021, the DB SERP program was closed to new members. Established and effective January 1, 2009, the DB SERP provides additional pension benefits to designated executives. Pension benefits in this plan, which is not funded, are based on the same earnings as the WorkSafeBC Pension Plan.

Note 9 — continued

For financial reporting purposes, an actuarial valuation for the DB SERP was carried out as at December 31, 2022. The DB SERP amounts are included in the detailed disclosures for the employee pension plan in tables within this note. The present value of the defined benefit obligation for the DB SERP at December 31, 2022, was \$4,233 (December 31, 2021: \$5,146).

In 2022, a defined contribution supplemental executive retirement plan (DC SERP) was established to provide additional pension benefits for eligible senior executives. Benefits in the DC SERP are not pre-funded. Contributions are based on a percentage of earnings and investment income notionally allocated to an executive's DC SERP account.

Retiree health care plan

WorkSafeBC also has a liability relating to extended health care benefits it provides to eligible WorkSafeBC retirees. WorkSafeBC employees and retirees are not required to contribute to these health care benefits.

Actuarial assumptions and method

The cost of the pension and retiree health care benefits earned by employees is actuarially determined using the projected benefit method, which is pro-rated on service and actuarial assumptions about discount rates, returns on net assets, future salary increases, employee retirement ages, mortality rates, and expected health care costs. Because of the long-term nature of the plans, such estimates are subject to significant uncertainty. All actuarial gains and losses are recognized as they occur through other comprehensive income in the consolidated statement of comprehensive income.

The significant actuarial assumptions adopted in valuing WorkSafeBC's benefit plan expenses are shown in the following table.

	Employee pension plans		Retiree health care plan	
	2022	2021	2022	2021
Discount rate — obligations	5.30%	3.10%	5.30%	3.20%
Discount rate — current service cost.....	3.25%	2.80%	3.30%	2.85%
Future salary increases/ health care cost increases.....	2.75%	2.50%	4.50%	4.50%

The discount rates shown for obligations were effective as at December 31 and applied in determining benefit plan balances at the end of the reporting period. Rates shown for the current service cost were applied in determining 2022 benefit plan expenses for the reporting period. A split discount rate approach is used, whereby the discount rate for the current service cost is determined based on the duration of the current service cost with respect to active employees. The rates were based on the yields on high-quality corporate bonds with the same estimated terms.

The mortality assumptions used for 2022 were Club Vita Canada's CV21 VitaCurves and for 2021 were Club Vita Canada's CV19 VitaCurves, both projected using Canadian Pensioners' Mortality Improvement Scale B.

Note 9 — continued

In addition, WorkSafeBC assesses whether each pension plan's asset has economic benefit through future contribution reductions, from the payment of expenses from the plan, or surplus refunds. In the event that WorkSafeBC is not entitled to a benefit, a limit or *asset ceiling* is required on the balance.

Long-term disability benefits

Long-term disability benefits are provisions representing the present obligation for the amount of income to be provided to employees unable to work for extended periods because of non-work-related illness or injury. WorkSafeBC recognizes this liability when the disability occurs. The present value of the obligation is calculated using a 5.0 percent discount rate as at December 31, 2022 (December 31, 2021: 2.5 percent). The discount rates were based on high-quality corporate bonds with the same estimated term as the liability.

Long-service benefits

Long-service benefits are liabilities representing the amount payable to employees who have completed at least 10 years of service with WorkSafeBC. WorkSafeBC recognizes the liability as these employees render their service, which accumulates toward entitlement of the long-service benefit. The benefit vests after 10 years of service, with payment made on resignation, death, or retirement. WorkSafeBC recognized the expected benefit liability by applying a 5.3 percent discount rate as at December 31, 2022 (December 31, 2021: 2.8 percent); the current service cost was recognized by applying a 3.1 percent discount rate (2021: 2.6 percent). The rates were based on the yields on high-quality corporate bonds with the same estimated term as the liability.

Other benefits

Other benefits include liabilities for WorkSafeBC claims from WorkSafeBC employees and accumulated sick leave.

Workers' compensation claims are liabilities representing the present obligation for expected employee claim costs. WorkSafeBC recognizes the provision when the claim is accepted. The present value of the obligation was calculated using a 5.1 percent discount rate as at December 31, 2022 (December 31, 2021: 3.0 percent). The discount rates were based on high-quality corporate bonds with the same estimated term as the liability.

Accumulated sick leave entitlements are recognized as employees render their service, to the extent of expected future use. Accumulated sick leave does not vest.

Note 9 — continued

Employee benefit liabilities

WorkSafeBC has several employee benefit plans, including pension, retiree health care, long-term disability, long-service benefits, and other benefits. Liabilities for these benefit plans consist of the following:

	December 31, 2022	December 31, 2021
Retiree health care plan	114,264	164,689
Accrued long-term disability	137,800	131,500
Accrued long-service benefits	39,155	44,528
Accrued other benefits	15,129	16,815
Total	306,348	357,532

The current portion of the employee benefit liabilities is estimated to be \$28,293 (2021: \$26,212).

Employee pension and retiree health care plans

The amounts recognized in the consolidated statement of financial position are as follows:

	Employee pension plans		Retiree health care plan	
	2022	2021	2022	2021
Present value of defined benefit obligations	(2,076,921)	(2,572,880)	(114,264)	(164,689)
Fair value of plan assets	2,690,313	2,810,259	—	—
Funded status — plan surplus (deficit)	613,392	237,379	(114,264)	(164,689)
Restrictions on asset recognized	(111,187)	—	—	—
Benefit asset (liability)	502,205	237,379	(114,264)	(164,689)

Changes in the defined benefit obligation are as follows:

	Employee pension plans		Retiree health care plan	
	2022	2021	2022	2021
Balance January 1	2,572,880	2,596,990	164,689	183,640
Current service cost	66,974	72,191	7,204	8,618
Interest cost	78,935	68,160	5,226	5,015
Contributions by plan participants	21,486	20,514	—	—
Net transfers from other plans	2,437	726	—	—
Employer contributions receivable	(296)	(336)	—	—
Actuarial (gains) losses arising from:				
Changes in financial assumptions	(562,451)	(146,712)	(52,588)	(16,616)
Experience adjustments	(21,747)	35,733	(6,555)	(13,432)
Changes in demographic assumptions	(788)	—	(975)	—
Past service cost	—	—	—	—
Benefits paid	(80,509)	(74,386)	(2,737)	(2,536)
Balance December 31	2,076,921	2,572,880	114,264	164,689

The current portion of the employee pension plan obligation is estimated to be \$71,537 (2021: \$67,757).

Note 9 — continued

Changes in the fair value of plan assets are as follows:

	Employee pension plans		Retiree health care plan	
	2022	2021	2022	2021
Balance January 1	2,810,259	2,571,801	—	—
Interest income	86,618	67,759	—	—
Return on plan assets (excluding amounts included in net interest expense).....	(172,034)	203,096	—	—
Employer contributions	24,349	23,370	2,737	2,536
Employer contributions receivable.....	(2,293)	(2,621)	—	—
Employee contributions	21,486	20,514	—	—
Benefits paid	(80,509)	(74,386)	(2,737)	(2,536)
Net transfers from other plans	2,437	726	—	—
Balance December 31	2,690,313	2,810,259	—	—

The amounts recognized in the consolidated statement of comprehensive income are as follows:

	Employee pension plans		Retiree health care plan		Total	
	2022	2021	2022	2021	2022	2021
Recognized in administration expenses:						
Employer current service cost.....	66,974	72,191	7,204	8,618	74,178	80,809
Net interest (income) cost.....	(7,683)	401	5,226	5,015	(2,457)	5,416
Defined benefit expense	59,291	72,592	12,430	13,633	71,721	86,225
Defined contribution expense	214	—	—	—	214	—
Total defined benefit and defined contribution expense	59,505	72,592	12,430	13,633	71,935	86,225
Recognized in other comprehensive income:						
Actuarial (gains) losses on plan liabilities arising from:						
Changes in financial assumptions.....	(562,451)	(146,712)	(52,588)	(16,616)	(615,039)	(163,328)
Experience adjustments	(21,747)	35,733	(6,555)	(13,432)	(28,302)	22,301
Changes in demographic assumptions.....	(788)	—	(975)	—	(1,763)	—
Losses (return) on plan assets (excluding amounts included in net interest expense).....	172,034	(203,096)	—	—	172,034	(203,096)
Adjustments for the restriction on the defined benefit asset	111,187	—	—	—	111,187	—
	(301,765)	(314,075)	(60,118)	(30,048)	(361,883)	(344,123)
Total benefit plan (income) expenses	(242,260)	(241,483)	(47,688)	(16,415)	(289,948)	(257,898)

Note 9 — continued

Cumulative actuarial gains (losses) recognized in other comprehensive income are as follows:

	Employee pension plans		Retiree health care plan		Total	
	2022	2021	2022	2021	2022	2021
As at January 1	206,845	(107,230)	95,386	65,338	302,231	(41,892)
Actuarial gains (losses) on plan liabilities for the year.....	584,986	110,979	60,118	30,048	645,104	141,027
Actuarial (losses) gains on plan assets for the year.....	(172,034)	203,096	—	—	(172,034)	203,096
Adjustments for the restriction on the defined benefit asset.....	(111,187)	—	—	—	(111,187)	—
As at December 31	508,610	206,845	155,504	95,386	664,114	302,231

Risks for employee pension and retiree health care plans

WorkSafeBC is subject to the risks attached to assumptions employed in determining net plan obligations. Changes in assumptions may negatively impact the net funded position of the plans. The most significant assumption risks are discussed below.

Investment risk

The present value of the defined benefit plans' liabilities is calculated using a discount rate determined by reference to high-quality corporate bond yields. If actual returns on pension plan assets are below this rate, the plan's funded status will decrease. See WorkSafeBC's asset-liability management strategy, **page 172**.

Interest risk

A decrease in the bond interest rate will increase the plans' liabilities; however, any related effect may be partially offset by an increase in the value of the pension plan's debt investments.

Mortality risk

The present value of the defined benefit plans' liabilities is calculated by referencing the best estimate of the mortality of plan members. An increase in their life expectancy will subsequently increase the plans' liabilities.

Salary risk

The present value of the defined benefit pension plans' liability is calculated by referencing the estimated increase in future salaries of plan members. As such, an increase in their salaries in excess of the estimate will subsequently raise the pension plan's liability.

Health care cost risk

The present value of the retiree health care plan liability is calculated by referencing estimated future health care costs. As such, an increase in health care costs in excess of the estimate will increase the retiree health care plan's liability.

Note 9 — continued

Asset-liability management strategy

Periodic asset and liability studies are conducted to review the WorkSafeBC Pension Plan investment policy; the last review was in 2021. The policy's primary objective is to meet or exceed specified benchmark portfolio over the long term and manage risks related to the asset mix, considering both returns and risks of investment classes, in conjunction with the anticipated amounts and timing of liability payments. The policy identifies a targeted asset mix and range of acceptable levels of investments for each investment type and subclass. Pension plan assets are managed by BCI and are invested in fixed-income, equity, real asset, and other investments, directly held or through pooled funds. The assets and related performance of plan assets are monitored on a quarterly basis by the Pension Committee.

Sensitivity of the employee pension plan and retiree health care plan liability

Significant actuarial assumptions for determining employee defined benefit plan liabilities are discount rate, life expectancy, expected salary increases, and health care costs. The effect on the employee defined benefit obligations, excluding the defined benefit supplemental executive retirement plan, of a change in assumptions applied is as follows:

2022					
Effect on defined benefit obligations					
Assumption	Change in assumption	Employee pension plan		Retiree health care plan	
		Increase	Decrease	Increase	Decrease
Discount rate.....	0.5%	(5.8%)	6.5%	(7.8%)	8.8%
Mortality rate.....	10.0%	(1.5%)	1.6%	(2.9%)	3.2%
Salary rate.....	0.5%	1.0%	(1.0%)	n/a	n/a
Health care costs.....	0.5%	n/a	n/a	9.1%	(8.1%)

2021					
Effect on defined benefit obligations					
Assumption	Change in assumption	Employee pension plan		Retiree health care plan	
		Increase	Decrease	Increase	Decrease
Discount rate.....	0.5%	(7.1%)	8.0%	(9.0%)	10.6%
Mortality rate.....	10.0%	(2.0%)	2.2%	(3.5%)	4.0%
Salary rate.....	0.5%	1.5%	(1.4%)	n/a	n/a
Health care costs.....	0.5%	n/a	n/a	10.7%	(9.3%)

The sensitivity analysis presented in the tables above may not represent the actual change in the defined benefit obligation; it is unlikely that a change in assumptions would occur in isolation, as some assumptions may correlate.

Note 9 — continued

Employee pension plan assets

The WorkSafeBC Pension Plan assets, at fair value, are listed in the table that follows. The pension plan investments disclosure shows investments in pooled funds by fund type (i.e., the primary investment focus), while investments held directly are shown by investment type. Many of the pooled funds hold cash, net investment receivables and payables, and/or small amounts of other investments outside their primary investment focus.

Pooled funds are valued based on WorkSafeBC's share of the net asset value of the pooled fund. The fair values of private equity, infrastructure and renewable resources, and global real estate investments are based on the fair values of the net assets and supported by independent appraisals or valuation estimates. These appraisals and estimates use the most appropriate valuation technique for each investment type. The fair value of foreign currency exchange contracts is based on quoted prices.

	December 31, 2022	December 31, 2021
Fixed-income investments		
Money market.....	70,753	89,558
Bonds.....	413,010	799,601
Mortgages.....	94,868	80,761
Credit investments.....	344,926	116,348
Currency hedging contracts.....	(2,164)	(1,211)
	921,393	1,085,057
Equity investments		
Canadian equity.....	113,015	88,799
Global equity.....	438,749	475,315
Emerging markets equity.....	108,709	103,048
Private equity.....	300,568	291,979
	961,041	959,141
Real asset investments		
Infrastructure and renewable resources.....	346,032	312,053
Domestic real estate.....	267,489	253,247
Global real estate.....	209,460	192,222
Currency hedging contracts.....	(16,377)	(1,048)
	806,604	756,474
Other assets/liabilities		
Cash/receivables.....	1,275	9,587
Total.....	2,690,313	2,810,259

Note 9 — continued

Future cash flows for employee pension plans

Employer contributions to the employee pension plan, excluding the DB SERP, were 6.5 percent of salaries up to the year's maximum pensionable earnings (YMPE) and 8.0 percent of salaries in excess of the YMPE. WorkSafeBC anticipates that \$48,530 will be contributed to the pension plan in 2023, consisting of \$24,395 from employee contributions and \$24,135 from employer contributions.

The average duration of the benefit obligation for the employee pension plan, excluding the DB SERP, at December 31, 2022, was 16.0 years (2021: 16.5 years) on an accounting basis. This is based on the latest actuarial valuation performed as at December 31, 2021. The breakdown of this estimated average duration, also based on the latest actuarial valuation, is as follows:

	December 31, 2022	December 31, 2021
Active members.....	20 years	21 years
Terminated members.....	16 years	18 years
Retired members.....	11 years	11 years

Risk management of plan assets

The Board of Directors established an investment policy for the WorkSafeBC Pension Plan to manage the investment risk of the pension assets.

Market risk

Plan assets are invested in fixed income, equity, infrastructure and renewable resources, real estate, and other assets; they are subject to market risk. Market risk is the risk of loss in the value of pension plan investments that may arise as a result of changes in market factors, such as public equity prices; interest rates; foreign exchange rates; and valuations of real estate, private equity, and infrastructure and renewable resources. These changes are subject to economic factors and other movements in global capital markets.

Credit risk

Credit risk on financial instruments arises from the possibility of a counter-party to an instrument failing to meet its obligations. The WorkSafeBC Pension Plan does not have material direct credit risk exposure; however, it has indirect credit risk exposure through its investments in pooled funds. Credit risk exposures are mitigated by ensuring that the pension plan invests in accordance with the investment policy and a diversified portfolio with limited exposure to any one entity, industry, or country.

Interest-rate risk

Fluctuations in interest rates can affect the fair value of the fixed-income securities. The WorkSafeBC Pension Plan is indirectly exposed to interest-rate risk through its investments in fixed-income pooled funds. Interest-rate risk on the fixed-income portfolio is minimized by managing its duration.

Note 9 — continued

Foreign exchange risk

The WorkSafeBC Pension Plan holds investments denominated in foreign currencies, indirectly through the investments in pooled funds, which are exposed to currency risk. The WorkSafeBC Pension Plan manages its foreign exchange risk through the use of currency hedging contracts.

Real estate risk

Risk in the real estate portfolio of WorkSafeBC Pension Plan assets is managed by investing across real estate types and locations. Adverse effects in any one segment of the market or geographic location are minimized through diversification, including investments in domestic and global real estate.

Industry and geographic risk

The WorkSafeBC Pension Plan holds investments in various industries and regions. These are monitored and reviewed on a quarterly basis to help ensure that appropriate diversification is achieved.

Note 10 — Claim benefit liabilities and costs

Accounting policy

Claim benefit liabilities fall into four categories:

- Unfinalled claim liabilities consisting of a provision for future benefit payments on claims not finalized to date
- Capitalized value of future monthly payments for pension awards already made (pension liabilities) under the long-term disability and survivor benefits
- Capitalized value of the estimated future cost of administering existing claims and current pension awards
- Long-latency occupational disease liability for claims to be diagnosed in the future but for which some exposure to disease-causing agents has already occurred

For the first two categories, at year-end WorkSafeBC determines its claim benefit liabilities for all injuries that have occurred to that time. WorkSafeBC recognizes these claim benefit liabilities in the year a reported compensable workplace injury occurs or disease is diagnosed, as defined by the *Workers Compensation Act* and/or by WorkSafeBC policy. In addition to a provision for future benefit payments, the third category is the claim administration component to capture the estimated costs of administering the future benefit payments of existing claims and managing future monthly payment of pensions already awarded. For the last category, long-latency occupational disease claims, the liability is the estimated future benefit payments for disease claims expected to be diagnosed in the future, and for which some exposure to a disease-causing agent has already occurred. These estimated future benefit payments are discounted and adjusted to reflect the estimated portion of the total latency period exposure that has transpired to the valuation date.

Note 10 — continued

Applying actuarial methods, benefit liabilities are measured as the present value of all future benefit and claim administration payments expected to be made for claims occurring in the current fiscal year or in any prior year. Benefit liabilities include provision for all benefits covered by applicable legislation, policies, and/or administrative practices with respect to existing claims.

WorkSafeBC's internal actuary sets the actuarial assumptions and methods and computes the benefit liabilities. An independent actuary is appointed to validate and express an opinion on these elements; the opinion is appended to these consolidated financial statements.

Liability for long-latency occupational disease claims

The Actuarial Standards Board's actuarial standards of practice for workers' compensation organizations in Canada require the recognition of a liability for long-latency occupational diseases. These are occupationally caused diseases, currently recognized as compensable, that will manifest as claims in future years, for which there has already been partial exposure to the disease-causing agent but no current disease diagnosis.

Critical accounting estimates and judgments

Claim benefit liabilities are estimated based on accepted actuarial practices. The assumptions underlying the estimation of liabilities are in the "Actuarial assumptions and methods" section below. The assumptions are regularly reviewed and updated to reflect recent and emerging trends.

Actuarial assumptions and methods

The following table summarizes the main underlying actuarial assumptions used to estimate the four categories of benefit liabilities.

	Actuarial assumptions underlying benefit liability calculation								
	Runoff pattern	Future mortality	Expense rate	Disease latency period	Investment return	CPI increase	Wage growth	Health care inflation	Claim administration inflation
Unfinalled claim liabilities									
Short-term disability	✓				✓	✓	✓		
Long-term disability	✓	✓			✓	✓	✓		
Survivor benefits	✓	✓			✓	✓	✓		
Health care	✓				✓			✓	
Vocational rehabilitation	✓				✓	✓	✓		
Pension liabilities									
Long-term disability		✓			✓	✓			
Survivor benefits		✓			✓	✓			
Claim administration			✓		✓	✓	✓		✓
Long-latency occupational disease liability		✓		✓	✓	✓	✓	✓	✓

Note 10 — continued

Runoff pattern

The runoff pattern for unfinalled claims is intended to be an unbiased estimate of the future cost runoff on existing claims. It is normally calculated using the average runoff pattern of the five most recent calendar years. This averaging period may be modified where there is reason to believe the observed experience in the most recent five years is not representative of future expected payments.

Future mortality

Future mortality rates must be estimated to determine the liability for monthly pensions established for long-term disability claimants and dependants receiving survivor benefits. This mortality basis is reviewed and revised, if necessary, every five years; the most recent review was conducted in 2022. This mortality basis is used for both the unfinalled claim liability and the pension fund liability. The liability is calculated recognizing that mortality improvement is expected to occur each year.

Mortality assumptions are intended to be unbiased estimates of future mortality experiences among WorkSafeBC pension recipients (claimants and survivors).

Mortality assumptions are determined through a two-stage process:

- First, the mortality levels currently experienced by pensioners (long-term disability and survivor benefits) are measured via a study of the recent actual experience of these claimants and survivors. The Canada life tables and B.C. life tables, published by Statistics Canada, are also used in assessing current mortality levels.
- The mortality rates are then projected forward. This involves reducing them to allow for anticipated greater longevity in the future. The improvement rates used are based on studies and projections by the Social Security Administration agency in the United States. These rates have historically paralleled the improvements observed for WorkSafeBC claimants.

Expense rate

The expense rate is the ratio of claim administration costs divided by benefit dollars paid (or capitalized, in the case of pension awards), or how much it costs to pay one dollar of claim benefits.

Expense rates are determined by periodically examining actual claim administration expenses incurred in a given year (across all cost centres) as a proportion of the claim payments/awards in that year. Expense rates vary by benefit type and are intended to represent the ongoing cost of administering existing claims, and thus are the prime drivers for calculating the claim administration liability.

Latency period

The latency period represents the number of years between initial exposure to the disease-causing agent and the time of diagnosis for each disease type. The latency period is estimated based on available information from medical literature.

Note 10 — continued

Economic assumptions

Claim benefit liabilities are calculated using a long-term real discount rate of 2.65 percent (2021: 2.40 percent); the assumption is that investment income will be earned at an annual rate that is 2.65 percent higher than the annual rate of general inflation in the long term. This long-term real discount rate gives rise to the net discount rates used to calculate various components of the benefit liabilities.

In 2022, WorkSafeBC reviewed the margin for adverse deviations embedded within the discount rate. The margin, which reflects the degree of uncertainty embedded within the actuarial assumptions, has increased to outside the 0.5 to 1.5 percent target range. As a result, the margin was reduced by increasing the long-term real discount rate from 2.40 percent to 2.65 percent per annum. This change in the long-term real discount rate resulted in a \$359,392 decrease in liabilities as at December 31, 2022. Additionally, in 2022, a short-term real discount rate was also introduced in light of the significant differences of short-term CPI inflation and wage growth in 2023 from the long-term assumptions. This change in a short-term real discount rate resulted in a \$181,801 increase in liabilities as at December 31, 2022. The net change in liabilities due to the change in real discount rates, for both short-term and long-term, is a reduction of \$177,591 as at December 31, 2022.

The net discount rate is the difference between the assumed investment rate (long-term assumption of 4.65 percent return) and the assumed growth rate of the specific factor driving benefit increases. The net discount rates used for year-end liability valuation are as follows:

Factor	Economic assumptions at year-end			Net discount rates at year-end		
	December 31, 2022		December 31, 2021	December 31, 2022		December 31, 2021
	Short-term (for 2023)	Long-term (for 2024 and later)		Short-term (for 2023)	Long-term (for 2024 and later)	
Assumed investment rate.....	4.65%	4.65%	4.40%	n/a	n/a	n/a
Health care inflation.....	4.40%	4.40%	4.40%	0.25%	0.25%	0.00%
Wage growth.....	4.50%	3.00%	3.00%	0.15%	1.65%	1.40%
Claim administration inflation.....	2.80%	2.80%	2.80%	1.85%	1.85%	1.60%
CPI inflation.....	4.00%	2.00%	2.00%	0.65%	2.65%	2.40%
Benefits indexed to CPI inflation minus 1%.....	n/a	n/a	1.00%	n/a	n/a	3.40%

Note 10 — continued

Claim benefit liabilities

	2022							
	Short-term disability	Long-term disability	Survivor benefits	Health care	Vocational rehabilitation	Claim administration	Latent occupational diseases	Total
Balance — January 1	489,919	7,685,030	1,073,592	2,864,894	445,024	947,075	559,129	14,064,663
Add: Claim costs:								
Current-year's injuries	538,554	706,153	48,108	472,498	200,868	352,806	—	2,318,987
Prior-years' injuries*	66,294	528,828	97,856	78,519	28,726	(11,530)	—	788,693
	604,848	1,234,981	145,964	551,017	229,594	341,276	—	3,107,680
Less: Claim payments made:								
Current-year's injuries	263,662	1,246	934	126,204	2,740	128,282	—	523,068
Prior-years' injuries	283,662	682,828	73,187	297,566	169,084	190,024	—	1,696,351
	547,324	684,074	74,121	423,770	171,824	318,306	—	2,219,419
Add:								
Latent occupational diseases adjustment	—	—	—	—	—	—	36,773	36,773
Discount rate adjustment	(176)	(42,888)	(10,370)	(103,281)	2,056	(15,873)	(7,060)	(177,592)
Changes in liabilities due to Bill 41	18,475	965,565	168,048	25,483	14,954	18,300	50,129	1,260,954
Changes in actuarial benefit liabilities	75,823	1,473,584	229,521	49,449	74,780	25,397	79,842	2,008,396
Balance — December 31	565,742	9,158,614	1,303,113	2,914,343	519,804	972,472	638,971	16,073,059
Represented by:								
Provision for unfinalled claims	565,742	3,193,241	196,704	2,914,343	519,804	—	—	7,389,834
Pension awards, capitalized values	—	5,965,373	1,106,409	—	—	—	—	7,071,782
Claim administration	—	—	—	—	—	972,472	—	972,472
Latent occupational diseases	—	—	—	—	—	—	638,971	638,971
Total	565,742	9,158,614	1,303,113	2,914,343	519,804	972,472	638,971	16,073,059

*Claim costs for prior years' injuries is the sum of payment and change in liabilities for prior years' injuries.

Legislative amendments of the *Workers Compensation Amendment Act* (Bill 41) received Royal Assent on November 24, 2022, with three of the seven amendments effective on the same date, and the rest of the amendments effective in 2023. The amendments resulted in a \$1,260,954 increase in the claim benefit liabilities at the 2022 year-end. The amendment that most significantly increased the valuation of claim liabilities is in section 334 of the *Workers Compensation Act*, which outlines how WorkSafeBC adjusts benefit payments annually. Where previously benefit payments were adjusted on January 1 based on the CPI minus 1.0 percent, with a maximum increase of 4.0 percent and a minimum of 0.0 percent, adjustments going forward will eliminate that 1.0 percent reduction. In addition, adjustments can be above 4.0 percent if the annual CPI increase exceeds that amount. For the January 1, 2023, adjustment, benefit payments were increased by the actual CPI change of 6.9 percent. Other Bill 41 amendments also have financial implications but to a lesser extent. The estimated liability increase of these amendments is subject to uncertainties due to limited data availability.

Note 10 — continued

WorkSafeBC anticipates that \$1,815,148 (2021: \$1,615,831) of the claim liability will be settled within 12 months and is therefore considered the current portion.

	2021							
	Short-term disability	Long-term disability	Survivor benefits	Health care	Vocational rehabilitation	Claim administration	Latent occupational diseases	Total
Balance — January 1	410,813	7,278,425	1,025,368	2,513,539	360,348	828,878	514,080	12,931,451
Add: Claim costs:								
Current-year's injuries	494,213	657,380	45,051	446,653	182,882	348,257	—	2,174,436
Prior-years' injuries*	64,648	374,552	73,997	300,275	96,978	69,920	—	980,370
	558,861	1,031,932	119,048	746,928	279,860	418,177	—	3,154,806
Less: Claim payments made:								
Current-year's injuries	248,854	2,201	994	119,717	2,443	132,323	—	506,532
Prior-years' injuries	230,901	623,126	69,830	275,856	192,741	167,657	—	1,560,111
	479,755	625,327	70,824	395,573	195,184	299,980	—	2,066,643
Add:								
Latent occupational diseases adjustment	—	—	—	—	—	—	45,049	45,049
Changes in actuarial benefit liabilities	79,106	406,605	48,224	351,355	84,676	118,197	45,049	1,133,212
Balance — December 31	489,919	7,685,030	1,073,592	2,864,894	445,024	947,075	559,129	14,064,663
Represented by:								
Provision for unfinalled claims	489,919	2,647,800	147,885	2,864,894	445,024	—	—	6,595,522
Pension awards, capitalized values	—	5,037,230	925,707	—	—	—	—	5,962,937
Claim administration	—	—	—	—	—	947,075	—	947,075
Latent occupational diseases	—	—	—	—	—	—	559,129	559,129
Total	489,919	7,685,030	1,073,592	2,864,894	445,024	947,075	559,129	14,064,663

*Claim costs for prior years' injuries is the sum of payment and change in liabilities for prior years' injuries.

Note 10 — continued

	2022							
	Short-term disability	Long-term disability	Survivor benefits	Health care	Vocational rehabilitation	Claim administration	Latent occupational diseases	Total
Balance — January 1	489,919	7,685,030	1,073,592	2,864,894	445,024	947,075	559,129	14,064,663
Add:								
Provision for current-year's injuries.....	274,893	704,907	47,175	346,294	198,128	224,524	—	1,795,921
Accretion expense for prior-years' liabilities.....	34,792	695,174	97,802	256,762	33,954	79,071	52,809	1,250,364
Prior-years' claim costs experience higher (lower) than expected.....	31,501	(166,346)	53	(178,243)	(5,228)	(90,601)	—	(408,864)
Latent occupational diseases.....	—	—	—	—	—	—	(16,036)	(16,036)
Discount rate adjustment.....	(176)	(42,888)	(10,370)	(103,281)	2,056	(15,873)	(7,060)	(177,592)
Changes in liabilities due to Bill 41.....	18,475	965,565	168,048	25,483	14,954	18,300	50,129	1,260,954
Less:								
Payments for prior-years' injuries.....	283,662	682,828	73,187	297,566	169,084	190,024	—	1,696,351
Balance — December 31	565,742	9,158,614	1,303,113	2,914,343	519,804	972,472	638,971	16,073,059

Accretion expense of \$1,250,364 for prior years' liabilities consists of \$589,269 accrued based on the expected long-term interest rate of 4.4 percent for opening liabilities, plus \$661,095 accrued based on the extent the actual CPI increase (2022: 6.9 percent) exceeded our expected long-term CPI increase of 2.0 percent.

	2021							
	Short-term disability	Long-term disability	Survivor benefits	Health care	Vocational rehabilitation	Claim administration	Latent occupational diseases	Total
Balance — January 1	410,813	7,278,425	1,025,368	2,513,539	360,348	828,878	514,080	12,931,451
Add:								
Provision for current year's injuries.....	245,359	655,178	44,056	326,936	180,439	215,934	—	1,667,902
Accretion expense for prior years' injuries.....	22,380	499,972	70,887	171,241	20,875	52,533	36,840	874,728
Prior years' claim costs experience higher (lower) than expected.....	42,268	(125,419)	3,111	129,034	76,103	17,387	—	142,484
Latent occupational diseases.....	—	—	—	—	—	—	8,209	8,209
Less:								
Payments for prior years' injuries.....	230,901	623,126	69,830	275,856	192,741	167,657	—	1,560,111
Balance — December 31	489,919	7,685,030	1,073,592	2,864,894	445,024	947,075	559,129	14,064,663

Note 10 — continued

Sensitivity of actuarial assumptions

The most significant assumptions in determining claim benefit liabilities are the net discount rates. The net discount rate is the difference between the assumed investment rate (the long-term assumption of 4.65 percent return) and the assumed long-term growth rate of the specific factor driving benefit increases. A reduction in the assumed long-term net discount rates would increase claim benefit liabilities and reduce the operating surplus, and vice versa.

The following table shows the sensitivity of claim benefit liabilities to an immediate 1 percentage point increase or decrease in these key assumptions of long-term net discount rates used to determine the liabilities.

	Net discount rates		Increase (decrease) in liabilities (\$ millions)			
	2022	2021	2022		2021	
+/- % change in net discount rates			+1%	-1%	+1%	-1%
Health care inflation	0.25%	0.0%	(372)	479	(378)	488
Wage growth	1.65%	1.4%	(154)	180	(145)	171
Claim administration inflation	1.85%	1.6%	(74)	92	(75)	93
CPI inflation	2.65%	2.4%	(913)	1,075	(732)	856

A change of 1 percentage point in all the net discount rates would see liabilities increase or decrease by approximately \$1.7 billion (2021: \$1.5 billion), on average.

Another significant actuarial assumption is the runoff pattern (or future payment pattern). While we cannot determine the exact measure of uncertainty in the unfinalled claim liability estimate that is due to a change in the runoff pattern, historical data suggests that it could range from +20 to -20 percent (an increase or decrease in unfinalled liabilities and claim administration liabilities of \$1.7 billion in total).

Management of insurance risks and rate setting

In accordance with the *Workers Compensation Act*, the Accident Fund is financed by charging annual assessment (premium) rates to employers. These are applied as a percentage of assessable payroll to determine employer-paid premiums.

The annual rate applicable to a given employer is determined as the sum of four main components:

- **Cost of expected new injuries:** This is calculated based on the industry in which the employer operates and the historical actuarial cost experience of that industry.
- **Amortization of the industry surplus or deficit:** Each industry group maintains its own insurance pool and is responsible for funding any deficits and receiving a rate discount from available surpluses.
- **Capping of rate increases and decreases:** The change in rate for any classification unit within an industry group is usually limited to a 20 percent increase or decrease, according to WorkSafeBC's normal rate-setting practices.
- **Experience rating:** The actual rate paid by a given employer within an industry group is further increased or decreased depending on the employer's historical cost performance relative to other employers in that industry group.

Under the *Workers Compensation Act*, WorkSafeBC has the power to set assessment rates to recover any shortfalls in assessment collection and fund any required reserves.

Note 10 — continued

Concentration of risks

WorkSafeBC underwrites workplace injury insurance for all employers in British Columbia. Premium rates charged to employers vary by industry, reflecting the variety of loss frequencies experienced in different industries. In addition, rates charged for employers in the same industry are further adjusted based on the historical claims experience of each employer relative to the industry as a whole. WorkSafeBC is also potentially subject to uncertainties resulting from litigation or legislative changes. Such changes can produce an immediate pervasive increase in the cost of the entire portfolio of insurance contracts.

Liquidity of benefit liability risks

The following table estimates the expected amounts and timing of future benefit and associated claim administration payments for the provision of outstanding claims. The expected timing of payments from the provision for outstanding claims involves considerable uncertainty.

Expected timing of future payments for outstanding claims	2022	2021
Up to 1 year.....	7%	7%
Over 1 year and up to 5 years.....	17%	18%
Over 5 years and up to 10 years.....	17%	17%
Over 10 years and up to 15 years.....	15%	15%
Over 15 years.....	44%	43%
Total.....	100%	100%

Note 10 — continued

Claims development

Every year, an estimate is made of the cumulative claim costs for unfinalled claims for each year of injury (YOI). In the following years, new estimates for the past YOI are made, taking into account actual costs paid. The following table shows these estimates, with the cumulative claim costs shown for each YOI and year of estimate (YOE). The table lists actual costs paid from YOI to YOE plus estimated costs projected to be paid beyond the YOE.

Year of estimate	Year of injury (\$ millions)										Total	
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022		
2013.....	1,498											
2014.....	1,520	1,485										
2015.....	1,481	1,481	1,513									
2016.....	1,421	1,436	1,479	1,533								
2017.....	1,394	1,409	1,442	1,514	1,648							
2018.....	1,355	1,373	1,394	1,482	1,601	1,729						
2019.....	1,295	1,317	1,335	1,436	1,567	1,668	1,902					
2020.....	1,229	1,252	1,271	1,387	1,526	1,648	1,835	1,877				
2021.....	1,246	1,267	1,286	1,418	1,566	1,719	1,917	1,899	2,264			
2022.....	1,244	1,264	1,283	1,424	1,603	1,791	2,030	1,973	2,387	2,536	17,535	
Current (2022) estimate of cumulative claim costs.....	1,244	1,264	1,283	1,424	1,603	1,791	2,030	1,973	2,387	2,536	17,535	
Cumulative payments.....	(936)	(941)	(927)	(1,023)	(1,125)	(1,214)	(1,257)	(974)	(827)	(396)	(9,620)	
Outstanding claims (undiscounted).....	308	323	356	401	478	577	773	999	1,560	2,140	7,915	
Discounting.....												(2,918)
2012 and prior years of injury.....												2,196
Survivor benefits.....												197
Claim administration.....												972
Subtotal of outstanding unfinalled claims.....												8,362
Pension liabilities.....												7,072
Latent occupational disease liability.....												639
Total outstanding claims per consolidated statement of financial position.....												16,073

Claim costs for most YOIs exhibit a downward trend by the YOE until 2020. This is primarily due to a lower actual CPI inflation, wages, and health care inflation than actuarial assumptions over the past decade. This results in higher estimated costs being replaced by lower actual costs each year as the YOE progresses until 2020.

Claim costs have increased in 2021 and 2022, largely due to the high CPI in the two years and Bill 41 legislation changes.

Note 11 — Reserves

Accounting policy

WorkSafeBC has established different reserves for both specific and general purposes. They were created either because of legislative requirements, as specified below, or at the direction of the Board of Directors. Reserves are funded through appropriations from the unappropriated balance. Transfers to and from reserves are accounted for as appropriations from or returns to the unappropriated balance. In accordance with the funding policy, total reserves may be provided up to 130 percent of smoothed liabilities.

Special reserves

The Accident Fund special reserves, established under section 240 of the *Workers Compensation Act*, include:

- The Contingent Reserve (section 240[1][b]), which provides a reserve in aid of industries or classes that may become depleted or extinguished
- The Disaster Reserve (section 240[1][c]), which provides a reserve to meet the loss arising from a disaster or other circumstances that WorkSafeBC considers an unfair burden to the employers in a particular class
- The Enhancement Reserve (section 240[1][d]), which provides a reserve for payment of that portion of a disability enhanced by reason of a pre-existing disease, condition, or disability

Claims deemed by WorkSafeBC to be covered by these reserves are charged to current operations. The claim costs are pro-rated to all employer classes.

Effective December 31, 2021, the total special reserves level was set at 1.5 percent of the liabilities on the smoothed-accounting basis so that the level of total special reserves can keep up with the liability growth. In 2022, a total amount of \$27,000 (2021: \$175,000) was added to the special reserves.

Capital Adequacy Reserve

In 2007, WorkSafeBC established a Capital Adequacy Reserve (CAR) to ensure that it maintains a funding level for the Accident Fund that is adequate to mitigate risks, as described within the notes to these financial statements, in its assets and liabilities and the revenues and expenses. Prior to 2021, there were separate non-statutory reserves. In October 2021, WorkSafeBC's Board of Directors approved the consolidation of the Latent Occupational Disease Reserve, Earthquake Disaster Reserve, Research Reserve, Injury Reduction and Return-to-Work Initiatives Reserve, and General Reserve with the CAR, and discontinuation as separate reserves, effective December 31, 2021. The objectives of the discontinued reserves will be covered by the CAR and the Accident Fund.

The target CAR level, when taken together with the special reserves, produces a funding level equivalent to 130 percent of the liabilities on the smoothed-accounting basis. Funds are drawn from the unappropriated balance into the CAR to reach the target CAR level.

On December 31, 2022, \$510,000 (2021: \$209,000) was contributed to the CAR.

Note 11 — continued

Reserves

	December 31, 2022	December 31, 2021
Special reserves		
Contingent Reserve.....	15,500	13,500
Disaster Reserve.....	99,500	88,500
Enhancement Reserve.....	127,000	113,000
	242,000	215,000
Capital Adequacy Reserve.....	4,601,000	4,091,000
Total.....	4,843,000	4,306,000

	December 31, 2022	December 31, 2021
Total reserves.....	4,843,000	4,306,000
Target reserve level.....	4,843,000	4,306,000

Note 12 — Premiums

Accounting policy

Premium revenue consists primarily of statutory employer assessments for workplace injury coverage. Rateable employer premiums are assessed when employers report their insurable earnings for the current premium year. For employers who have not reported, premiums are estimated and any differences between actual and estimated premiums are adjusted when insurable earnings are reported. Deposit-class (self-insured) employers' premiums are recognized based on the costs of their workers' claims (Note 13).

Premium revenue is fully earned and recognized over the coverage period. As a significant portion of premium income for the year relating to rateable employers is not received until after year-end, the amount shown is an estimate based on economic and statistical data. The difference between the estimate and actual income received is credited or charged to income in the following year. Historically, the difference has not been significant.

Reported premium revenue for the current period includes adjustments for premiums from prior periods and penalties on overdue assessments, and is net of the certificate of recognition program's financial incentive amounts.

Capping of rate changes

The capping of rate changes represents the effect of WorkSafeBC's policy to limit changes to the base rates of any rate group from year to year.

Amortization of balance

Amortization of the balance represents the effect of the planned amortization of the projected unappropriated balance (surplus or deficit, determined on a smoothed basis) of each rate group at the beginning of each assessment year.

Note 12 — continued

Industry funding via balance

This amount represents the charge in the assessment rate for external health and safety programs, which are funded over a five-year period.

Certificate of recognition

The certificate of recognition program is a voluntary employer incentive program supporting WorkSafeBC's vision of workplaces that are healthy and safe, and secure from injury, disease, and death. Through financial incentives, the program encourages employers to create and maintain audited health and safety programs and commit to a high standard of occupational health and safety. WorkSafeBC recognizes the estimated payments to qualified employers expected to have satisfied the program criteria as at December 31 as a provision. These amounts are recognized as offsets against accrued premiums (Note 3). The difference between the estimate and actual payments provided to employers is credited or charged to income in the following year. Historically, the difference has not been significant.

The amounts shown as the certificate of recognition program's financial incentives represent the estimated premium reductions to employers granted under the program. The amounts shown as the certificate of recognition charge represent the amortization of certificate of recognition premium reductions over a five-year period.

Premium income

	2020	2021
Rateable classes.....	2,362,336	2,190,792
Certificate of recognition program financial incentives.....	(42,285)	(45,907)
Capping of rate changes and amortization of balance		
Capping of rate changes.....	(43,190)	(35,332)
Amortization of balance.....	(324,359)	(387,614)
Industry funding via balance.....	1,707	3,168
Certificate of recognition charge.....	48,028	51,323
	(317,814)	(368,455)
Penalties on overdue assessments.....	14,557	11,207
Rateable employers.....	2,016,794	1,787,637
Deposit-class (self-insured) employers (Note 13).....	94,032	70,579
Total.....	2,110,826	1,858,216

Note 13 — Deposit-class (self-insured) employers

Accounting policy

Employers specified in classes 8 to 11 of section 244(1) of the *Workers Compensation Act* have their own classification units (deposit-class employers). These employers are billed and amounts are recognized on a monthly basis equal to the benefit payments made for short-term disability, health care, and vocational rehabilitation, and for the values of pension reserves for long-term disability and survivor benefits, based on the present value of monthly pension payments over the expected length of the pension; they are also billed for their proportionate share of WorkSafeBC administration costs and other costs where applicable. Deposit-class (self-insured) employer transactions are accounted under IFRS 4 *Insurance Contracts*. They earn or are charged interest on the monthly average deposit balance under section 248 of the Act. In years when the investment return on the pension reserve differs from the minimum required return, the surplus (deficit) is credited (charged) to the employer billings.

Premium income — deposit-class (self-insured) employers

	2022	2021
Claim costs		
Short-term disability	14,629	14,287
Long-term disability.....	48,993	22,247
Survivor benefits.....	7,230	1,503
Health care.....	15,360	17,575
Vocational rehabilitation.....	5,415	6,840
Long-latency occupational diseases.....	(14,040)	1,424
Claim administration.....	9,173	11,169
	86,760	75,045
Share of special reserves costs.....	13,245	9,982
Operating costs.....	3,523	3,424
Other (income) costs.....	4,003	(1,763)
	107,531	86,688
Less:		
Share of investment income.....	(13,499)	(16,109)
Total.....	94,032	70,579

Included in the benefit liabilities is \$246,319 (2021: \$216,864) of provision for unfinalled claims for deposit-class employers, including a liability for claim administration. An amount of \$245,615 (2021: \$216,160) is included in receivables because these liabilities will be paid by those employers in future years.

Note 14 — Other income

Accounting policy

Other income includes prevention penalties for workplace safety infractions, third-party litigation fee recoveries, freedom of information and disclosure fees, and amounts charged for publications and rentals, along with other incidental revenues. Prevention penalties are recognized when they are assessed; other revenues are recognized when goods or services are provided.

Other income

	2022	2021
Prevention penalties	5,723	5,247
Third-party litigation fee recoveries	203	380
Miscellaneous income	587	452
Total.....	6,513	6,079

Note 15 — Prevention and administration costs

Accounting policy

Prevention and administration costs are accrued once goods and services have been received. Administration costs include claim administration costs, assessment administration costs, and corporate administration costs. Prevention costs are the expenses related to administering the occupational health and safety provisions of the *Workers Compensation Act*, including any associated overhead expenses.

Claim administration costs are the portion of administration costs related to managing claims, which include adjudication, payment processing, and associated overhead costs. Assessment administration costs include assessment, collection, audit of premiums, and associated overhead costs. These are determined by assessing the percentages of the total administration expenses that are related to the administration of compensation claims for each division and department.

Note 15 — continued

Prevention and administration costs

	2022				
	Stakeholder services	Information technology and facilities	Corporate services	WCAT,* Review Division, and advisers	Total
Salaries and employee benefits	279,290	35,772	134,132	15,178	464,372
Amortization of property, equipment, intangible assets, and right-of-use assets.....	8,014	10,585	1,315	—	19,914
WCAT* and advisers	—	—	—	29,990	29,990
Office expenses and communication.....	10,935	19,358	2,284	474	33,051
Consulting fees.....	6,974	22,728	8,806	74	38,582
Building expenses.....	187	9,322	1,798	9	11,316
Sessional doctor fees.....	4,656	—	—	105	4,761
Travel and vehicle expenses.....	3,736	321	122	4	4,183
Other administration expenses.....	11,713	1,454	16,241	164	29,572
Cost recoveries.....	(29,316)	(9,849)	(28,647)	(1)	(67,813)
Total prevention and administrative costs.....	296,189	89,691	136,051	45,997	567,928
Represented by:					
Prevention costs.....	85,985	13,734	16,501	—	116,220
Claim administration costs	158,058	60,997	69,041	30,210	318,306
Assessment administration costs	25,337	5,607	9,130	—	40,074
Corporate administration costs	26,809	9,353	41,379	15,787	93,328
Total prevention and administrative costs.....	296,189	89,691	136,051	45,997	567,928

*Workers' Compensation Appeal Tribunal

	2021				
	Stakeholder services	Information technology and facilities	Corporate services	WCAT,* Review Division, and advisers	Total
Salaries and employee benefits	250,771	37,092	144,568	14,555	446,986
Amortization of property, equipment, intangible assets, and right-of-use assets.....	10,380	11,428	900	—	22,708
WCAT* and advisers	—	—	—	28,517	28,517
Office expenses and communication.....	10,343	15,429	2,836	491	29,099
Consulting fees.....	3,962	16,733	7,975	167	28,837
Building expenses.....	214	8,923	1,554	8	10,699
Sessional doctor fees.....	4,345	—	1	93	4,439
Travel and vehicle expenses.....	1,876	218	70	—	2,164
Other administration expenses.....	10,388	1,813	22,878	207	35,286
Cost recoveries.....	(27,391)	(9,222)	(25,547)	—	(62,160)
Total prevention and administrative costs.....	264,888	82,414	155,235	44,038	546,575
Represented by:					
Prevention costs.....	79,254	12,915	17,803	—	109,972
Claim administration costs	139,507	56,729	74,763	28,981	299,980
Assessment administration costs	21,713	4,630	8,712	—	35,055
Corporate administration costs	24,414	8,140	53,957	15,057	101,568
Total prevention and administrative costs.....	264,888	82,414	155,235	44,038	546,575

*Workers' Compensation Appeal Tribunal

Note 16 — Injury research and reduction initiatives

Accounting policy

WorkSafeBC provides funding to support high-quality, independent scientific studies relating to workplace health and safety, as well as research in the area of workers' compensation. Funding is also provided to organizations furthering the education and development of safe workplace practices. These expenses are recognized when the services or deliverable milestones have been performed.

Certificate of recognition program administration

The certificate of recognition program supports WorkSafeBC's vision of workers and workplaces being safe and secure from injury, disease, and death. Funding is provided to health and safety associations to administer this financial incentive program.

Injury research and reduction initiatives

	2022	2021
Certificate of recognition program administration	7,409	6,979
Injury-reduction initiatives	8,691	7,984
Research grants.....	1,490	1,253
Total.....	17,590	16,216

Note 17 — Commitments

WorkSafeBC has committed to participating in the future funding of a variety of financial instruments that hold investments in fixed income, equities, and real assets. Unfunded commitments as at December 31, 2022, were \$4,101,470 (December 31, 2021: \$3,420,084), of which \$1,039,219 (2021: \$814,877) relate specifically to pooled funds. Timing of the funding and related acquisition of the investments is uncertain, as it depends on appropriate investing opportunities identified by BCI. If necessary, units of pooled-fund investments will be liquidated to satisfy these funding requirements.

Note 18 — Contingencies

Legal proceedings

At any given time, WorkSafeBC is party to various claims and legal proceedings relating to its operations. Management believes WorkSafeBC has strong defences against these claims and that no financial provisions for them are appropriate or required.

Indemnification agreements

In the normal course of operations, WorkSafeBC enters into contractual agreements containing standard contract terms that provide that WorkSafeBC will indemnify certain parties. The potential liability of WorkSafeBC under the terms will vary depending on the wording of the terms and/or the occurrence of contingent or future events, the nature of which prevents WorkSafeBC from making a reasonable estimate of the potential amount that may be payable to those contractual parties.

Note 18 — continued

WorkSafeBC also indemnifies its employees and members of its Investment Committee against all claims or proceedings brought against them for any actions performed that they believed were within the jurisdiction of WorkSafeBC and in the course of their employment, or performed with reasonable care within the committee's terms of reference. WorkSafeBC has not made any payments or accrued any amounts in the consolidated financial statements relating to these indemnifications.

Legislation changes

The Minister of Labour commissioned a review of the workers' compensation system during 2019. The Patterson review was published in 2020, and recommendations made in the report were provided to the minister. Six of the seven legislative changes from Bill 41, *Workers Compensation Amendment Act*, 2022, were related to the Patterson review. There may be further potential amendments to the *Workers Compensation Act* related to the review; however, as the potential cost of these changes cannot be reasonably estimated until the legislation is amended, they will be recorded at the time of that determination.

Note 19 — Capital management

WorkSafeBC's total capital available or funded position is represented by the sum of the unappropriated balance, accumulated other comprehensive loss or income, and reserves. When managing capital, WorkSafeBC's objectives are to:

- Maintain capital at a level that provides security in the payment of future worker benefits — a capital adequacy policy that specifies a capital level of no less than 30 percent of liabilities on a smoothed-accounting basis.
- Mitigate the risks in the investment portfolio and reduce the volatility of employer premium rates arising from investment in equities — equity investments are expected to produce higher long-term returns and, thus, lower long-term employer assessment costs, but are subject to market volatility; strong capital reserves can be drawn on to limit premium-rate volatility arising from such investments.
- Cover reasonable levels of foreseen and unforeseen plausible events that, though they occur infrequently, could have a significant financial impact on WorkSafeBC.

These objectives align with WorkSafeBC's strategic priority to maintain a financially sustainable workers' compensation system.

WorkSafeBC maintains the Capital Adequacy Reserve and has set a target level (Note 11) to achieve the capital management objectives noted above.

Note 20 — Related party transactions

The information presented in this note has not been rounded to the nearest \$ thousands.

Government-related entities

WorkSafeBC (the Workers' Compensation Board of British Columbia) is an independent agency governed by a Board of Directors appointed by the Lieutenant Governor in Council of British Columbia and not part of the provincial government's reporting entity. In administering the *Workers Compensation Act*, WorkSafeBC is separate and distinct from government; however, WorkSafeBC is accountable to the public through the provincial government.

Key management personnel

Compensation

The following table shows the compensation for WorkSafeBC's key management personnel.

	2022				
	Remuneration	Short-term benefits	Other earnings	Pension	Total
President and CEO	389,875	21,445	7,500	108,433	527,253
Head of Assessments and Finance, and Corporate Operations	179,192	8,996	192,417	1,861	382,466
Head of Law and Policy	307,356	20,189	9,526	23,309	360,380
Head of Innovation Services and Chief Digital Officer	298,508	19,270	10,324	23,019	351,121
Head of Prevention Services	151,235	18,112	157,183	22,250	348,780
Total	1,326,166	88,012	376,950	178,872	1,970,000

	2021				
	Remuneration	Short-term benefits	Other earnings	Pension	Total
President and CEO	375,373	16,986	7,500	28,282	428,141
Head of Assessments, Finance, and Corporate Operations	322,141	16,522	10,525	25,089	374,277
Head of Prevention Services	296,607	15,982	9,216	22,363	344,168
Head of Law and Policy	292,158	17,124	9,725	22,448	341,455
Head of Innovation Services and Chief Digital Officer	285,645	16,107	10,624	22,177	334,553
Total	1,571,924	82,721	47,590	120,359	1,822,594

Short-term benefits include medical and dental benefits, group life insurance, accident insurance, a health spending account, and the employer's share of contributions or payments to the Canada Pension Plan and Employment Insurance.

Other earnings include car allowances, long-service gratuity payments, salary continuance, leave entitlement, and supplemental executive allowances for reimbursement of medical, dental, and insurance expenses not covered by the employee benefit plans.

Note 20 — continued

Pension costs represent the employer's share of contributions or payments to the WorkSafeBC Pension Plan and the defined contribution supplemental executive retirement plan. The president and CEO participates in the defined contribution supplemental executive retirement plan effective January 1, 2022. In 2022, WorkSafeBC also provided a notional initial contribution of \$135,389 representing a retroactive participation period for the years 2020 and 2021.

The following tables show total compensation for the WorkSafeBC Board of Directors.

	2022			
	Number of positions	Fees	Statutory benefits	Total
Chair, Board of Directors.....	1	68,000	4,697	72,697
Directors.....	8	184,000	11,337	195,337
Total.....	9	252,000	16,034	268,034

	2021			
	Number of positions	Fees	Statutory benefits	Total
Chair, Board of Directors.....	1	80,000	4,285	84,285
Directors.....	8	184,114	10,992	195,106
Total.....	9	264,114	15,277	279,391

Annual retainers of \$15,000 and \$7,500 were provided to the chair of the Board of Directors and other directors, respectively. In addition, the chair and other directors received \$500 for each day spent on work as chair of the Board of Directors or as director, or \$250 for four hours or less spent on work in one day. Board directors serving as committee chairs received an additional annual retainer of \$5,000 for the Audit Committee and \$3,000 for other committees.

The Investment Committee became a standing committee of the Board in 2021. Prior to the Investment Committee becoming a standing committee of the Board, the current board member on the Investment Committee was paid an annual retainer of \$5,000 as well as \$1,000 for each meeting day and \$500 for each conference call in the previous year. After the Board member's term on the Investment Committee ends, the remuneration will revert to the standard remuneration for directors as noted above.

Statutory benefits consist of WorkSafeBC's share of Canada Pension Plan contributions and Employment Insurance premiums when compensation is paid to the individual.

Employee pension plan

WorkSafeBC has an employee pension plan (see Note 9) that is a related party by virtue of International Accounting Standard (IAS) 24 *Related Party Disclosures*. Transactions with the WorkSafeBC Pension Plan are detailed in the following table.

	2022	2021
Contributions from employees.....	21,486	20,514
Contributions from employer.....	24,349	23,370

All terms and conditions of the pension plan remained unchanged throughout 2022. The plan does not provide guarantees to any parties.



Assistant housekeeping manager Gefford Labastida folding towels ergonomically at the Wickaninnish Inn.

Endnotes

1. The Regulation and a link to the Act are available at [worksafebc.com](https://www.worksafebc.com).
2. The Accident Fund provides for the payment of compensation, outlays, and expenses referred to in section 239 of the *Workers Compensation Act*. It is made up of the portfolio of investments and other WorkSafeBC assets.
3. An outline for public performance plans and reports providing a set of performance reporting principles for the British Columbia public sector, often referred to as the BC Reporting Principles. For a complete list of reporting principles, visit [bcauditor.com](https://www.bcauditor.com).
4. A gig economy is a labour market that relies heavily on temporary and part-time positions filled by independent contractors and freelancers rather than full-time permanent employees.
5. One person-year is the equivalent of one person working all year on either a part-time or full-time basis. The estimates of person-years are based on gross payrolls reported by employers and matching wage-rate data.
6. There are two methods for calculating permanent partial disability benefits: estimating the loss of function or the loss of earnings, whichever is higher. The second method calculates loss based on the difference between the worker's pre-injury earnings and what the worker is earning or is capable of earning in a suitable occupation after the compensable injury.
7. Long COVID is generally used to describe those with COVID-19 who experience protracted symptoms following their acute infection.
8. See endnote 4.
9. Self-employed proprietors or those in a partnership who operate an independent business are not automatically covered under the *Workers Compensation Act*. If eligible, they can apply for Personal Optional Protection.
10. The employer's historical cost performance relative to other employers in that industry group, which affects the actual rate that they pay.
11. The provincial time-loss claims rate is calculated according to the method provided by the Association of Workers' Compensation Boards of Canada. See section 21, "Lost Time Injury Frequency," of the "KSM Definitions" at [aoc.awcbc.org](https://www.aoc.awcbc.org). Wage-loss injuries, work-related death claims (cases involving funeral expenses and/or survivor benefits), and long-term disability claims occurring in 2022 that were first paid in the year (or anticipated to be initially paid in the first quarter of 2023) are counted and expressed as a ratio of 100 person-years of employment. However, injuries arising from employment related to deposit-class (self-insured) employers (employers directly paying the claim costs) are excluded from this calculation. A person-year is the equivalent of one person working all year on either a part- or full-time basis. Estimates for person-years are based on gross payrolls submitted by employers, as well as matching wage-rate data.
12. This calculation does not include injuries that require only health care and no time off from work.
13. These are claims meeting the criteria for injuries and diseases classified as serious or potentially serious with a long recovery period (50 or more lost workdays). We use the Centers for Disease Control and Prevention's International Classification of Diseases, Ninth Revision (ICD-9) to categorize specified injury or disease types. For more information on the rate of serious injuries, see Statistics 2022, available at [worksafebc.com/annualreport](https://www.worksafebc.com/annualreport).
14. The provincial time-loss claims rate for 2022 is preliminary and subject to change. The time-loss claims rate is finalized in July each year.
15. Results for 2021 have been restated from what was published in the *2021 Annual Report and 2022-2024 Service Plan*.
16. The 26-week milestone was chosen for several reasons, including the Association of Workers' Compensation Boards of Canada's use of 180 days (25.7 weeks) for return to work as a key statistical measure, and medical recovery guidelines (such as MDGuidelines) indicating that the majority of injuries show recovery before six months.
17. Source: Statistics Canada.
18. A primary psychological injury generally arises from workplace stressors and traumatic events. Secondary psychological injuries are defined as mental disorder injuries that develop as a result of a primary physical injury.
19. See endnote 2.
20. Fleet emissions results for 2021 have been restated from what was published in our *2021 Annual Report and 2021-2023 Service Plan* based on an updated emissions factor for the reporting year.
21. The employer listing provided to Ipsos includes employers registered with out-of-province telephone numbers but excludes employers in Quebec or outside of Canada.
22. Search for "Appointments in the Public Sector" at www2.gov.bc.ca.
23. See endnote 2.
24. See endnote 2.
25. The long-term required rate of return is what is required to support the growth of claim benefit liabilities. For 2022, this was 7.0 percent (2021: 7.1 percent).
26. We regularly evaluate the investment portfolio return by comparing it with the investment policy benchmark rate of return. This benchmark portfolio is a weighted average of the individual asset class indexes (43 percent equity, 29 percent fixed income, and 28 percent real assets, as at December 31, 2022). The benchmark for 2022 was -4.5 percent; in 2021, 9.8 percent.
27. Deposit-class (self-insured) employers do not pay premiums based on assessable payroll but instead pay WorkSafeBC the cost of all compensation benefits distributed to their workers plus a share of administration and other costs. They are required to maintain a deposit balance in their accounts, from which amounts for claim costs and administration are drawn monthly. This group of employers includes the provincial government and certain other companies, listed as classes 8 to 11 in subsection 244(1) of the *Workers Compensation Act*.
28. COVID-19 claim costs were also excluded in the calculation of an employer's experience rating adjustment.
29. The higher maximum assessable earnings stemmed from legislative changes that went into effect in 2021 but were only reflected in the cost rate starting from 2022. The higher assessable payroll in 2022 was also due to using a conservative projected payroll growth when we set 2021 rates because of the economic uncertainty in the initial stage of COVID-19.

30. A new investment policy was approved effective December 1, 2021. The policy's long-term allocation targets are 39 percent for equity, 33 percent for real assets, and 28 percent for fixed income. At December 31, 2022, the investment portfolio was in the process of transitioning to the long-term target with interim asset allocation targets, effective April 1, 2022, of 43 percent equity (allowable range of 35 to 51 percent), 28 percent real assets (allowable range of 20 to 36 percent), and 29 percent fixed income (allowable range of 21 to 37 percent). The investment policy also allows for investment in other asset classes (allowable range of 0 to 5 percent).
31. See endnote 26.
32. See endnote 25.
33. The net discount rates used to calculate various components of the benefit liabilities are based on a long-term real discount rate of 2.65 percent. The long-term net discount rates are the differences between the assumed long-term investment return rate and the assumed long-term growth rates of the specific factors driving benefit increases. At 2022 year-end, short-term assumptions on CPI and wage growth for 2023 were also factored into the liability calculation, which resulted in different short-term net discount rates. See Note 10 of the consolidated financial statements for further detail.
34. We updated the discount rate and economic assumptions for the 2022 year-end liability valuation. This year, other than the long-term assumptions that are reviewed every year, short-term assumptions (i.e., for the year 2023) have also been introduced. For long-term assumptions, we updated the nominal discount rate from 4.40 to 4.65 percent, with our long-term economic assumptions (for CPI, wage growth, health care inflation, claim administration inflation) remaining the same. As for short-term assumptions, we changed the 2023 CPI assumption from 2.0 to 4.0 percent and the 2023 wage growth assumption from 3.0 to 4.5 percent.
35. This is required by the Actuarial Standards Board's actuarial standards of practice (for workers' compensation organizations in Canada).
36. Under the International Accounting Standard IAS 19 (*Employee Benefits*), when an entity has a surplus in a defined benefit plan, the net defined benefit asset is limited to the lower of the surplus and the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan (assumed none in this case) or reductions in future contributions to the plan.
37. The projected actuarial losses for claim benefit liabilities in the 2022 financial plan were mainly the result of higher long-term disability reserves and short-term disability payments projected for the year, before the costs of the Bill 41 legislation changes.
38. The 2022 investment income plan was based on the investment portfolio achieving a long-term average real return of 2.4 percent (equal to the opening real discount rate we used to calculate liabilities) over and above the inflation rate, as measured by the annual increase in the CPI. That is, the required net return was the actual 2022 CPI growth of 6.9 percent plus 2.4 percent, subject to a maximum differential of 10 percentage points from the preliminary market rate of return.
39. See endnote 26.
40. Investment losses in 2022 affected the smoothed funded level to a lesser degree than it affected the fair-value funding level because of WorkSafeBC's smoothed-accounting method, which defers much of the 2022 loss (to be smoothed over the next four years). The volatility in the smoothed funded level over the next four years will be moderated or reduced.
41. The long-term real discount rate does not change every year. It is normally changed when the long-term future economic outlook is significantly different.
42. As discount rates (used to value liabilities) increase, the present value of liabilities decrease, and vice versa.
43. See "Smoothed accounting" on **page 97**.

