



# Serving British Columbians

2021 Annual Report and 2022-2024 Service Plan

**WORK SAFE BC**

# Strategic foundations of WorkSafeBC

WorkSafeBC (the Workers' Compensation Board of British Columbia) is an independent agency governed by a board of directors appointed by the provincial government. We provide coverage to 2.49 million workers and more than 263,000 registered employers throughout B.C., and are funded through insurance premiums paid by employers and investment returns. In administering the *Workers Compensation Act*, WorkSafeBC remains separate and distinct from government; however, we are accountable to the public through the provincial government, which is responsible for protecting and maintaining the overall well-being of the workers' compensation system.

Our 2018–2022 strategic plan sets the direction for our organization and is grounded in our mandate, vision, and shared values and provides the foundation for priorities and initiatives. Our plan underscores one critical factor in our success: our relationship with stakeholders. This plan continues our commitment to delivering outstanding service to our stakeholders.

## Our vision

British Columbians free from workplace injury, disease, and death.

## Our strategic priorities

- Prevent workplace injury, disease, and death
- Improve return-to-work and claims service
- Operate an effective and efficient business
- Maintain a financially sustainable system
- Adapt to social, economic, and technological change
- Strengthen government and stakeholder relationships

## Our shared values

As an organization and as individuals, we make decisions and take action based on these values:

**Service** — Make a difference to the people of British Columbia

**Integrity** — Do the right thing

**Accountability** — Be open and transparent

**Partnership and collaboration** — Collaborate for success

**Innovation** — Adapt to change and challenge complacency

WorkSafeBC's main office is located in Richmond, B.C., on the traditional, ancestral, and unceded or treaty territory of the Coast Salish Peoples, including the Musqueam, Tsleil-Waututh, and Tsawwassen Nations. We also operate from many other parts of the province and recognize and acknowledge the traditional owners and caretakers of those lands.

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# About us



Injured worker, Paul Coats works with his physiotherapist, Barbara, on his rehabilitation.

# About WorkSafeBC

We are a provincial agency dedicated to promoting healthy and safe workplaces and supporting injured workers with compensation and rehabilitation. With a legislated responsibility for establishing and enforcing occupational health and safety standards, we are dedicated to making a difference to the people of British Columbia — one worker, one employer, one workplace at a time. To meet these responsibilities, we focus on the following areas:

## Preventing workplace injury and illness

Guided by provincial legislation, we establish standards and guidelines for occupational health and safety practices and consult, educate, enforce, and investigate to help shape healthy and safe workplaces. We undertake this work in partnership with employers, workers, and other stakeholders from industry, labour, and government to further the health and safety in B.C. workplaces.

We also have the legislative authority to monitor compliance with occupational health and safety laws and regulations; investigate serious incidents; and, in certain cases, levy financial penalties or other sanctions against employers for health and safety infractions.

## Compensating and rehabilitating injured workers

When work-related injuries and illnesses do occur, we provide support to injured workers through compensation, which includes facilitating their recovery and safe, lasting return to work. During this process we make entitlement decisions on compensation benefits and administer health care and wage-loss benefits, as well as permanent disability and survivor benefits. While the majority of B.C.'s injured workers are able to return to work within days or weeks, some workers require specialized care and support.

## Maintaining the system's financial sustainability

As an insurer, it is our responsibility to ensure the financial viability of the compensation system. We take a prudent approach to managing the premiums collected from employers to ensure sufficient funding for current and future claim and compensation benefits, as well as the costs of administering the workers' compensation system. We are committed to sound financial management, with strategies and initiatives in place to manage costs and optimize investment returns to maintain the long-term financial sustainability of the system.

## Ensuring ethics and integrity are paramount

Within WorkSafeBC, ethics and integrity govern our daily work. Internally, we use various means to maintain checks and balances and strive for fairness in everything we do.

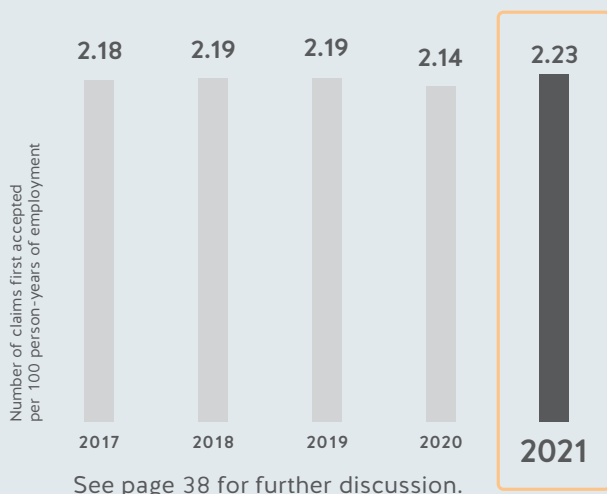
As the first level of appeal, our Review Division provides a simplified and flexible process for obtaining an independent review of specific decisions. Our Fair Practices Office serves as an independent and impartial source of assistance for individuals navigating the workers' compensation system. Since much of the information our team deals with is confidential, we have an office dedicated to ensuring that we meet our obligations under the *Freedom of Information and Protection of Privacy Act* (FIPPA).

Our Board of Directors engages an independent firm to perform an external audit of this annual report, including the key performance indicators and consolidated financial statements. We also have an Internal Audit department that supports the Board of Directors, Audit Committee, and executive leadership by providing independent and objective assurances.

Our Board of Directors includes broad and balanced representation from stakeholders in the compensation system as a whole.

# Operational highlights

## Provincial time-loss claims\*

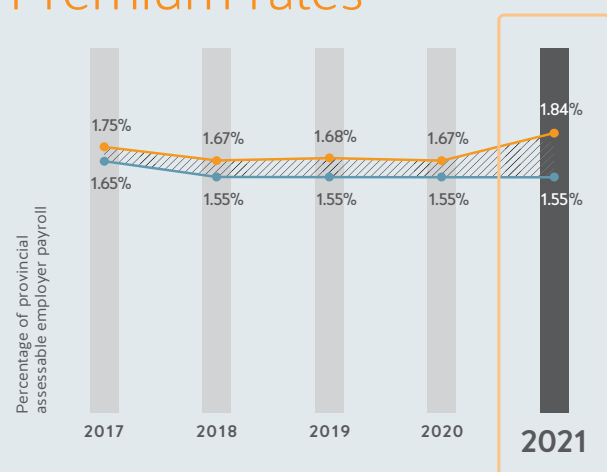


\*This measure was renamed in 2021; it was formerly referred to as the provincial injury rate. The provincial time-loss claims rate result for 2021 is preliminary and subject to change.

### Top five incident types

	2021	2020
Overexertion, bodily motion.....	39.3%	40.6%
Struck by.....	12.2%	12.7%
Fall on same level .....	11.0%	12.5%
Exposure to harmful substances or environments.....	9.3%	5.7%
Fall from a height .....	7.8%	7.8%

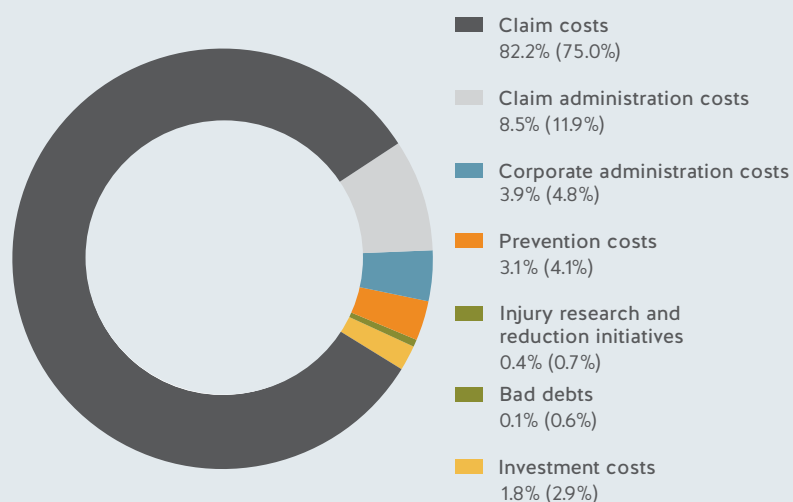
## Premium rates



Premium rates have been held below the cost to run the workers' compensation system since 2007 by returning accumulated surpluses to employers each year through the discounting of premium rates. See page 76.

— Average cost rate — Average base premium rate  
 ▨ Amount average base premium rate was discounted

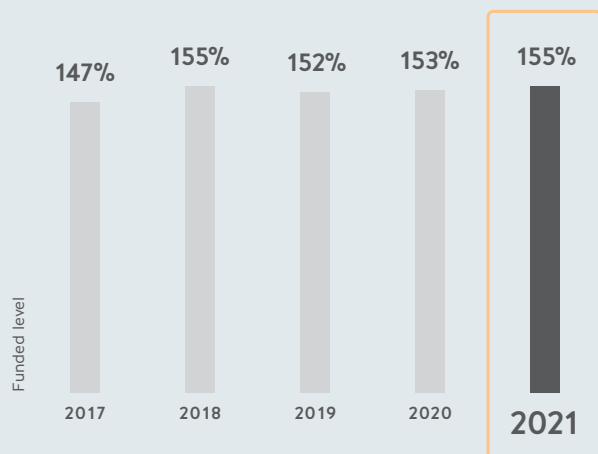
## Breakdown of 2021 expenses (2020)



In our role to provide support to injured workers and employers of B.C., the majority of our expenses are made up of claim and claim administration costs. These costs include compensation payments to injured workers and their families, health care, and rehabilitation costs. The remaining expenses are general operating costs to administer the *Workers Compensation Act*.

For further discussion regarding the expense breakdown, see Management Discussion and Analysis, pages 81–87.

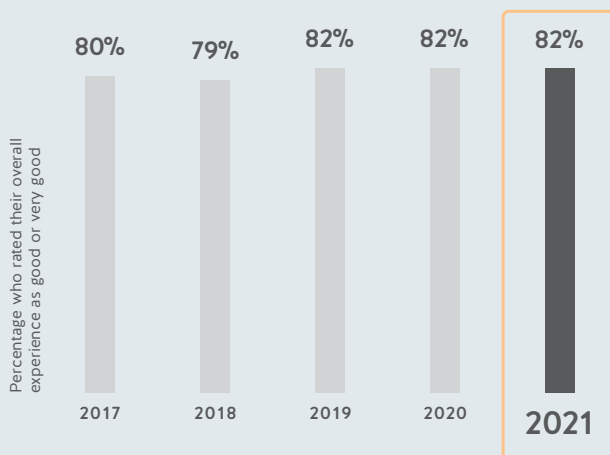
## Financial strength



The primary indicator of our financial strength is the funding level. Our Board of Directors sets the required funding level where assets are at no less than 130 percent of liabilities on a smoothed accounting basis.

Sufficient capital reserves ensure financial sustainability of the workers' compensation system and provide greater security for future worker benefits. See page 58.

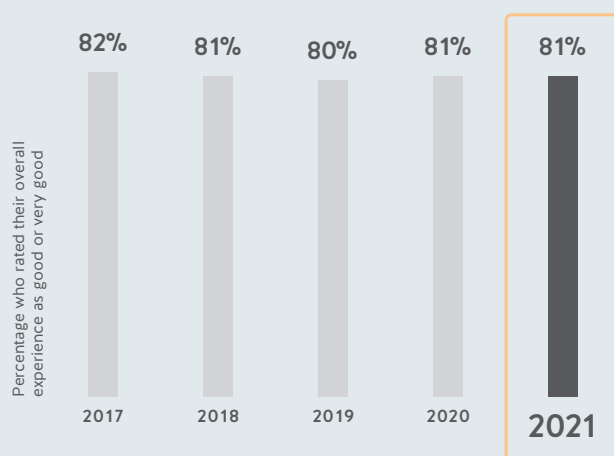
## Service to injured workers



We are committed to delivering exceptional service that meets or exceeds the expectations of injured workers.

For more information and our survey results, see page 53.

## Service to employers

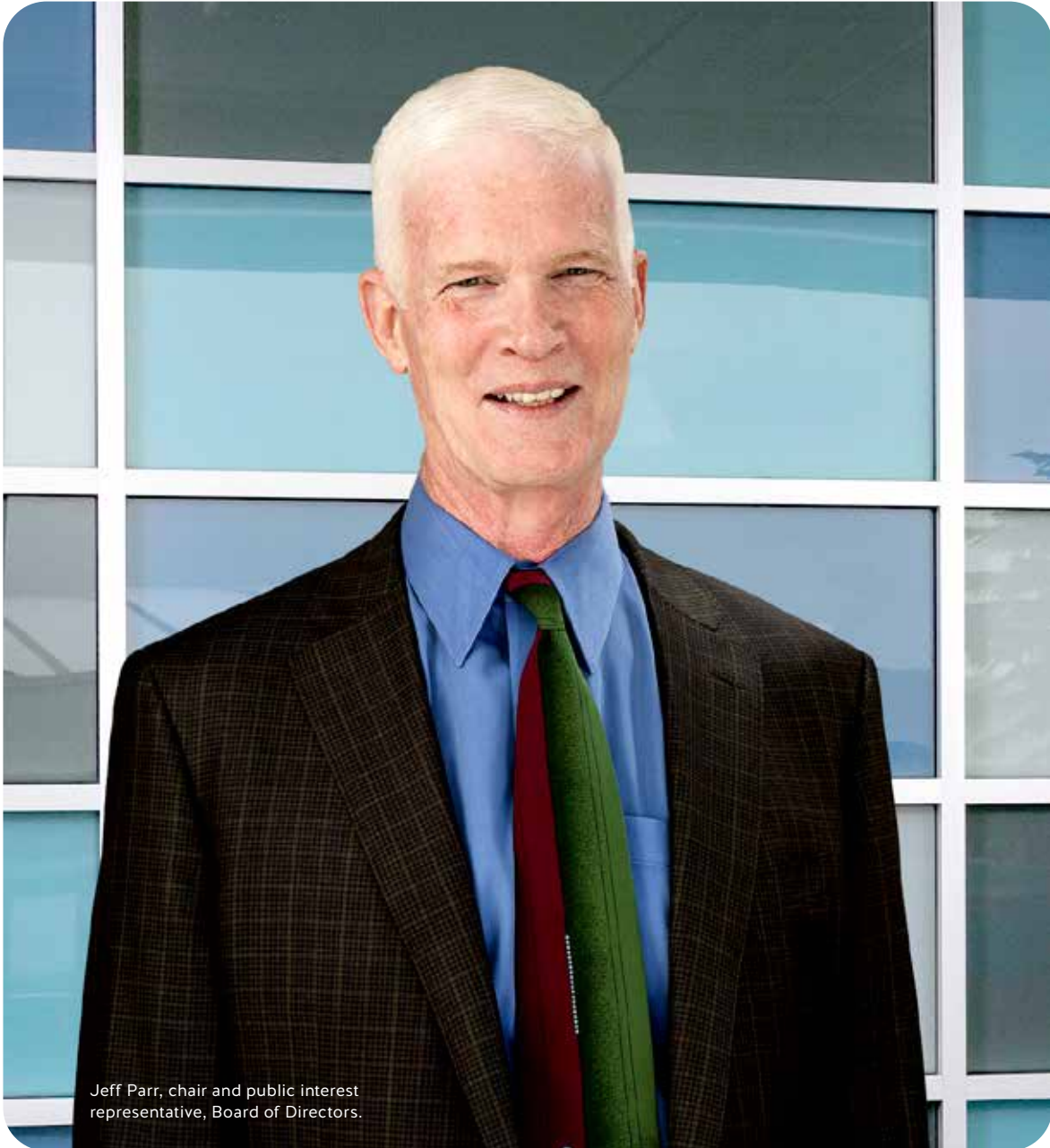


We are committed to providing exceptional service to employers through our core functions of prevention, assessment, and compensation.

For more information and our survey results, see page 56.



# Message from the chair



Jeff Parr, chair and public interest  
representative, Board of Directors.



It's been a busy year for WorkSafeBC and the Board of Directors. As the world has adjusted to the COVID-19 pandemic, WorkSafeBC has also adapted, looking closely at how the future of work in our province will take shape.

In 2021, we continued updating the organization's strategic direction, charting a clear course for the work we do. Taking into account the important perspectives of our stakeholders, we identified our strategic priorities and the outcomes we expect to achieve in the coming years, as set out in the *WorkSafeBC Strategic Plan 2022–2026*. See Appendix B page 154.

In addition to the work on our strategic plan, during the year the Board of Directors reviewed and approved several key compensation policy changes and occupational health and safety regulation changes supporting our strategic priorities. These amendments help to improve compensation coverage for injured workers as well as the health and safety of workers in the workplace, see page 18.

To help further mitigate the effect of COVID-19 claim costs on employer's premium rates, the Board of Directors approved a decision to exclude COVID-19 claim costs from determining an employer's cost rate, used for setting 2022 rates. This decision also ensured COVID-19 claim costs did not factor into the calculation of an employer's experience rating adjustment. We also approved the average base premium rate for 2022 — keeping the average rate below the actual cost rate and unchanged for the fifth consecutive year.

Last year, the Board of Directors approved definitions to support a worker-centred approach for compensation and engagement in prevention. This year, we provided further direction to management. We requested additional information on WorkSafeBC's prevention strategy, including initiatives to reduce the time-loss claims rate and serious injuries; to address psychological health and safety; and to build sustainable health and safety cultures in workplaces. We also requested significant improvements in efforts to encourage and support worker engagement in the workplace. These included employer cooperation and consultation with joint health and safety committees, worker representatives or workers, as well as regulatory clarity on an employers' duty to consult joint health and safety committees, worker representatives or workers.

As part of our duties outlined by the *Workers Compensation Act*, we also reviewed our policies and procedures to update and strengthen our governance.

I would like to thank Brooks Patterson for his contributions to the Board over the last six years; Brooks served as the director with specific expertise in occupational health and safety. On behalf of the Board, I would also like to welcome our newest member, Judy Village, who replaced Brooks after his term concluded.

Lastly, I would like to thank the management and staff of WorkSafeBC for their ongoing commitment to serving the workers and employers of B.C. as the pandemic has continued to evolve. We are excited to further our progress on our strategic priorities in the coming year.

*Original signed by Jeff Parr*

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**Jeff Parr**

Chair, Board of Directors

# In conversation with the president and CEO



## Q: The COVID-19 pandemic continued through 2021. How did WorkSafeBC respond?

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As in 2020, we continued to support workers and employers as the pandemic evolved. Working closely with the Province, the Office of the Provincial Health Officer, the BC Centre for Disease Control, regional health authorities, and other stakeholders, we provided employers, labour associations, and workers with up-to-date information and resources that could be used in their workplaces. This included transitioning from COVID-19 safety plans to a communicable disease prevention approach.

Our Prevention Information Line, which provides direct access to a prevention officer for workers and employers, fielded more than 16,000 calls with questions or concerns relating to COVID-19 in the workplace. In April 2021, our prevention officers were delegated powers under the *Public Health Act*. Through this delegation, officers were able to serve closure orders to employers with COVID-19 transmission in their workplace, when directed by a medical health officer. During times of elevated risk, our officers conducted COVID-19 rapid-response initiatives in sectors, industries, or locations with an increased risk of transmission or higher transmission rates.

As COVID-19 evolved, we also saw an increased number of claims, mirroring the peaks in cases seen throughout the province. In 2021, we received 191 percent more claims relating to COVID-19 than in 2020. While most workers have been able to recover and return to work, some have experienced prolonged recovery as they continue to experience symptoms. As the pandemic continues into 2022, we are adding infectious-disease resources to help support workers with longer recoveries.

During the year, we also administered the employer-reimbursement portion of the Province's COVID-19 Paid Sick Leave Reimbursement program, providing an application and web portal for employers to request reimbursement for a worker's short-term COVID-19-related absence. This program concluded December 31, 2021.

For our own workplaces and staff, we implemented measures to reduce the spread of COVID-19. Since November 1, 2021, all WorkSafeBC staff who interact in-person with workers, employers, members of the public, or other staff members have been required to be fully vaccinated to help prevent the transmission of COVID-19.

## Q: How is WorkSafeBC positioned financially?

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In 2021, our investments performed well, with a return rate of 12.7 percent, significantly exceeding our required rate of return for the year and better than the average rate of return for other workers' compensation jurisdictions in Canada. Our funded position remains strong at 155 percent on a smoothed funded basis. Employer assessable payroll was higher than budgeted, as B.C.'s economic recovery from the COVID-19 pandemic was better than anticipated.

Our strong financial position is a result of better-than-planned investment returns over the years. Our investment returns have allowed us to continue discounting the average base premium rate for employers, keeping the 2022 rate at 1.55 percent. This is against the backdrop of an increase to the average claims cost rate of 1.84 percent, see page 76. Drawing on our surplus, from 2018 through to 2022, we have been able to return an estimated \$1.4 billion to employers through discounted premium rates while providing premium rate stability.

## Q: Looking at overall performance for the organization, how did WorkSafeBC perform during the year?

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In 2021, employers and workers started returning to their workplaces; we began to see more claim activity in sectors that had experienced a significant downturn in 2020, such as accommodation, food and leisure services, and transportation and warehousing. With this increase in activity, we also saw an increase in the provincial time-loss claims rate (formerly referred to as the provincial injury rate) at 2.23. This result did not meet our threshold target of 2.20 or less, and is the highest it has been since 2014.

This was coupled with 161 work-related deaths during the year, 99 a result of occupational disease including asbestos and COVID-19 exposures, and 62 resulting from a traumatic workplace injury. In 2021, this included a catastrophic crane collapse in Kelowna that fatally injured five people; four workers and one individual not related to the incident site. As the regulator for occupational health and safety in the province, we investigate all serious workplace incidents to identify the cause and contributing factors to help prevent similar incidents from happening in the future. An investigation into this tower-crane collapse is ongoing.

These numbers are a reminder that employers have an important responsibility to ensure workplaces are healthy and safe.

For injured workers, we helped more than 41,200 workers return to work during the year, almost 80 percent. This was partly attributed to an improved unemployment rate and better access to health care providers, providing necessary treatment and more employment opportunities for workers who were ready to return to work.

More than 81 percent of injured workers and employers surveyed during the year noted their experience with us was good or very good. For injured workers, we continued with self-enrollment for direct deposit and began to receive medical forms electronically. For employers, we continued with our enhancements to our online portal and tools, helping to provide more timely access to information.

## Q: There seems to be a change to the nature of some worker's injuries. How is WorkSafeBC responding?

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We have seen a change in the mix of claims registered with us. In 2021, we saw a 23 percent increase in registered mental disorder claims, primarily from workers in health care and public education. In some cases, this is expected, as the legislation for mental disorder injuries continues to be updated and amended to include more eligible occupations for presumption. However, we are seeing more secondary psychological injuries and chronic pain, originating from a worker's primary physical injury. Often these injuries result in being away from work longer. Along with primary mental disorder claims, these types of injuries present a more complex recovery for an injured worker and a more involved process for staff when supporting their recovery and return-to-work planning.

To better support workers with mental disorders we have increased our health care resources, specifically the number of contracted psychologists, with the goal of providing workers more timely access to the required psychological assessment for their claim.

We are committed to understanding and meeting the unique needs of injured workers; to support this we have launched a number of initiatives that focus on earlier intervention, including medical advisors working with attending physicians to establish return-to-work-plans early in a claim.

We are also collaborating with physicians and nurse practitioners to support workers experiencing chronic pain. We have adopted a harm-reduction strategy to help prevent the chronic use of opioids by focusing on alternatives that meet the individual worker's needs through evidence-informed treatments, including multidisciplinary programs to help injured workers manage pain without medication.

In 2021, our chief medical officer and our senior director of Health Care Services joined an expert advisory panel for the Ministry of Mental Health and Addictions to develop a substance use system of care framework. While somewhat limited because of the ongoing pandemic, we have also continued our opioid outreach initiative with physicians and nurse practitioners, helping to further reduce the number of injured workers with prescribed opioids.



## Q: In 2021, the Board of Directors and management developed a new strategic plan. What can stakeholders expect in 2022?

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This last year I had the opportunity to lead the strategic planning process, working closely with the Board and its chair, Jeff Parr. In developing our 2022–2026 strategic plan, we considered the important perspectives of our stakeholders in conjunction with our operational and financial goals. As mentioned in Jeff’s message, we looked closely at the future of work in B.C. Amid the substantial social and economic disruption over the last two years, we have been able to enhance our partnerships and respond to the shifting needs of our stakeholders.

This new plan builds on what we have learned. Our strategic priorities focus our efforts on providing compassionate and responsive service to injured workers and employers while engaging them in occupational health and safety. Our goal is to better prevent injury, illness, and death for workers while balancing the overall costs to the workers’ compensation system.

We are excited to share our new strategic plan with our stakeholders, who are partners in our shared vision of healthy and safe workplaces.

## Q: What lies ahead for WorkSafeBC in 2022 and beyond?

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The future of work looks different for us as well; we are looking forward to welcoming staff back to our offices through a new hybrid work model in 2022. I am proud of the commitment and dedication staff have shown as we worked to provide uninterrupted service to the workers and employers of B.C. We will continue to deliver our services as we migrate to this new model.

Stakeholders can expect more personalized, worker- and employer-centred services and systems, the delivery of which will be supported, where possible, by innovation and technology. We will continue to engage with our stakeholders in a variety of ways, including a newly formed Stakeholder and Community Relations department, as well as through surveys to gather insights that help inform our work.

Our goal is to ensure underserved and marginalized communities are served and feel heard as we incorporate equity, diversity, and inclusion into our regulations, policies, programs, and processes.

We will also continue to address the challenges presented by the changing complexity of injuries, with a focus on psychological health and safety and secondary chronic pain conditions.

# Governance

## Priorities of the Board of Directors<sup>1</sup>



Prevent workplace injury, disease, and death



Improve return-to-work and claims service



Operate an effective and efficient business



Maintain a financially sustainable system



Adapt to social, economic, and technological change



Strengthen government and stakeholder relationships

In 2021, the  
**Board of Directors**

 held 14 meetings

## Committees<sup>2</sup>

**Audit Committee (AC)**

 held 7 meetings

**Governance Committee (GC)**

 held 5 meetings

**Human Resources and Compensation Committee (HRCC)**

 held 5 meetings

**Policy, Regulation, and Research Committee (PRRC)**

 held 6 meetings

**Investment Committee (IC)**

 held 5 meetings

## Decisions

The Board of Directors makes decisions on policy and regulations affecting the workers and employers of British Columbia. Board decisions can affect occupational health and safety, as well as the premium rates employers pay and the level of benefits workers receive. As part of its commitment to remaining open and accountable to its stakeholders and the public, WorkSafeBC posts decisions and formal resolutions at [worksafebc.com](https://www.worksafebc.com).

## Duties

In accordance with the *Workers Compensation Act*, the Board of Directors must:

- Set and revise, as necessary, the policies of the Board of Directors, including policies respecting compensation, assessment, rehabilitation, and occupational health and safety
- Set and supervise the direction 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 Fund<sup>3</sup>
- Approve major programs and expenditures of WorkSafeBC
- Approve the investment of WorkSafeBC funds in accordance with requirements imposed under the Act
- Plan for the future of WorkSafeBC
- Enact bylaws and pass resolutions for the conduct of WorkSafeBC's business and the functions of the Board of Directors, including enacting bylaws regarding the manner in which the policies of the Board of Directors are to be published
- Each year, provide the Minister of Labour with a service plan that addresses the three-year period starting on January 1 of that year and:
  - Sets out WorkSafeBC's priorities
  - Identifies specific objectives and performance measures for WorkSafeBC
  - Provides a fiscal forecast for WorkSafeBC, including a statement of all material assumptions and policy decisions underlying the forecast
  - Compares actual results with expected results identified in the previous year's service plan
  - Presents other information that WorkSafeBC considers appropriate

On or before April 30 of each year, the Board must provide the Minister of Labour an annual report of the Board's transactions during the calendar year. The report must include:

- A review of activities including financial, statistical, and performance information
- An evaluation of the occupational health and safety record of workplaces in British Columbia.

In addition, the Board 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.

# Board of Directors



Appointed  
August 2020

## Jeff Parr, BA, MPA | Chair and public interest representative

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, including as head of two provincial occupational health and safety agencies. 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; chair of 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.



Appointed  
June 2019

## Anne Naser | Ex officio member

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.

## Terms and appointments\*

Board member terms and appointments are outlined by the *Workers Compensation Act*. Each voting director holds office for up to three years and must not be appointed for a continuous period of more than six years. The chair may hold office for up to five years and may not be appointed for a continuous period of more than 10 years. Appointments and terms are set by the Lieutenant Governor in Council of B.C.

\* Board members whose terms changed in 2021: Brooks Patterson, term ended September 21, 2021; Lorna Pawluk, appointed February 5, 2021; and Judy Village, appointed October 1, 2021.





Appointed  
December 2017

### **Baltej Dhillon, Honorary LLD, CDir** | Law enforcement representative

Baltej is a retired member of the RCMP, has 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 Queen Elizabeth II Golden and Diamond Jubilee Medals for community service.



Appointed  
December 2019

### **Michelle Laurie** | Worker representative

Michelle is a Red Seal-certified electrician and has spent 24 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.



Appointed  
December 2017

### **Lee Loftus, CDir** | Vice-chair and public interest representative

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 his involvement in pension trust funds, B.C. credit unions, and local municipal commissions.



Appointed  
February 2020

### **Rebecca Packer,\* MScPT, BCom, GCVBL, CDir** | Health care representative

Rebecca (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.



\*On September 22, 2021, Rebecca Packer was appointed as a member of the Governance (GC) and Human Resources and Compensation (HRCC) committees. Effective the same date, Rebecca stepped down from the Policy, Regulation, and Research (PRRC) committee.



Appointed  
February 2021

### **Lorna Pawluk, QC, CDir | Employer representative**

Lorna is a lawyer with 30 years of experience in the workers' compensation field. She began as an appeal commissioner in 1991 in the Appeal Division of the Workers' Compensation Board of British Columbia (WorkSafeBC), eventually leaving in 2001 to advocate on behalf of employers in health and safety, assessment and claims matters. Previous board experience includes chair and vice-chair roles at the BC Safety Authority (now Technical Safety BC), BCIT, and the College of Massage Therapists of British Columbia.



Appointed  
December 2018

### **Donald Smith, FCIA | Actuary**

Donald (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 and 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.



Appointed  
December 2017

### **Kay Teschke, MPH, PhD | Public interest representative**

Kay has 40 years of experience in occupational and environmental health, as a professional and an academic. She is professor emerita 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.



Appointed  
October 2021

### **Judy Village, PhD, MSc, BSc | Occupational health and safety representative**

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, 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.



# Outcomes in review, 2021

The Board of Directors provides and supports the strategic direction of WorkSafeBC. Included in the role of the board is setting and revising, as necessary, policies and regulations that affect compensation, assessments, rehabilitation, and occupational health and safety.

In November 2021, the Board of Directors approved the *2022–2024 Business Plan* and *2022 Budget*. The Board of Directors also included a directive to management requesting addition information relating to the prevention strategy, including initiatives related to reducing time-loss claims and serious injuries to workers; psychological health and safety; and supporting the development of sustainable workplace health and safety cultures. The directive also requested management demonstrate improvement in efforts to support worker engagement, including employer consultation with worker representatives, joint health and safety committees, and Regulatory clarification on an employer's duty to consult with committees, worker representatives, or workers.



## Priority: Prevent workplace injury, disease, and death

Aligned with our vision of workplaces free from injury, disease, and death, the Board of Directors reviewed and approved a number of changes to policy and regulation during the year, including the following:

### B.C. exposure limits

WorkSafeBC reviews and enforces exposure limits for approximately 800 chemical substances. Annually, recommendations from our Exposure Limit Review Committee are provided to the Board of Directors for approval and adoption. In 2021, exposure limits for five additional substances were added. The new exposure limits took effect on March 1, 2022. These changes help protect workers from being exposed to hazardous levels of these substances.

### Safety headgear

In September 2021, changes to the Occupational Health and Safety (OHS) Regulation were approved to clarify an employer's responsibility to first eliminate or reduce the risk of a head injury before relying on safety headgear. This change improves the health and safety of workers, creates a more inclusive workplace for people who wear religious head coverings, such as a turban, and allows all workers to fully participate in the workforce. Safety headgear may still be needed in some workplaces if the risk of an injury can't be reduced to the lowest level possible. To support this change, WorkSafeBC developed a guideline for safety headgear on identifying and controlling the risk of head injuries.

### Mobile equipment

Substantial changes were made to sections of the OHS Regulation about operating and working around mobile equipment, clarifying the requirements for all stakeholders. Key changes include provisions for adequate guarding and braking, requirements to protect operators of mobile

equipment from various hazards, and the use of rollover protective structures if there is a risk of a rollover. The amendments from this multi-year review came into effect on September 1, 2021.

### Traffic control

Regulation changes governing traffic control to better protect workers from exposure to vehicular traffic were approved during the year. The amendments include three key components: carrying out a risk assessment to create a traffic control plan, applying control measures, and ensuring adequate supervision. These changes improve safety for workers who control traffic in and around a work zone. The amendments also align with the Ministry of Transportation and Infrastructure guideline, *Traffic Management Manual for Work on Roadways*. To support the changes, which took effect December 1, 2021, WorkSafeBC's prevention officers will focus their activities on traffic control and educating stakeholders about the changes.

### Logging truck load securement

Changes to the OHS Regulation relating to the securement of logs transported by logging trucks were also approved. These changes make load securement safer while reducing the risk of musculoskeletal injury for operators, harmonize the OHS Regulation with the National Safety Code (NSC), and modernize requirements. The amendments include adding requirements for loading and securing logs as well as for removing wrappers and tie-downs. To support these changes, consequential revisions to the guideline on safe work procedures were made by WorkSafeBC, and prevention officers will educate stakeholders about the changes.



## Priority: Improve return-to-work and claims service

When work-related injuries and illnesses occur, we support injured workers through compensation and rehabilitation, facilitating their recovery and safe, durable return to work.

The Board of Directors sets policy on how we fulfill these objectives. The policies guide decision makers in how to apply the *Workers Compensation Act* and related regulations, which form the legal framework for the workers' compensation system in B.C.

### Injuries caused by overexertion

Some occupations, including nursing and delivery drivers, require workers to frequently perform physically demanding tasks to which they are accustomed or familiar. Even though these tasks are familiar, workers may still sustain overexertion injuries while performing them. Policy amendments were approved to clarify the entitlement in these circumstances so that the policy is consistently applied and injuries caused by overexertion during accustomed work activities are consistently adjudicated. In addition, these changes support a widespread understanding of the role accustomed work plays in the likelihood of injury and addresses stakeholders' concerns that claims for overexertion injuries have been disallowed because of the accustomed nature of the work. The amended policies apply to all decisions made on or after February 15, 2021.

### Review of the Permanent Disability Evaluation Schedule — photophobia

During the year, the Board of Directors approved changes to the Vision Disability section of the Permanent Disability Evaluation Schedule. This change relates to photophobia, a vision condition characterized by an increased sensitivity or aversion to light. To ensure consistent and transparent adjudication, this change added criteria to determine which category (mild, moderate, or severe) best represents a worker's impairment, revised current ratings for photophobia, and updated the language so it is clear and consistent with best practices in ophthalmology. The amended policies apply to all decisions made on or after February 1, 2022.



## Priority: Maintain a financially sustainable system

As an insurer, we are responsible for ensuring that there are sufficient funds to meet current and future claim costs for injured workers while providing a fair funding mechanism that limits rate volatility for employers.

In October 2021, the Board of Directors approved the average base premium rate for 2022. The rate was set at 1.55 percent of employers' assessable payroll, which has been maintained at the same level since 2018.

In November 2021, the Board of Directors approved an amendment to the Accident Fund's Statement of Investment Policies and Goals. The amendment updated the long-term asset allocation targets based on results from an asset-liability review. The policy allocation target for equity was decreased from 44 percent to 39 percent; real assets was increased from 29 percent to 33 percent; and fixed income was increased from 27 percent to 28 percent.





## Priority: Strengthen government and stakeholder relationships

Stakeholder feedback is an important part of developing policy and regulation. A robust 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 regulation.

### Policy and Practice Consultative Committee

The Policy and Practice Consultative Committee is a key forum for stakeholder engagement and plays a significant role in the development of policy and regulation. The committee is composed of representatives from the employer and worker communities and WorkSafeBC, and provides input and advice on the consultation process, helps identify issues, and provides stakeholders' perspectives on priority issues. The committee also receives updates on key initiatives on behalf of its communities.

### Stakeholder consultation

We conduct extensive consultation with stakeholders on policy and regulation changes, and doing so exceeds any statutory obligation. While the Act requires a minimum of one public hearing to amend the Occupational Health and Safety Regulation, there are no consultation requirements to revise policy. In addition to playing a key role in developing policy and regulations, all stakeholder feedback from consultations and public hearings is reviewed and considered by the Board of Directors and informs an important part of their decision making when determining whether to approve proposed changes.

In response to stakeholder feedback that requested a greater understanding and more transparent process in how we prioritize issues, we published two documents, the *Policy Development Framework* and *Regulatory Development Framework*.

These documents outline WorkSafeBC's approach to how we identify and prioritize policy and regulatory issues and describe the policy development and consultation process.

Measures to reduce the spread of COVID-19 meant adapting our in-person stakeholder feedback sessions to virtual ones. We have continued to engage with stakeholders to collect critical feedback and to maintain momentum on policy and regulation projects.

- **Pre-consultation sessions:** Pre-consultation sessions provide stakeholders with an opportunity to identify potential issues with proposed amendments before these are released for public consultation. In 2021, we held six pre-consultation sessions on a variety of policy and regulation projects.
- **Public consultations:** Public consultations continued throughout the year, with 20 consultations being held. We received 256 submissions from a broad range of stakeholders, including large and small employers, as well as workers and worker representatives, throughout the province.
- **Public hearings:** Public hearings continued to be held online, and these virtual public hearings were held on nine regulation projects in March and December 2021.

We also publicized our consultations and public hearing sessions through social media, increasing our stakeholder engagement.



## Priority: Adapt to social, economic, and technological change

The Board of Directors continues our commitment to exploring new and emerging workplace risks and advancing ways to mitigate them. In 2021, the minimum budget for the research grants program was increased from \$1.5 million to \$1.8 million. Further, we are undertaking new approaches for both research acquisition and knowledge translation, including development of a new grant competition and creation of an innovative knowledge-sharing strategy.

### Research services

Our research grants program provides funding for occupational health and safety and work disability research, and the transfer of research knowledge and insights to initiatives and changes in policy and practices.

In 2021, we awarded \$1.25 million in research grants through five competitions and two partnerships for research aligned with the priorities established by the Board of Directors.

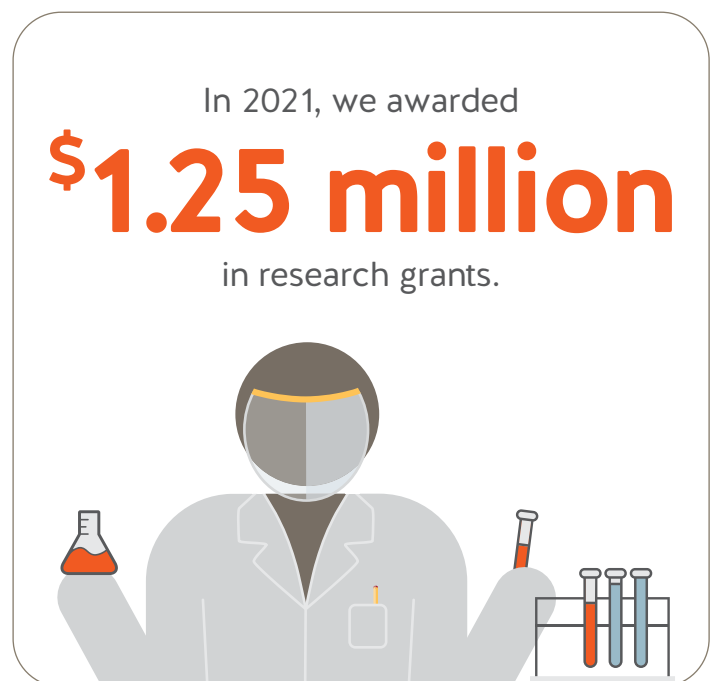
We also launched the Ralph McGinn Postdoctoral Fellowship, a new competition established in honour and recognition of the late Ralph McGinn for his services to the workers and employers of British Columbia. With the introduction of this fellowship award, WorkSafeBC became the second workers' compensation board in Canada to provide dedicated research grants supporting researchers at the master's, doctoral, and postdoctoral level entering the field of occupational health and safety and work-related disability.

Two fellowships were awarded in the inaugural competition. One postdoctoral fellow is examining immigrants' experiences of rehabilitation services; the other is examining risk factors and hazards common in work-related psychological and musculoskeletal injuries.

Other projects funded in 2021 include:

- Adapting miniature detection sensors into a wearable sampling device to monitor exposure levels to hazardous industrial chemicals
- Integrating safety management into wood pellet facilities that produce combustible wood dust, to control and prevent explosions, fires, and toxic releases
- Examining persistent cognitive symptoms following a concussion, and developing interventions to improve confidence in cognitive abilities and work performance
- Developing strategies to protect the mental health of front-line health workers in long-term care homes during the pandemic

- Examining sex and gender differences in exposures to workplace-acquired communicable disease
- Exploring the occupational experiences of immigrant gig workers and the shifting immigrant and refugee services sector



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 2021, topics of research included the impacts of working during the COVID-19 pandemic, protecting worker health during heat waves, and evaluating the efficacy of workplace violence prevention programs in health care.

## Accountability

This *2021 Annual Report and 2022–2024 Service Plan* was prepared under our direction in accordance with the *Workers Compensation Act*. WorkSafeBC is accountable 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, 2021, and ending December 31, 2021. All material fiscal assumptions and policy decisions up to April 27, 2022, 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 significant interpretive information representing the best judgment of WorkSafeBC management. The indicators reported 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 information 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*<sup>4</sup> and the *BC Government Guidelines for Service Plan Reporting*, and is intended for a general audience. More detailed information about WorkSafeBC is available at [worksafebc.com](https://www.worksafebc.com).

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

*Original signed by Jeff Parr*

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**Jeff Parr**

Chair, Board of Directors  
WorkSafeBC

*Original signed by Anne Naser*

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**Anne Naser**

President and Chief Executive Officer  
WorkSafeBC





Encana worker completing a tower inspection outside of Fort St. John, B.C.



# Financial context

This annual report and service plan provides financial information that conforms to the audited consolidated financial statements, except for additional financial information noted as being based on the smoothed accounting approach.<sup>5</sup>

In accordance with International Financial Reporting Standards (IFRS), WorkSafeBC's consolidated financial statements reflect the fair value<sup>6</sup> of investments and the assets and liabilities for the post-employment employee benefit plan at the end of the reporting year. The statements provide a point-in-time valuation of financial assets and liabilities. Short-term fluctuations in the financial markets are reflected.

We are in the process of transitioning to a new financial reporting standard for insurance contracts (IFRS 17). As a result, starting January 1, 2023, this new standard will increase the short-term volatility of our annual financial results after this date. See the "Management discussion and analysis" section for further information on this standard, page 88.

However, for the purposes of setting premium rates and determining the funding level (see key performance indicator 8, page 58), a smoothed accounting approach is used. Under this approach, investment income in excess of the required rate of return and actuarial gains or losses relating to our employee benefit plan assets and liabilities are amortized over a five-year period. In addition, claim benefit liabilities are valued using an interest rate based on our long-term expected rate of return, moderating the effect of capital market volatility on financial results. Using the smoothed accounting approach, which has a longer-term perspective, allows us to maintain stable premium rates for employers and 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](https://www.worksafebc.com/annualreport).

## Prudent investment promotes sustainability

A priority for WorkSafeBC is to ensure the long-term financial sustainability of the workers' compensation system in B.C. We achieve this by assessing and collecting premiums from registered employers. Premiums help to fund present and anticipated future costs arising from an injury in a given year, as stipulated by the *Workers Compensation Act*.

WorkSafeBC also seeks to promote the sustainability of the workers' compensation system through prudent investment of the Accident Fund.<sup>7</sup> The Accident Fund's risk and expected return is mainly determined by the asset mix of its investment portfolio. The portfolio is diversified, with a long-term goal of earning a return sufficient to cover claim liabilities; this is determined by our Board of Directors at the recommendation of the Investment Committee. On December 31, 2021, the committee was made up of four independent members with investment consulting and portfolio management experience, and WorkSafeBC's president and chief executive officer, chief financial officer, and Audit Committee chair.

The Board of Directors regularly reviews and updates a statement of investment policies and goals for the investment portfolio. In November 2021, the policy asset mix was revised, based on results from an asset-liability review. The policy's allocation for fixed income was increased from 27 to 28 percent; equity was decreased from 44 to 39 percent; and allocation for real assets was increased from 29 to 33 percent. One of the objectives of the review is to update the asset allocation policy to guide investment strategies. See the "Management discussion and analysis" section on page 78 for further information on the actual investment portfolio asset allocation.

## Our funding policy offers protection

We manage our funding level to provide security for workers and reduce premium rate volatility for employers. The valuation of both our assets and our liabilities is subject to variability due to financial market volatility, demographic changes, changes in macroeconomic factors,<sup>8</sup> and potential changes in policies or other environmental factors.<sup>9</sup>

To ensure we maintain an adequate margin of assets over liabilities, our Board of Directors sets the target funding level at no less than 130 percent. The funding level is the ratio of assets over liabilities, on a smoothed accounting basis. At the end of 2021, this indicator was 155 percent (2020: 153 percent). See key performance indicator 8, page 59.

The Association of Workers' Compensation Boards of Canada reports a comparative indicator of financial strength using the funding level based on fair value accounting (see [aoc.awcbbc.org](https://aoc.awcbbc.org)). On December 31, 2021, WorkSafeBC's fair-value-basis funding level was 166 percent (2020: 161 percent).

# Our performance



Deanna Miller, Aboriginal support worker for the Langley School District, teaching an Indigenous culture lesson.







## **Independent practitioner's reasonable assurance report on WorkSafeBC's Annual Report and Service Plan**

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, 2021.

### **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;
- 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, 2021 (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, 2021 is prepared, in all material respects, in accordance with the applicable criteria.

**Purpose of statement and restriction on 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, our reasonable assurance report may not be suitable for another purpose. Our report is intended solely for WorkSafeBC. We neither assume nor accept any responsibility or liability to any third party in respect of this report.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants

Vancouver, British Columbia  
April 27, 2022



## **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 the goals, priorities, and strategic initiatives. The relevance of these indicators is explained in the context of WorkSafeBC's priorities and strategic initiatives, 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 initiatives and 10 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 key performance indicator, 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, and operational financial performance is the focus of another.

### **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 10 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.



# Our performance

## Measuring our performance

Our strategic plan, *A Safe and Healthy Future for B.C. Workplaces*, outlines WorkSafeBC's strategic priorities for 2018–2022 (see page 33), as established by our Board of Directors. We use a set of key performance indicators (KPIs) to track and benchmark our progress in meeting these strategic priorities. Reporting the results of our performance in this annual report also enables us to remain open and accountable to British Columbians.

By looking at both financial and performance-based indicators, we gain a more complete picture of our performance overall. Throughout the year, we monitor and assess each KPI, tracking our progress against our performance targets. These indicators are updated monthly or quarterly, allowing us to adapt to changes and — when necessary — make corrective policy, program, or operational adjustments.

## Consistency in measurement

Though some definitions and calculations have changed over time, 9 of the 10 KPIs have been used since 2011. The exception is KPI 8, “Maintain a smoothed funded level of no less than 130 percent,” last revised in 2017. After publishing our 2020 annual report, 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. The following measures will no longer be reported in our annual report; for what would have been our performance for 2021, see page 149.

- KPI 3, “Improve return-to-work outcomes for workers in vocational rehabilitation”
- KPI 4, “Improve timeliness of initial short-term disability payments”
- KPI 7, “Raise public confidence”
- KPI 10, “Improve decision making throughout WorkSafeBC, ensuring consistency with legislation and policy”

If an indicator changes after the annual report and service plan has been submitted to the Minister of Labour, the change will be detailed in the following year's report.

## Linking priorities and performance

The strategic plan outlines the organization's strategic priorities for 2018–2022. The plan also identifies the KPIs we use to measure our performance and helps align resources with established priorities. The table on page 33 shows the links between the KPIs and the priorities and initiatives in the strategic plan.

## Setting targets

In setting long-term targets, WorkSafeBC looks to maintain or improve performance. In some cases, however, targets we set for future years may be the same as or less favourable than levels achieved the previous year. This can happen when factors contributing to past performance have changed. We consider desired service levels, operational requirements, and resources available for achieving short- and long-term goals. We also look at environmental, economic, and other external factors, such as the impact of the global COVID-19 pandemic. All of these factors may affect performance, as well as our capacity to manage or control them through processes, programs, and initiatives.

## Forward-looking information

This annual report and service plan contains forward-looking information — including forecasting our anticipated performance. These projections and statements are subject to risks and uncertainties that may cause actual results to differ from those outlined. The “Management discussion and analysis” section (see page 89) includes a discussion of key strategic, financial, and operational risk factors affecting current and future performance.

## Ensuring data reliability

In addition to the yearly audit of our consolidated financial statements, our annual report is audited with the intention of verifying the accuracy of our results. For more information on the auditor's report, see pages 26–28.

## Comparing results over time

Each key performance indicator reported in this publication includes a comparison with past results. To gain a better understanding of annual results, several factors should be considered. They include legislative changes or changes to the provincial employment base, and the overall business environment, which could also include process or organizational changes. For this report, KPI results for 2017–2021 and targets for 2021–2024 are provided.

# Comparing results with other workers' compensation organizations

Canadian workers' compensation organizations each use different approaches to measure performance; these variations allow for differing legal requirements, policies, goals, governing structures, and operating procedures. However, these variations can also make it difficult to compare results from one jurisdiction to another or to discern national trends.

The Association of Workers' Compensation Boards of Canada (AWCBC) annually compiles and publishes a set of unaudited key statistical measures (KSMs).<sup>10</sup> The KSMs include injury frequency, return-to-work statistics, and financial measures for all Canadian workers' compensation organizations — including WorkSafeBC. When comparing provincial or territorial data, it is important to note that the KSMs published by the AWCBC are not adjusted for jurisdictional differences in the collected data.

## Service plan reporting

As outlined in the *Workers Compensation Act*, we must 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 it must:

- Set out the priorities of the Board of Directors (page 32 and 154)
- Identify specific objectives and performance measures, including:
  - Performance targets for the next three years (pages 34–35)
  - A fiscal forecast (page 58)
  - Comparison of actual results with targets identified in the previous years' service plans and a comparison of current-year financial performance with the financial plan (pages 34–35)

Together with our annual reporting requirements, including outlining our performance from the last calendar year, we create a combined publication.

On January 26, 2022 our Board of Directors approved a new strategic plan, setting out new priorities and desired outcomes for WorkSafeBC. See Appendix B, page 154. For 2022–2026, we have developed our strategic priorities based on four perspectives: operations; stakeholder and government; people and culture; financial. For each perspective we have identified the following priorities:

### Operations

- Prevent workplace injury, disease, and death by engaging employers and workers in workplace health and safety
- Maximize overall recovery and post-injury earnings for injured workers
- Provide comprehensive insurance coverage for workers and employers 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

### Stakeholder and government

- Deliver stakeholder-centred and inclusive services
- Communicate effectively with our stakeholders

### 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

### Financial

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



# Linking priorities and performance

Our annual report and service plan details our performance as guided by our 2018–2022 *Strategic Plan, A Safe and Healthy Future for B.C. Workplaces*. Our values and priorities are outlined in the following pages and linked to key areas of performance.

We are committed to tracking, measuring, and reporting on our strategic priorities through our key performance indicators (KPIs). These measures help benchmark and track our progress, while aligning our resources and efforts to our strategic plan.



Spartan Resources logging supervisors boarding a helicopter off the logging site at Adams Lake, B.C.



# Our strategies and initiatives

To ensure that our efforts and resources are focused and aligned with our established priorities, we have identified a number of strategic initiatives to further contribute to making workplaces healthy and safe while serving the workers and employers of B.C. Our strategic initiatives continue to evolve to meet new and emerging challenges in B.C.'s workplaces and to continue meeting the needs of our stakeholders. Work on our current strategies and initiatives is detailed under each KPI.

## Our values

As an organization and as individuals, we make decisions and take action based on these values:

**Service** — Make a difference to the people of British Columbia

**Integrity** — Do the right thing

**Partnership and Collaboration** — Collaborate for success

**Innovation** — Adapt to change and challenge complacency

**Accountability** — Be open and transparent

## Our priorities



## Measuring performance

Prevent workplace injury, disease, and death



Prevention KPI



- Provincial time-loss claims rate (formerly provincial injury rate)

Improve return-to-work and claims service



Return-to-work and service KPIs



- Return-to-work percentage at 26 weeks
- Retired — Vocational rehabilitation return to work
- Retired — Short-term disability timeliness
- Overall experience — worker
- Overall experience — employer
- Retired — Overturn rates — Review Division and WCAT

Operate an effective and efficient business



Effectiveness and efficiency KPIs



- Target funding level
- Administration costs per \$100

Maintain a financially sustainable system



Financial KPI



- Target funding level

Adapt to social, economic, and technological change



Transformational KPI



- Contributes to all KPIs

Strengthen government and stakeholder relationships



Relationship KPIs



- Provincial time-loss claims rate (formerly provincial injury rate)
- Overall experience — employer
- Retired — Public Contribution Index

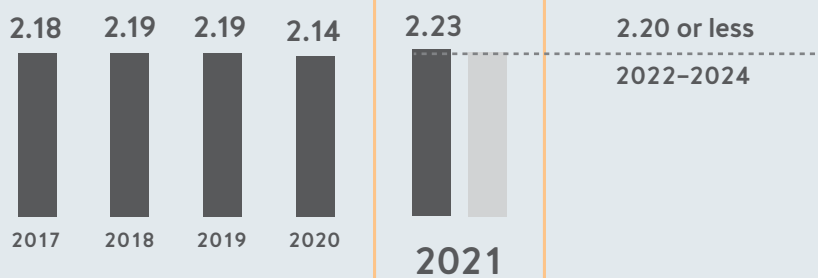
# Performance targets and results at a glance

In July 2021, the Board of Directors retired four key performance indicators (KPIs) effective January 1, 2021. KPIs 3, 4, 7, and 10 will no longer be reported as corporate KPIs. As the Board decision was made after we published the *2020 Annual Report and 2021–2023 Service Plan*, we have provided a summary of the 2021 performance for these measures in Appendix A, page 149.

In addition, the Board of Directors renamed KPI 1, “Reduce the provincial injury rate” to “Reduce the provincial time-loss claims rate.”

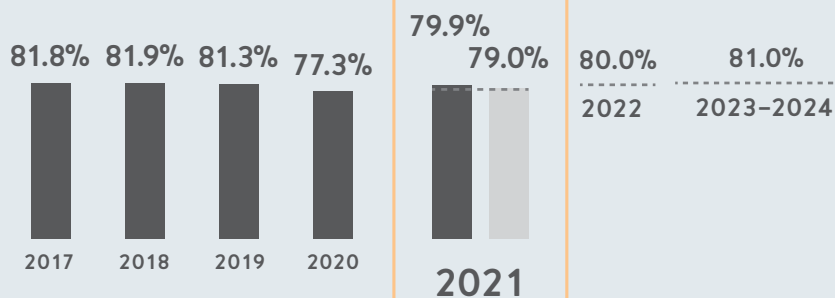
1

## Reduce the provincial time-loss claims rate\*



2

## Improve return-to-work



3

## Retired — Improve return-to-work outcomes for workers in vocational rehabilitation

See Appendix A, page 149

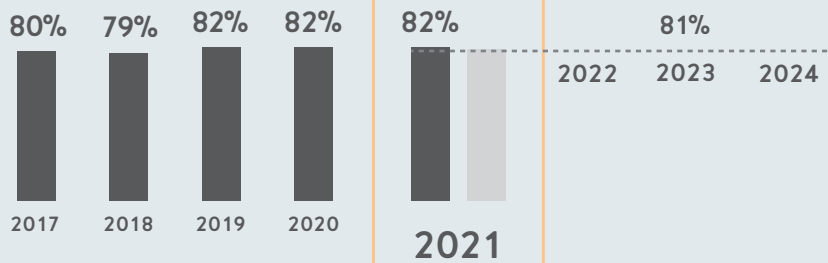
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## Retired — Improve timeliness of initial short-term disability payments

See Appendix A, page 150

5

## Improve injured workers' rating of overall experience



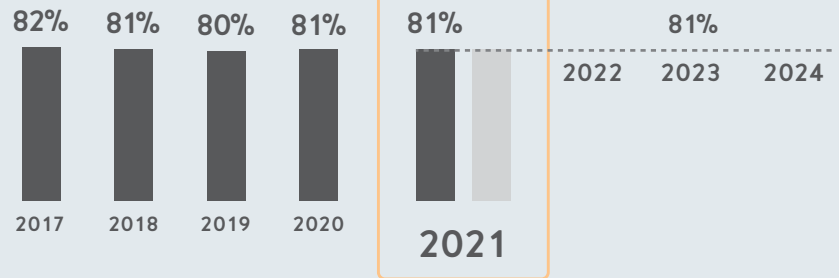
\*Effective January 1, 2021 KPI 1, provincial injury rate was renamed.

## Key performance indicators

■ Actual ■ 2021 target ..... Future year targets

6

### Improve employers' rating of overall experience



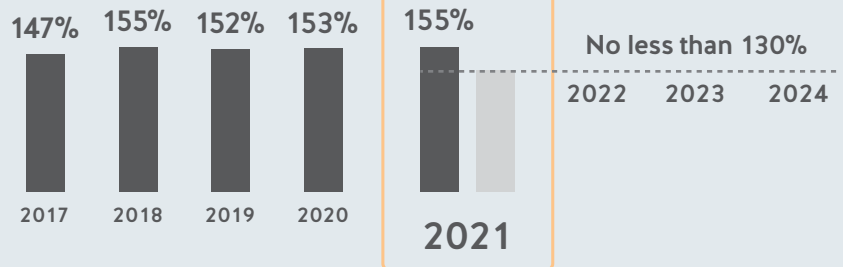
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### Retired — Raise public confidence

See Appendix A, page 151

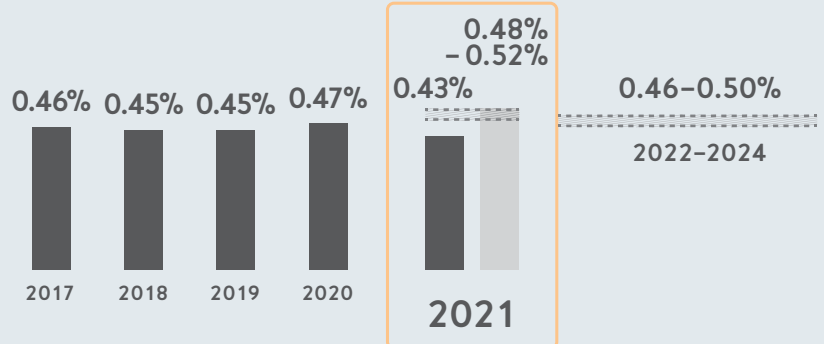
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### Maintain a smoothed funded level of no less than 130 percent



9

### Control administration costs\*\*



10

### Retired — Improve decision making throughout WorkSafeBC, ensuring consistency with legislation and policy

See Appendix A, page 152

\*\*Targets for 2022 and 2023 have been adjusted from targets published in the 2020 Annual Report and 2021-2023 Service Plan.

# Key performance indicators



Head brewer, Dave Henry checks on the brew kettle at Camp Beer's production facility.





MASH TUN



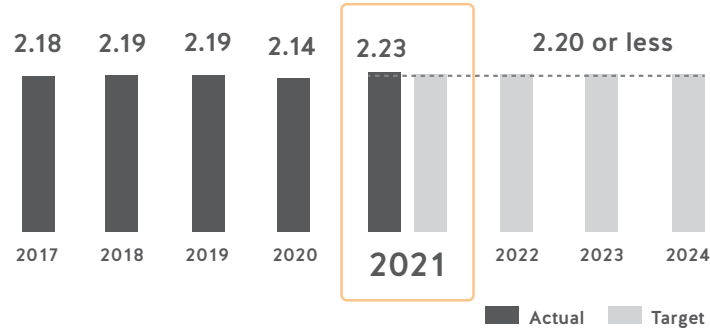


## Key performance indicator 1:

The provincial time-loss claims rate target is a threshold measure; the lower the result, the better the outcome for B.C.'s workers, employers, and other stakeholders in the workers' compensation system.

# Reduce the provincial time-loss claims rate

Provincial time-loss claims rate\*



\*The provincial time-loss claims rate for 2021 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 finalized numbers. Results for 2020 have been restated from what was published in the 2020 Annual Report and 2021–2023 Service Plan.

## Importance

One indicator of our collective workplace health and safety efforts is the provincial time-loss claims rate,<sup>11</sup> previously referred to as the provincial injury rate — a measurement to calculate the frequency of worker injury in the province.

This key performance indicator (KPI) represents injuries<sup>12</sup> 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. We create integrated strategies to support sustained compliance while engaging our stakeholders to reduce workplace injuries and risks and to strengthen and promote a culture of health and safety.

## Setting targets

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; 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 2022 through 2024, with the expectation that the volume of registered claims will normalize during this period.



## Performance results

In 2021, the provincial time-loss claims rate was 2.23<sup>13</sup> — 4.51 percent higher than the 2020 rate. This increase in the time-loss claims rate was primarily driven by the increase in the number of time-loss claims that was greater than the increase in the number of people working in the province. This result provides a clear example of how the employment base and the number of accepted time-loss claims drive the provincial time-loss claims rate.

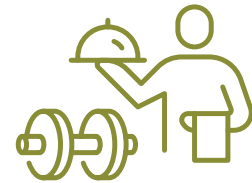
In 2021, we accepted 2,328 COVID-19 time-loss claims, compared to 1,933 in 2020. Of the COVID-19 claims accepted in 2021, 326 met the classification of a serious injury (see page 40). When we exclude accepted COVID-19 claims, the time-loss claims rate was 2.14, 4.16 percent higher than the 2020 rate of 2.05. There continues to be a degree of uncertainty regarding the pandemic and the path of the economic recovery; however, we do not anticipate that the effects of the pandemic will permanently impact the overall time-loss claims rate.

In 2021, measures to slow the spread of COVID-19 continued as B.C.'s economy began to recover. We saw increases in time-loss claims across almost all industry sectors, especially in accommodation, food and leisure services, and transportation and warehousing, which had 15 percent more time-loss claims over 2020.



### Industry sector

In 2021, employers adjusted to the COVID-19 pandemic and many industries saw workers come back to the workplace, increasing the number of time-loss claims during the year, when compared to 2020.



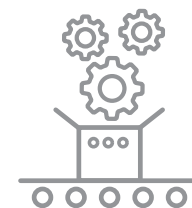
**↑ 16.8%** Accommodation, Food, and Leisure Services



**↑ 15.5%** Transportation and Warehousing



**↑ 11.0%** Retail and Wholesale



**↑ 11.0%** Manufacturing



**↑ 9.0%** Construction



**↑ 5.4%** Health Care and Social Services

## Impact of serious injuries and work-related deaths

Given the life-changing consequences for workers and their families when serious injuries and work-related deaths occur, we focus specifically on preventing serious injuries by targeting those industries and risks most likely to result in serious harm. It is difficult to directly correlate the success of our strategies with a measurable improvement in the serious injury measure (a subset of the provincial time-loss claims rate). However, we believe that our programs and strategies positively influence the rate of injuries and support healthy and safe B.C. workplaces over the long term.

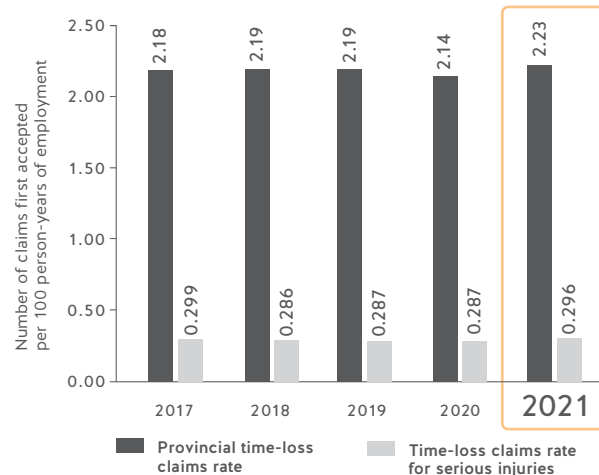
To calculate the rate of serious injuries, we track claims meeting the criteria for injuries and diseases classified as serious or potentially serious<sup>14</sup> with a long recovery period.<sup>15</sup>

As a subset of the provincial time-loss claims rate, the rate of serious injuries also includes work-related deaths occurring during the reporting year. On average, over the last five years, serious injuries impacted the lives of 6,855 workers and their families each year. In 2021, 7,122 workers<sup>16</sup> were seriously injured — 651 more than in 2020. Claims relating to COVID-19 accounted for 326 of the serious injuries in 2021, 111 more than in 2020.

There were 161 work-related deaths<sup>17</sup> in B.C. in 2021, 62 resulting from traumatic injuries and 99 resulting from occupational disease, including 13 deaths attributed to COVID-19. The number of work-related deaths can fluctuate from year to year, primarily because of deaths from traumatic injury, where patterns or trends are difficult to discern.

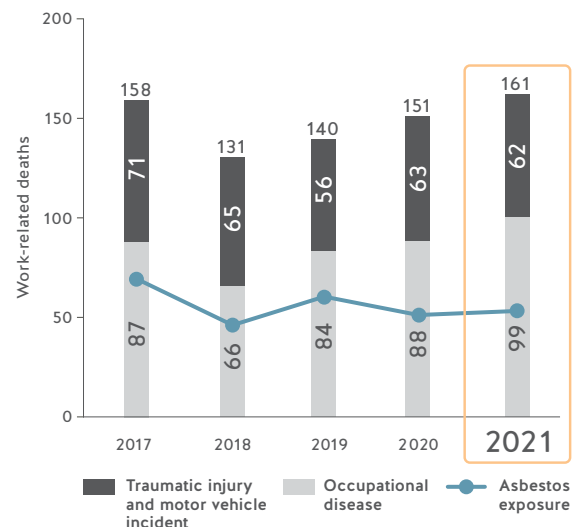
Death from occupational diseases remains high, driven primarily by asbestos-related diseases. As occupational disease usually develops many years or even decades after a person has been exposed, it has been a priority for us to have an ongoing occupational disease strategy (see page 46). This means developing and putting in place projects and programs designed to mitigate workers' exposure to occupational hazards, through industry awareness, support tools, and targeted inspection programs. We use a risk-based approach to proactively identify and address the occupational diseases of greatest risk to workers across B.C. (see page 46).

Provincial time-loss rate versus time-loss rate for serious injuries\*



\*The 2020 time-loss claims rate for serious injuries has been restated from what was published in the *2020 Annual Report and 2021-2023 Service Plan* (as "serious injury rate") to reflect the final data reported in July 2021.

Work-related deaths



For more information, see *WorkSafeBC Statistics 2021* and our interactive dashboards [worksafebc.com/statsreport](https://worksafebc.com/statsreport).

## Strategies and initiatives

Our strategies and initiatives focus on areas of greatest risk to workers. We determine these areas of focus by reviewing and analyzing past incidents and injuries, as well as researching new and emerging risks that may pose a risk to B.C. workers. Strategies and initiatives are also informed by the outcomes of incident investigations, which identify the root cause of incidents causing serious injury or death to prevent similar incidents from happening in the future.

We use a data-driven approach to identify sectors, workplaces, and work processes that place workers at the highest risk of serious injury and design focused strategies and initiatives to address these risks. Strategies include inspections, consultation, education, creating resources, and building awareness campaigns through social and traditional media, as well as developing partnerships with industry associations and others to further enhance our strategies.

In 2021, our Prevention Information Line received 76,064 calls about workplace questions, concerns, incidents, injuries, and fatalities. These calls are triaged and responded to as needed. Callers may be connected to a prevention officer who may also be dispatched to the workplace if there is a risk to worker health and safety or to respond to a serious workplace incident.

### COVID-19 and communicable disease prevention

In 2021, we continued to work with public health and the Office of the Provincial Health Officer to ensure that employers had the information they needed to reduce the risk of COVID-19 transmission in their workplaces. We did this through focused initiatives at specific locations during periods of elevated risk.

We also conducted a number of COVID-19 rapid-response initiatives in sectors, industries, or locations where there were high rates or an increased risk of transmission.

In total, we completed more than 10,800 inspections related to COVID-19 in 2021.

Officers continued to be available through our Prevention Information Line to answer questions about effective COVID-19 prevention. In 2021, we received more than 16,000 phone calls related to COVID-19 that were directed to a Prevention officer.

## Communicable disease prevention

As of July 1, 2021, employers were no longer required to maintain a COVID-19 safety plan and transitioned to communicable disease prevention (CDP). CDP focuses on reducing the risk of workplace transmission of COVID-19 and other communicable diseases.

During the year, our regular inspections and consultations incorporated CDP to ensure that employers were taking reasonable steps to manage health and safety in their workplace. We also conducted stand-alone CDP inspections during this time that focused specifically on ensuring compliance with CDP obligations.

With a new highly transmissible COVID-19 variant in January 2022, the Public Health Officer reinstated the requirement for all workplaces to have a COVID-19 safety plan. As of March 2022, employers were directed to move back to communicable disease prevention in place of a COVID-19 safety plan.

In 2021, we completed more than

**10,800**

inspections related to COVID-19



## High-risk sector strategies

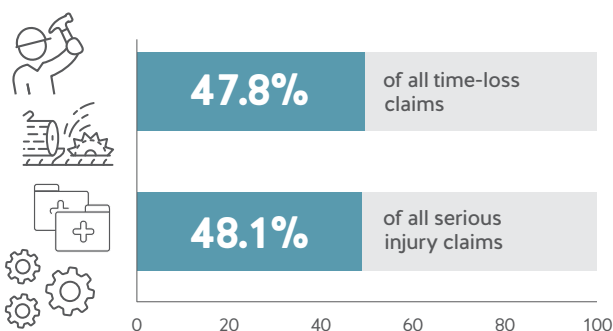
We employ a risk-based approach, identifying risks<sup>18</sup> and hazards<sup>19</sup> that present the greatest risk of serious injury to workers and developing strategies to reduce these risks in B.C. workplaces. This allows us to deploy resources to are as with the greatest risk of injury — particularly injuries that could be life altering or life threatening.

In 2021, we continued to focus on industries and employers with a high rate or high risk of injury. Our high-risk sector strategies, commonly referred to as high-risk strategies, target four industry sectors: construction, forestry, health care and social services, and manufacturing. Each strategy identifies categories of serious injury and/or the volume of accepted time-loss claims. We educate and consult with employers, keeping in mind the range and complexity of activities across industry sectors, and enforce the Occupational Health and Safety Regulation to support healthy and safe workplaces.

Based on the previous five-year average of person-years, construction, forestry, health care, and manufacturing combined make up 29.3 percent of the workforce in B.C.

The four identified sectors accounted for 47.8 percent of all time-loss claims and 48.1 percent of serious injury claims accepted in 2021.

In 2021, construction, forestry, health care, and manufacturing industries accounted for



The construction sector continues to have the highest average number of serious injury claims, at 21.6 percent. Health care and social services represents the highest percent of the workforce, and continues to have the highest average number of time-loss claims of the four sectors.

### Construction



Inspection reports\*

Percentage of total time-loss claims

Percentage of total time-loss claims for serious injuries

2021

Planned	Completed
6,089	7,471
	8,046 in 2020

13.8%

21.6%

Construction is the largest industry in the province, employing more than 205,000 workers and representing 13.7 percent of all time-loss claim costs in B.C. The construction high-risk strategy has four main areas of focus, which we identified as being the greatest risk to workers based on injury and time-loss claims data:

- Falls from elevation
- Being struck by mobile equipment
- Contact with a high-voltage power line
- Musculoskeletal injury

In 2021, officers completed a total of 7,471 inspections and 1,263 consultations as part of the construction high-risk strategy. We also focused on partnerships and collaborating with stakeholders to proactively respond to evolving industry trends and emerging risks.

### Forestry



Inspection reports\*

Percentage of total time-loss claims

Percentage of total time-loss claims for serious injuries

2021

Planned	Completed
1,786	2,133
	2,343 in 2020

1.0%

1.7%

In 2021, the forestry sector continued to have one of the highest time-loss claims rates and highest time-loss claims rate for serious injury<sup>20</sup> in B.C. for a single sector. The average time-loss claims rate from 2016–2020 is 4.44, and the average time-loss claims rate for serious injury is 1.11, both well above the provincial rates.

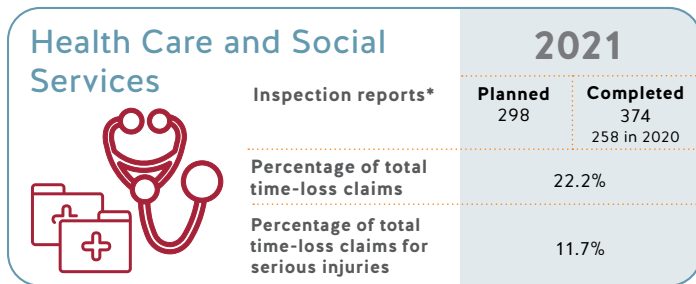
The forestry high-risk strategy is to execute focused and impactful inspections in those areas of the timber-harvesting segment that represent exceptional risk to workers. The strategy focuses on:

- Manual tree falling
- Mechanized harvesting
- Log transportation
- Silviculture
- Cable yarding

During the year, officers focused on employers' emergency response planning and completed 2,133 inspections and 414 consultations.

\*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.

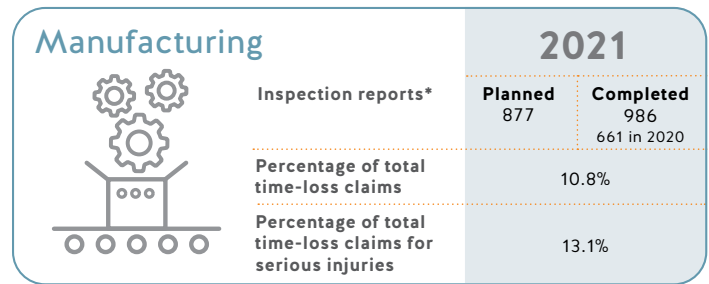




Workers in the health care and social services subsector represent approximately 11 percent of B.C.'s workforce. From 2016 to 2020, 39.7 percent of claims were related to overexertion injuries; claims related to violence accounted for approximately 14.5 percent of B.C.'s total number of violence-related claims. The average time-loss claims rate for this subsector remains high at 3.73,<sup>21</sup> well above the provincial time-loss claims rate of 2.23.

Point-of-care interactions between workers and patients pose the greatest risk of injury to workers, including serious injuries due to acts of violence and musculoskeletal injuries (MSI). The high-risk strategy for this sector focuses on work areas and occupations where point-of-care interactions between the worker and the patient or individual can be observed through inspections. The overall goal is to educate employers, workers, and supervisors; build relationships; and encourage safe work practices focusing on violence and MSI prevention.

In 2021, officers completed a total of 374 inspections and 547 consultations as part of the health care high-risk strategy.



The time-loss claims rate and claims for serious injuries in the manufacturing sector continues to be higher than the provincial rates. The average from 2016–2020 was 2.74 for the time-loss claims rate and 0.43 for claims for serious injury.

The manufacturing high-risk strategy is designed to reduce the incidence of injuries by helping employers implement their health and safety programs and control risks at the workplace. The strategy focuses on the most significant risks within an industry, including:

- Working with machines (requires safeguarding, de-energization, and lockout)
- Working with power tools, hand tools, and mobile equipment
- Handling material
- Falls from elevation
- Falls on the same level (slips, trips, and falls)
- Combustible dust
- Musculoskeletal injuries

In 2021, officers completed a total of 986 inspections and 839 consultations as part of the manufacturing high-risk strategy.

## Industry initiatives

In addition to our high-risk sector strategies, our industry initiatives have specialized teams that focus on issues in occupational health and safety that span multiple sectors or impact smaller subsectors. We employ the same approach as with our strategies for high-risk sectors, which is to focus on inspections, consultations, materials, and resources on work processes, equipment, and hazardous substances that pose the greatest risk to workers.

**In 2021, our 17 industry initiatives were captured in three categories:**

Occupational disease initiatives	Risk-based specialty initiatives	Vulnerable workers initiatives
<ul style="list-style-type: none"> <li>• Occupational disease</li> <li>• Asbestos, residential construction</li> <li>• Asbestos, commercial</li> </ul>	<ul style="list-style-type: none"> <li>• Agriculture</li> <li>• Confined space</li> <li>• Crane and mobile equipment</li> <li>• Marine</li> <li>• Motion picture and television production</li> <li>• Musculoskeletal injuries</li> <li>• Oil and gas</li> <li>• Process safety</li> <li>• Sustained compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Bullying, harassment, and prohibited action</li> <li>• Program and committee evaluation<sup>22</sup></li> <li>• Psychological health and safety</li> <li>• Serious injury prevention</li> <li>• Small business</li> </ul>

\*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.

As part of the many ongoing industry initiatives, in 2021 we continued working on the following activities.

## Bullying and harassment and psychological safety

We work closely with workers, employers, industry groups, and health and safety associations to promote workers' rights to a healthy, safe, and respectful workplace, and employers' responsibilities for creating it. In 2021, we updated our psychological safety initiative to support the management of psychological risks in the workplace that contribute to injury and illness. The initiative focuses on prevention activities — consultation and education, and enforcement — on areas we consider to have high psychological risk.

In 2021, our officers responded to 4,611 inquiries related to bullying and harassment, with:

- 17 percent from health care and social services
- 10 percent from accommodation, food, and leisure services
- 8 percent from construction
- 8 percent from retail

Officers also conducted 824 inspections to measure compliance with program requirements, and responded to 931 specific complaints of bullying and harassment.

## Crane and mobile equipment

Tower cranes are essential pieces of equipment on many construction sites, but they have the potential to be hazardous. Our crane and mobile equipment initiative aims to identify and eliminate unsafe work practices and equipment hazards that have the potential to cause death, serious injury, or catastrophic events.

We are committed to inspecting every tower crane that is erected in B.C. We do this by using a tower crane location tool populated by the location-specific radio frequency that WorkSafeBC issues to employers. In 2021, officers conducted 889 crane inspections and issued 374 orders for health and safety violations, compared to 769 inspections and 450 orders in 2020.

In 2021, following work-related deaths that were a result of a tower crane collapse in Kelowna, we initiated an investigation to identify the cause of the incident and any contributing factors. While the investigation is being completed, we have:

- Communicated inspection initiatives and resources to the industry
- Developed and distributed a bulletin called “Top climbing a tower crane: Ensuring safe assembly and dismantling”
- Proposed a regulatory amendment that requires employers to submit a Notice of Project for tower cranes

Upon conclusion of the investigation, we will consider additional inspections, consultations, and outreach focused on reviewing the cause of the Kelowna incident.



WorkSafeBC occupational safety officer, Ramon Harpur discussing operations with Warmac Ventures Ltd. staff at their logging site north of Prince George, B.C.

## Weather events and prevention support

In 2021, there were a number of unprecedented and extreme weather events resulting in local and provincial states of emergency. During and following these environmental events, there were significant risks to the lives of workers responding to the needs of the impacted communities and cleaning up and rebuilding affected areas. With each of these events, we responded to ensure the health and safety of first responders and other workers in the affected areas.

In June 2021, following a “heat dome” event, the Village of Lytton and neighbouring First Nations communities experienced a wildfire that devastated 90 percent of the area, including the total loss of critical infrastructure. The continued dry weather across B.C. and a developing wildfire situation resulted in a province-wide state of emergency.

In addition to these events, in November 2021, the southern portion of the province experienced record rainfall over a short period of time causing extensive flooding and landslides. Civil engineering infrastructure, utilities, electrical systems, and building foundations were extensively damaged.

### Village of Lytton

We worked with the Village of Lytton council, Emergency Management BC, the Ministries of Environment and Transportation, and provincial regional emergency operations centre to consult on the hazards associated with entering the village, assessing the damage, and conducting cleanup and remediation. Our role was to ensure that work was done in a way that protected workers from potentially hazardous materials and cross-contamination between worksites. We were able to provide coordinated support to employers entering the exclusion zone. Our officers continue to receive Notices of Projects (NOPs) from employers with planned work in the area. These NOPs allow officers to review the scope of work and consult or inspect the workplace as necessary.

### Province-wide wildfire response

Working with BC Wildfire Service, our officers conducted regular inspections in 2021 focusing on employers and contractors dealing with the wildfires that were posing risks to nearby communities. Through the wildfire season, we ensured that any issues were identified and readily addressed through regular communication. This included meeting throughout the fire season to review wildfire issues, community smoke levels, and current occupational health and safety challenges.

In 2021, officers conducted 116 inspections related to wildfire operations, focusing on managing risk to those responding to wildfires. These included pre- and post-wildfire inspections, which involved looking at pre-fire preparations, emergency response procedures, and the coordination of contractors.

### Flooding and landslides

Heavy rain across B.C. in November 2021 resulted in extensive flooding and landslides in several communities. We implemented a similar approach to the wildfire events experienced earlier in the year. We worked with Emergency Management BC’s provincial emergency coordination centre (in Victoria) and provincial regional emergency operations centres to support safe inspection of the disaster sites and occupational health and safety.

Officers focused on work being done to re-establish critical infrastructure and remediation work by municipalities. This included meeting with the City of Merritt to provide guidance relating to remediation work once the evacuation orders were lifted. We consulted with the BC Ministry of Health, including the protection branch of Population and Public Health, to provide guidance for local governments that needed to deal with the removal of drywall from flood-impacted areas. This involved discussing asbestos abatement and recommending substitute materials with the potential shortage of suitable disposal bags.

We also consulted with the Ministry of Environment and Climate Change Strategy to address the potential health risks of being exposed to asbestos in flooded homes that needed remediation or demolition.

## Initiatives for emerging risks

In addition to our high-risk sector strategies and industry initiatives, there are new and emerging risks that may also result in catastrophic events and serious injuries. The Risk Analysis Unit identifies and assesses these risk categories to understand how they can impact B.C. workers and develop mitigation strategies to reduce the risk posed to workers.

In 2021, this included initiatives to reduce the risk of occupational diseases, asbestos exposure, fire and explosion in asphalt mix and storage plants, legionella bacteria in building water and HVAC systems, and ammonia exposure in food processing and cold-storage facilities.

### Occupational disease

The occupational disease initiative uses a risk-based approach to proactively identify, prioritize, and address the occupational diseases of greatest risk to workers across B.C. This three-year plan focuses on the following categories of occupational disease:

- Cancer (from asbestos, silica, solar radiation, and welding fumes)
- Asthma (from sensitizers)
- Poisoning (from lead)
- Hearing loss (from noise exposure)

In 2021, we accepted an estimated 6,100 occupational disease claims, compared to 5,420 claims in 2020.

The primary goal of the occupational disease initiative is to reduce the incidence of four specific disease outcomes (cancer, asthma, poisoning, and hearing loss) by engaging employers to reduce exposures to seven primary risks: asbestos, silica, solar radiation, welding fumes, sensitizers, lead, and noise.

### Asbestos exposure

Asbestos-related lung diseases are preventable, yet asbestos remains the leading cause of work-related death in British Columbia. In 2021, there were 234 reported workplace exposures to asbestos, as compared with 357 exposures in 2020. As part of our ongoing efforts to address this problem, we maintain two key enforcement initiatives to reduce worker exposure, focused on both commercial and residential construction.

The commercial initiative is aimed at reducing exposure to asbestos during cleaning, maintenance, repair, and renovation work in commercial buildings. The goal is to ensure that property owners, their agents, property management employers, and prime contractors understand their obligations and duties, implement effective management plans, and familiarize workers with exposure control plans.

The residential initiative is aimed at reducing exposure to asbestos in residential demolition and renovation worksites. Under this initiative, officers undertake prevention activities with owners and other employers, including qualified persons (i.e., consultants), abatement contractors, and demolition contractors.

In 2021, our officers completed 1,471 inspections, issued 1,810 orders, and imposed 87 penalties.

### Asphalt mix and storage plants

Asphalt plants manufacture mixtures that are used for paving and other applications. This process contains many different components and materials that may contribute to the risk of a fire or explosion. The Risk Analysis Unit has been tracking fire and explosion incidents worldwide and concluded that more could have been done to address the risk of fire or explosion. They identified and assessed several critical risks and controls in this process, including the control of ignition sources that may ignite the flammable hydrocarbons produced when mixing, heating, and storing asphalt.

In 2021, we inspected 30 facilities and issued 90 orders related to the control of fire or explosion risks.

### Legionella bacteria in purpose-built water systems

Exposure to legionella bacteria found in building water and HVAC systems poses a risk of legionnaires' disease. Water and HVAC systems that were shut down because of the COVID-19 pandemic are at an increased risk of bacterial growth if they are not adequately maintained or disinfected before being restarted.

The Risk Analysis Unit focused on reducing the risk associated with bacterial growth inside cooling towers used in air-conditioning and refrigeration systems by ensuring employers and building owners had implemented controls, such as inspections, cleaning, and periodic microbiological testing.

In addition, we issued two risk advisories for employers and inspected 20 facilities in overnight and short-term accommodations, food manufacturing, cold storage, and ice rinks to ensure employers and building owners had the necessary information to control the risk appropriately. This project uncovered the need for further information to help prevent legionella bacteria exposure. Through our prevention officers, we are continuing our work with employers to address this risk.

### Toxic process gases

Chlorine, sulfur dioxide, and ammonia are gases used in water treatment, water distribution, and wastewater treatment systems. The release of one of these gases can pose a risk of serious personal injury and death to workers, contractors, and first responders.

The Risk Analysis Unit carried on with inspection and risk control activities related to ammonia exposure, focusing on food processing and cold-storage facilities. Early in this project, we identified refrigeration contractors and consultants as key stakeholders as they could provide risk intelligence on refrigeration technology. Their active engagement and participation were critical for our connecting with this industry and emphasizing incident prevention through the management of critical controls and equipment maintenance.



We also partnered with our co-regulator, Technical Safety BC, to collaborate on objectives, share inspection findings, and identify potential options for risk control. In 2021, we held an industry webinar attended by 19 contractors to review inspection findings and discuss industry best practices. Technical Safety BC did an additional presentation on the life cycle of equipment and on preventive maintenance. We both emphasized that contractors needed to communicate with employers on equipment life cycle and maintenance risks, and the necessary risk controls to prevent exposure. The event was recorded and distributed through our YouTube channel.

In 2021, we inspected 25 facilities and issued 163 orders, many having to do with the emergency planning process and the calibration and testing of gas sensors.

## New online services for employers

Our online services provide employers easy access to the resources and information they need to comply with occupational health and safety regulations, while helping them build robust health and safety programs to prevent workplace injuries and disease.

### StartSafe

The StartSafe application, launched in September 2021, informs new employers in the fundamentals of health and safety when they first register with us. At the end of the online registration process, the application provides new registrants a questionnaire on the key characteristics of their workplace. The completion of the questionnaire results in a customized action plan for the employer that includes key responsibilities and information on regulations that apply to their workplace. The action plan can also be downloaded as a reference.

### Online inspection reports

Employers can now view their inspection reports through the employers' portal on [worksafebc.com](https://worksafebc.com). They can also view and track their inspection and compliance history and review outstanding compliance orders. This access allows employers to review outstanding orders, grant access to people in the organization who can take action to comply with orders, and support long-term health and safety planning by tracking inspection history and compliance progress.

### Employer incident investigation reports

In the event of a workplace incident, employers are responsible for conducting an investigation and submitting a employer incident investigation reports to us. In 2021, we piloted an online portal for employers to submit incident investigation reports in a simplified process. This service will be made widely available to all employers in 2022.

## E-Limit search tool

To provide workers and employers with fast, easy access to B.C. exposure limits, in 2021 we created an E-Limit search tool that houses key information in one location. This digital tool was added to [worksafebc.com](https://worksafebc.com) and provides accurate information relating to exposure limits. Users can search by chemical name or Chemical Abstracts Service (CAS) number to get the current exposure limit and learn about associated health hazards.

## Looking ahead

In 2022, we will continue to focus on industries and workplaces that significantly contribute to time-loss claims for serious injuries, including targeted inspections to address the specific drivers for serious injuries.

To further engage workers in health and safety, in 2022 we will increase the number of consultations that focus on improving worker participation in workplace health and safety. We will be adding staff as we incorporate these consultations into a number of strategic initiatives including joint health and safety committees and consultations to increase awareness of and support for psychological safety and mental health at the workplace.

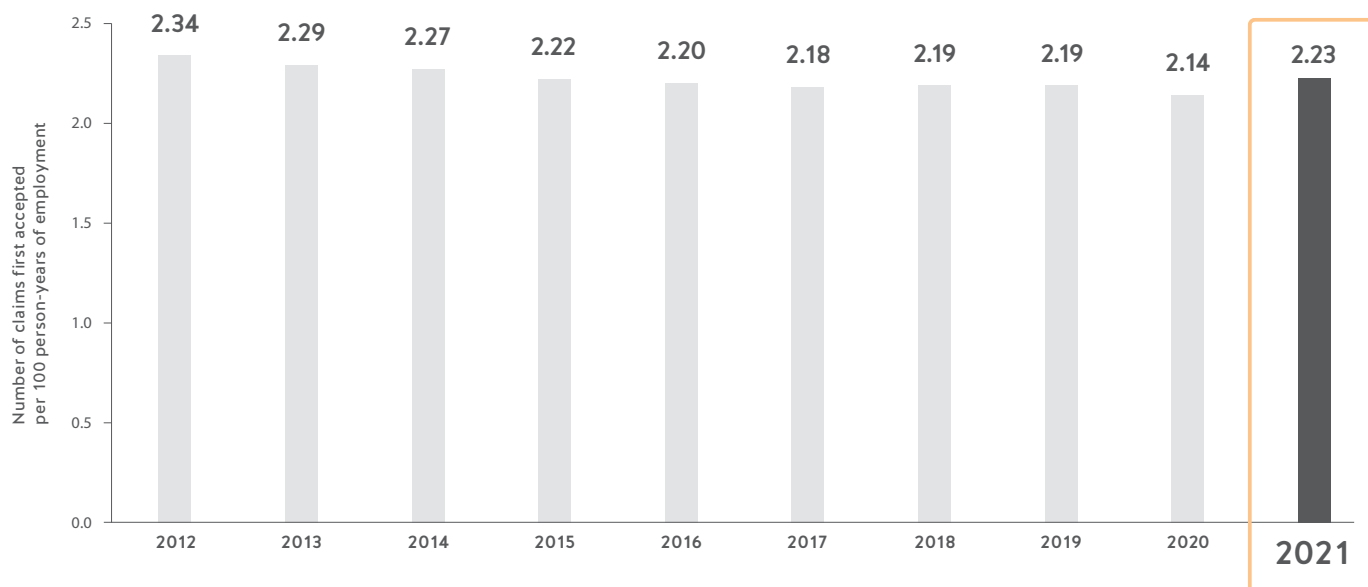
In 2022, we will establish a baseline for behaviour- and attitude-based indicators on psychological health and safety. We will work in sectors that show a high-risk for psychological health and safety issues including retail or hospitality, and potentially other sectors as identified during the year. We will also develop prevention strategies; a return on investment for employers and workers with robust psychological health and safety practices; and a list of psychological hazards and a risk management process for employers. In absence of regulation, we will also address our role and approach in supporting psychological health and safety in the workplace.

The Risk Analysis Unit will continue to work on risks associated with aging infrastructure, occupational health and safety risks related to disaster response and recovery, and risks of exposure to nanoparticle-sized materials in manufacturing. In addition, we will focus on the risks of operating industrial robots and on occupational exposure risks to fentanyl, and continue work on preventing fires and explosions due to electrostatic charges in fuel transfer hoses.

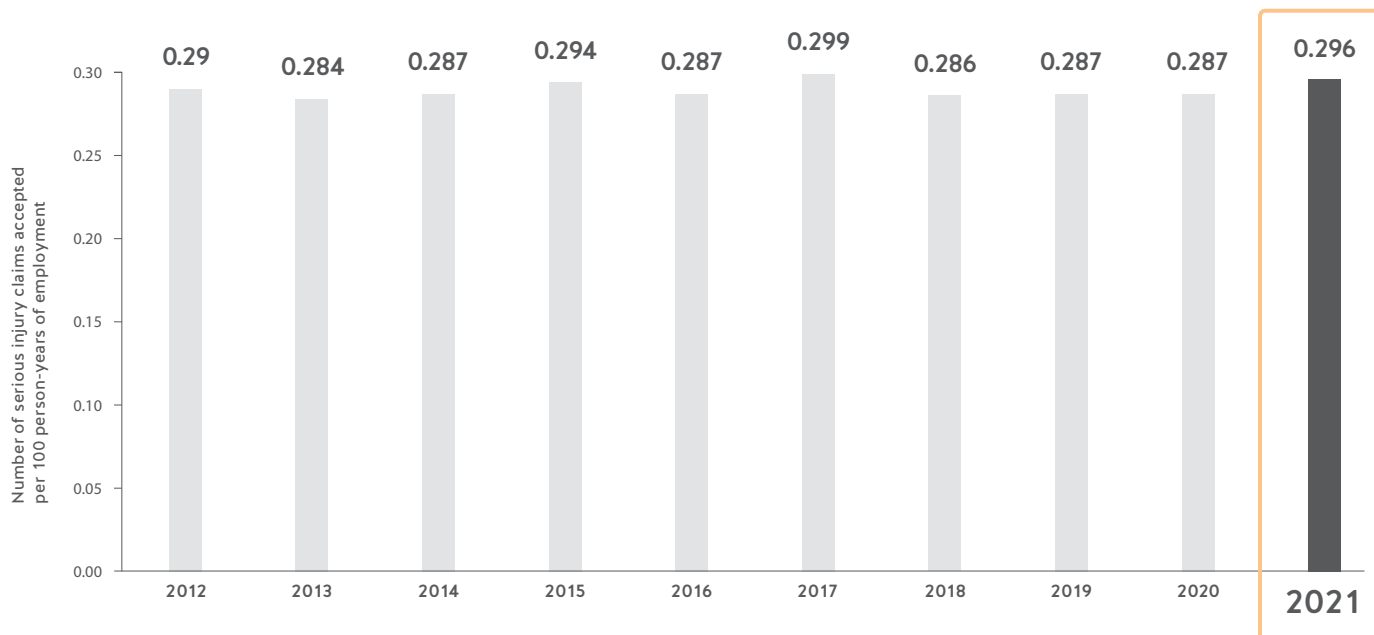
To continue to develop resources that support a positive workplace, in 2022 we will be piloting a diagnostic tool to assess an employer's health and safety culture. Based on the outcome of the assessment, employers will receive support ranging from educational resources to coaching from officers or consultants so they can create an action plan for improving risk controls, risk knowledge, and safety systems.

## Supplementary 10-year data

Provincial time-loss claims rate, 2012–2021

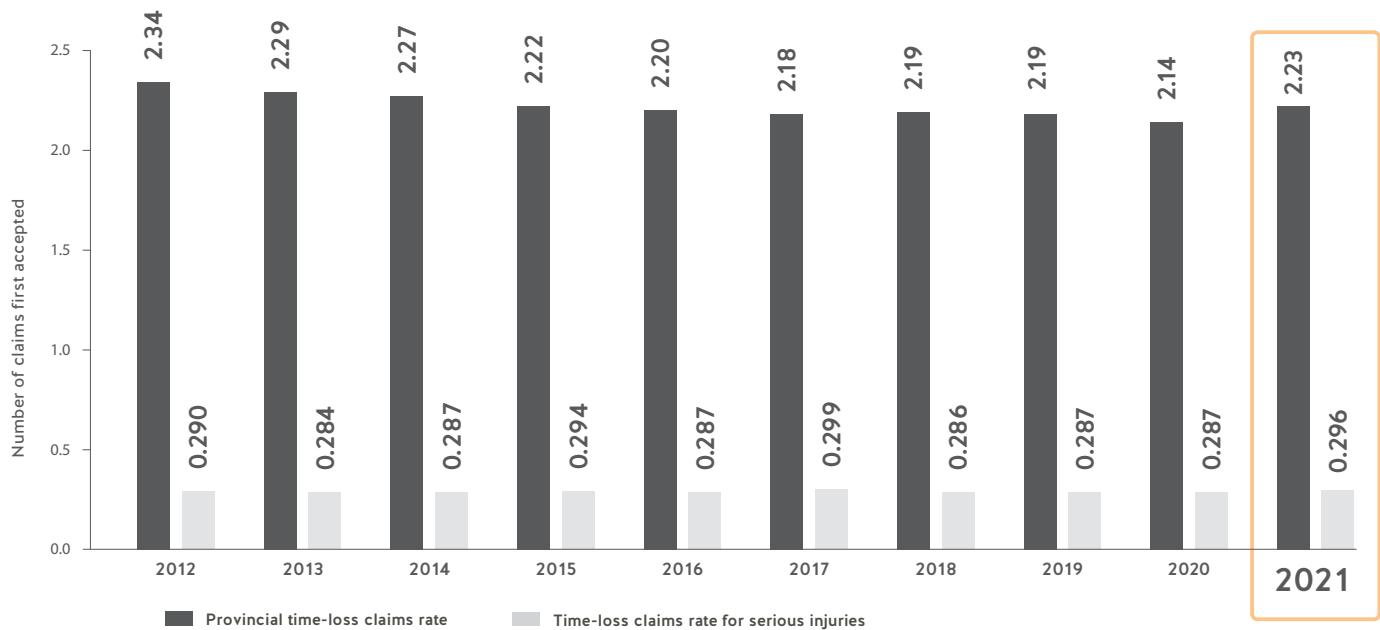


Time-loss claims rate for serious injuries, 2012–2021

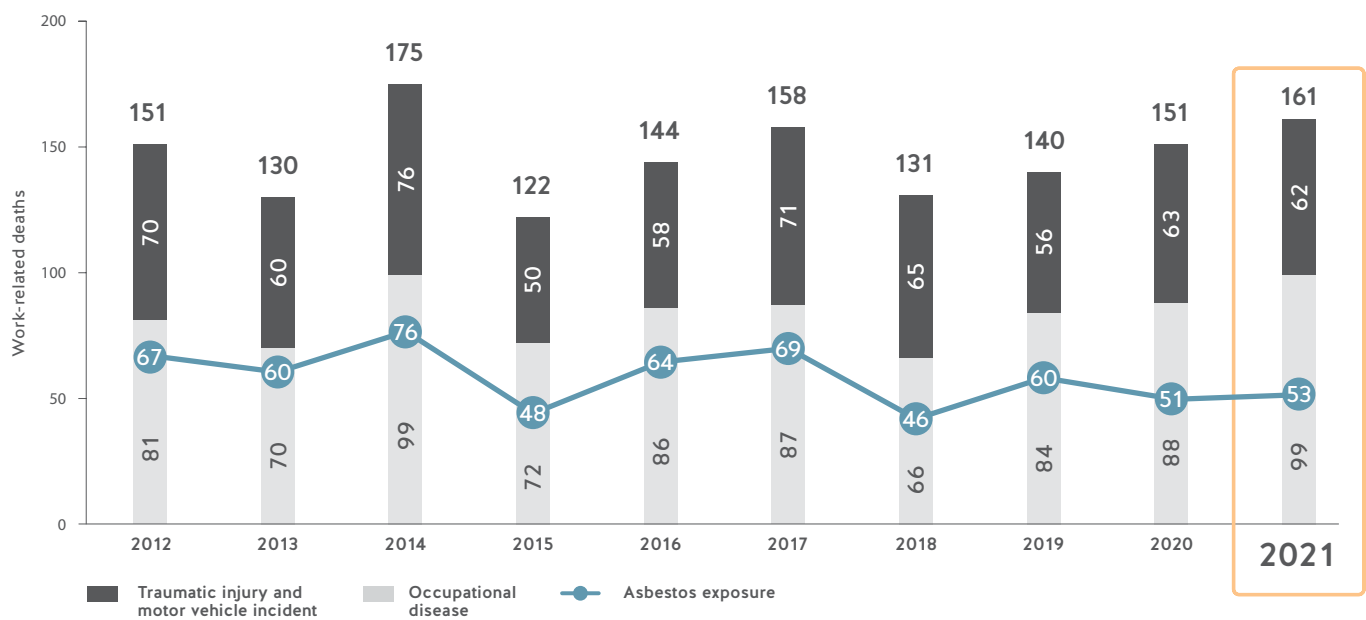


For more information, see *WorkSafeBC Statistics 2021* and our interactive dashboards  
[worksafebc.com/statsreport](https://worksafebc.com/statsreport).

Provincial time-loss claims rate versus time-loss claims for serious injuries, 2012–2021



Work-related deaths, 2012–2021



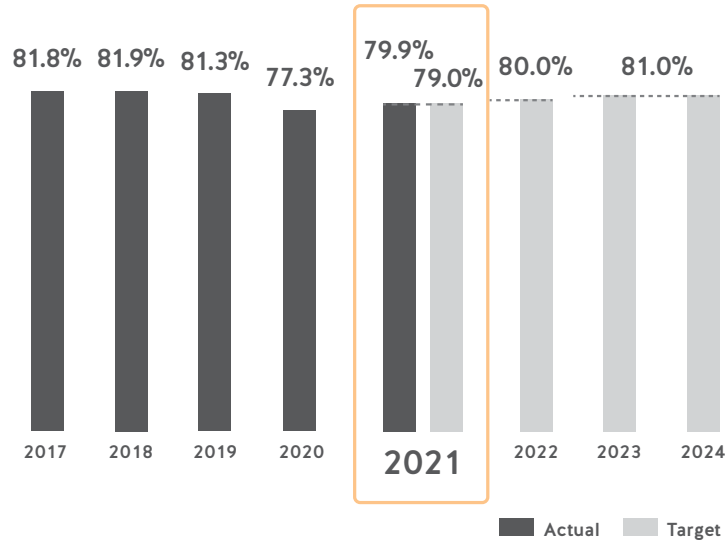


## Key performance indicator 2:

This indicator measures the success of initiatives designed to engage injured workers and their employers in returning to work. Meeting or exceeding this return-to-work target is the intended result.

# Improve return-to-work outcomes

Percentage of workers returning to work by 26 weeks<sup>23</sup>



## Importance

When a worker is injured, our priority is to provide them and their employer with the services to support their recovery and safe, durable return to work. The percentage of workers returning to work by 26 weeks<sup>24</sup> is one measure we use to track our progress toward this priority. This measure reflects outcomes for injured workers receiving short-term disability payments and returning to the same job and responsibilities as they had before their workplace injury. This key performance indicator (KPI) measures whether an injured worker returns to work within 26 weeks<sup>25</sup> and whether the return to work is voluntary (the worker does not object) and safe and durable (with no subsequent inability to work for 30 days after return).

## Setting targets

Our return-to-work targets reflect expected outcomes based on assessing 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. 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. In addition, we have considered the uncertainties presented by the ongoing pandemic and the impact it has on workers, employers, and health care providers. For 2022, the target has been set at 80 percent, with the target for 2023 and 2024 at 81 percent.

## Performance results

In 2021, the percentage of workers returning to work by 26 weeks was 79.9 percent — 0.9 percentage points above our target and a 2.6-point increase from our 2020 result.

As the COVID-19 pandemic continued through the year, we adjusted to better provide health care services, both in person and virtually. Return-to-work and vocational rehabilitation training programs deferred in 2020 were started again, showing an encouraging trend as COVID-19 prevention measures continued. Accepted COVID-19 claims increased by 191 percent from 2020, making up 6.2 percent of the overall claim mix.

Similarly, in 2021 the B.C. unemployment rate demonstrated overall improvement, decreasing to 6.5 percent, showing signs of economic recovery and more return-to-work opportunities for injured workers. While the unemployment rate is improving, fluctuating pandemic-related restrictions continue to create challenges in the return-to-work process.



## Changing nature of claims

In addition to ongoing COVID-19 challenges, we continue to see change in the mix of claims. There are greater injury complexities for time-loss claims, resulting in a longer duration and barriers for injured workers in returning to work.

During the year, we saw a 23 percent increase in the number of mental disorder claims registered; 5,507 in 2021 compared to 4,492 in 2020. These claims were primarily from workers in acute care, pre-hospital emergency care, and public school districts.

Once registered, these claims take time to adjudicate and accept as an eligible compensable injury; the added length of time is related to receiving the required psychological assessment for the worker's injury. In some cases, claims are not accepted or are abandoned by the worker during the assessment period. As a result, in 2021, there were 1,766 accepted mental disorder claims as compared with 1,632 in 2020, and 1,723 in 2019.

In 2021, we saw a  
**23%**  
increase in registered  
mental disorder claims.



## Strategies and initiatives

We are committed to understanding the unique needs of each injured worker and putting them at the centre of their recovery and return to work. This includes supporting injured workers and their employers to achieve their return-to-work goals and restoring the worker's pre-injury earnings as closely as possible. To be successful, maintaining a connection with the workplace is key to supporting durable return-to-work outcomes.

Our strategies and initiatives include partnering with employers (and labour associations) to support workplace disability management programs, helping employers increase their

own disability management expertise, conducting ongoing outreach to our health care providers, and focusing our claims management practices on the individual return-to-work needs of each injured worker.

We continued in our efforts to pilot initiatives that will improve transparency in the claim process, and encouraged communication between the injured worker, their employer, and our staff for safer and more productive recovery at work or an earlier return to work.

## Early intervention

In 2020, we piloted a program called Early Medical Advisor Involvement;<sup>26</sup> the program demonstrated improved communication and collaboration between WorkSafeBC, medical advisors, and the injured worker's attending physician. In 2021, the pilot was expanded, allowing medical advisors to offer support and collaborate with attending physicians where there does not appear to be any imminent return-to-work plan. While more outreach and development is needed to better partner with attending physicians, more than 687 injured workers, who likely would not have recovered and returned to work within the 26-week milestone, successfully returned to work through this program.

To improve responsiveness and further support injured workers, during the year we created a team to help with return-to-work planning while the worker's claim was pending initial adjudication. In cases where we believed the initial decision may be prolonged because of the nature of the injury, this early support allowed the worker to maintain a connection with their workplace and created an opportunity to support safe and durable return to work, including recovering at work.

Early indicators show improved collaboration and communication between injured workers and employers following their injury.

## Timely, consistent, quality adjudication

Workers who have a mental disorder claim require a psychological assessment as part of the adjudication process. The increased number of mental disorder claims and the finite number of available clinical mental health professionals have delayed access to the necessary assessments, impacting the timeliness of decision making for a claim. These delays can pose a financial strain on workers who are unable to work owing to the nature of their injury. To address this issue, in 2021 we increased the number of contracted psychologists and the time allocated to injured workers with the goal of providing more access to the required psychological assessments.

## Looking ahead

Our priorities are focused on safe and effective recovery and return-to-work outcomes for injured workers. To further improve our responsiveness, we are working to create return-to-work plans that best meet individual recovery needs and outline achievable return-to-work goals. To better meet the needs of injured workers, in 2022 we will be adding staff to address the earlier increased volume of those needing our vocational rehabilitation and long-term disability services.

As the pandemic extends into 2022, early indicators show that COVID-19 variants continue to contribute to the claims registered with us. For that reason, we are also adding infectious disease resources to support workers experiencing “long COVID”<sup>27</sup> to assist them in their recovery and return to work.

In 2022, we will continue to seek opportunities to improve the service we provide to injured workers while supporting employers and health care providers to enhance their disability

management practices. We will continue to use a worker-centred approach in our programs and services, responding to the unique needs of injured workers and tailoring specialized support for workers with mental disorder injuries, secondary psychological conditions,<sup>28</sup> and chronic pain. Additionally, we will invest in more mental health resources to enable timely support for injured workers experiencing mental disorders and build on our successful outreach to external physicians to maintain strong relationships.

Our 2022 initiatives are designed to maximize overall recovery and post-injury earnings for injured workers through an intervention model that involves partnership and collaboration. We will also look at other ways to benchmark, measure, and improve our services and return-to-work outcomes for all workers.



Nancy O's Restaurant line cook,  
Kylee Bell, preparing for dinner service.

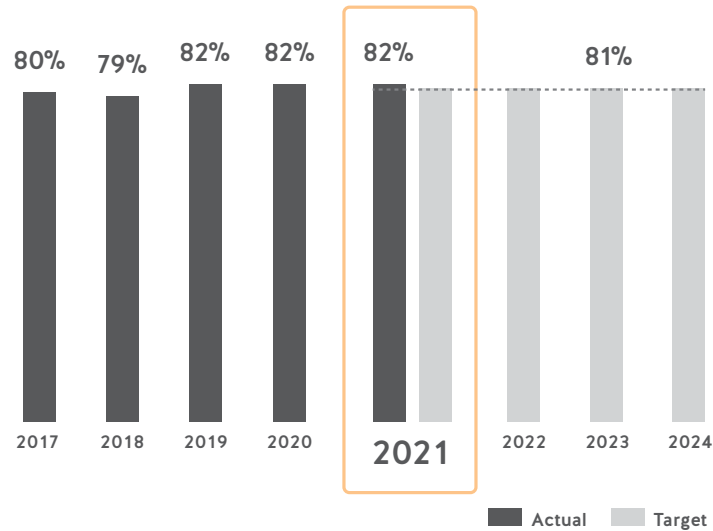


## Key performance indicator 5:

We are committed to providing exceptional service to injured workers during their claim process. Through this indicator, success is measured as meeting or exceeding the target.

# Improve injured workers' rating of overall experience

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



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

## Importance

Our goal is to deliver responsive and caring service that meets or exceeds the expectations of B.C.'s injured workers. To measure performance, our worker experience program has a contract with 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.

This key performance indicator (KPI) helps assess our success in all interactions with individual injured workers. 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.

## Setting targets

In setting our targets, we consider past results and the margin of error associated with surveying a sample of injured workers. As part of the target-setting process, we assess other factors directly impacting this measure:

- 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 2022 through 2024 are set at 81 percent of injured workers rating their overall experience with us as good or very good.

## Performance results

In 2021, 82 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 provided efficient service.

Regardless of a worker's claim status, we are committed to responsive service that treats workers with compassion, respect, and dignity. In 2021, 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 staff were not easy to work with, poor communication, and claim refusal.

Injured workers' scores on service*					
Claim survey stage	2017	2018	2019	2020	2021
<b>Paid claims</b>					
Initial adjudication	89%	91%	95%	86%	93%
Adjudication Services**	85%	86%	88%	95%	88%
Return to Work Services	91%	85%	86%	85%	86%
Case management, vocational rehabilitation	80%	79%	81%	83%	82%
<b>Disallowed claims</b>					
Adjudication Services, case management	36%	38%	43%	45%	32%

\*Results represent the percentage of injured workers rating their overall experience as good or very good.

\*\*In 2021, Entitlement Services was renamed to Adjudication Services.

## Strategies and initiatives

Our strategies and initiatives are tailored to improve a worker's experience with us and support injured workers with their recovery and return to work. In 2021, we continued to move toward a more worker-centred approach<sup>29</sup> in claims management, with initiatives to improve an injured worker's experience.

### Personalized service delivery

In 2021, we continued our focus on timely responses to incoming telephone calls, messages, and correspondence. This initiative was a key priority starting in 2020, recognizing that a delayed response can create additional stress and anxiety for a worker.

In response to feedback from workers about their understanding of the claim process, our claims specialists focused on better explaining to workers and employers why a case was being transferred from one area to another or helping to explain why a new staff member was added to their claim. Stakeholder feedback had indicated it sometimes was not clear when another individual would become involved in the worker's case.

Also based on feedback from workers, in 2021 we made it easier to interact with us by offering different options to them.

This included:

- Launching an online direct-deposit self-enrollment tool to complement our other payment delivery options, including receiving payments by mail or in person (for more urgent payment needs).
- Providing a history of claim payments for workers with an online account.
- Allowing people to submit and sign medical authorization forms electronically, via our website. Since launching this option in September, we have received more than 3,000 forms online, helping to simplify and speed up the collection of information. Workers who have used this tool shared positive feedback about their experience.

### Early intervention

Workers have told us that being responsive also means proactively supporting them in the return-to-work process. In exploring new opportunities to support return to work, we have tested and piloted several initiatives on early intervention. These initiatives include the Early Medical Advisor Involvement strategy and earlier return-to-work planning (see page 51).



## Looking ahead

As we look ahead, we will continue focusing on responsive, worker-centred service, and keeping workers engaged in each stage of the claim process.

To continue to provide service options that meet the varying needs of injured workers, we plan to expand the online document submission option to other forms. To increase workers' awareness and engagement in their recovery and return-to-work planning, we will continue to improve the online experience and make it clear where they are at in the claims process, what is next, and what to expect when something is updated on their claim.

Beginning in 2022, we will be reviewing ways to measure workers' experiences to better understand their expectations when working with us, taking into account their perceptions of our responsiveness. We are considering expanding how and when we solicit feedback from the people we serve.

We will continue to be guided by research, data, and a clear understanding of the needs of workers and provide a consistent experience across all our service channels.



Schnitzer Steel worker prepares to process a hybrid electric vehicle for recycling at their Surrey, B.C. location.

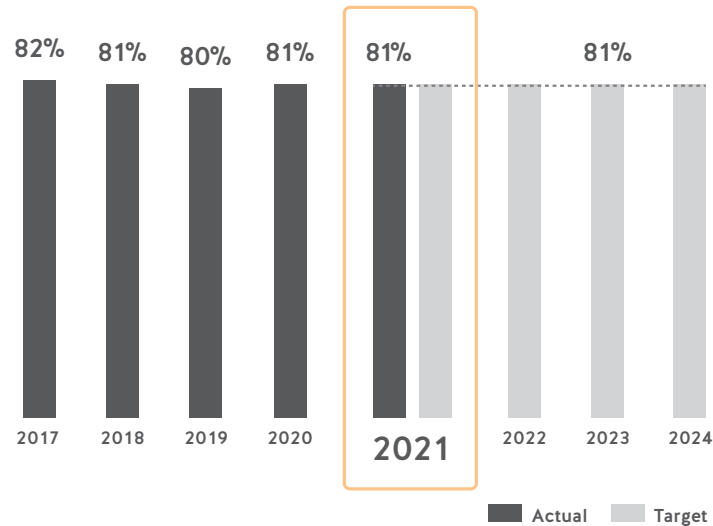


## Key performance indicator 6:

We are committed to providing exceptional service to employers through prevention, assessments, and compensation. Through this indicator, success is measured as meeting or exceeding the target.

# Improve employers' rating of overall experience

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



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

## Importance

To measure our performance in providing exceptional service to employers, we contract the market research provider Ipsos to survey employers with two or more claims in the previous 12 months. In 2021, Ipsos surveyed 1,600 employers,<sup>30</sup> starting with a broad measurement, and exploring specific components of the employers' experiences with us.

This key performance indicator (KPI) helps us assess our success in providing exceptional service in all interactions with individual employers, through inspections, assessments, and the claim process. Employers rate their overall experience with us as very good, good, average, poor, or very poor.

## Setting targets

In establishing our targets, we consider past performance and any anticipated operational challenges resulting from current or future economic environments. Such challenges could include changes in business processes, assessment rates, the volume of claims, staff availability, or other factors. For this KPI target, 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 2022 through 2024 are set at 81 percent of employers rating their overall experience with us as good or very good.

## Performance results

In 2021, 81 percent of employers rated their overall experience with us as good or very good. This result meets the target set for the year and matches the 2020 result of 81 percent.

In gathering feedback from employers, we recognize that businesses of different sizes have different needs and expectations; consequently, survey results are broken out by size. Ratings from small employers were unchanged from 2020 at 81 percent, medium-sized employers changed from 83 to 86 percent, and ratings from large employers moved from 80 to 79 percent.

The most reported reasons why employers rated their overall experience as good or very good relate to staff being easy to work with, patient, co-operative, and supportive; the ability to have questions answered with appropriate information and good explanations; and responsive communication. The 4 percent of employers who had a poor or very poor experience were more likely to reference staff not being easy to work with, patient, or cooperative; a lack of communication, or telephone calls returned too slowly; and a need to make it easier to talk to someone/the right person.

## Strategies and initiatives

We are committed to strengthening our relationships with employers and their workers. As part of that commitment, we collect feedback from employers who have interacted with us through prevention, assessments, or claims service to help us better understand their unique service and support needs. Stakeholder expectations have changed — employers are looking for fast, efficient ways to connect with us and get information related to their business.

### Optimization and continuous improvement

The multi-year initiative to update the systems and tools that support our assessment and collections-related functions continued in 2021, with further enhancements to the online services portal to help employers register their business and apply for coverage. These updates made it easier for employers to conduct business online and minimized service disruptions due to temporary system outages.

In addition, in 2021 the Assessment department piloted an option for employers to receive decision letters by email. More than 3,500 employers, or 99 percent of those asked, opted into the service.

Through a soft launch, we offered to a number of employers who were receiving WorkSafeBC payments to cover the benefits for an injured worker to view the details of each payment made to them as far back as the start of the worker's claim, through their online portal. This change allowed employers to efficiently manage their benefits payments to workers in a more timely manner.

To better collaborate with employers experiencing a higher volume of mental disorder claims, we made some process changes in our Mental Health Claims Unit to facilitate better communication and support for these employers. We will continue to look for opportunities to strengthen our relationships with employers who have a higher rate of mental disorder claims, to help support safe and durable return to work.

We continued to engage with employers whose workers have a claim with us through our Employer Connect initiative. Through this initiative, staff speak with employers to discuss return-to-work options and encourage employers to stay connected to their injured workers. The goal is to encourage employers to stay connected to their injured worker and to identify more modified return-to-work opportunities to facilitate a worker's gradual and safe return to work.

In 2021, we provided prevention officers with additional tools to help facilitate conversations with employers to promote more effective engagement and encourage employers to take ownership of occupational health and safety, including actively managing risks in their workplaces.

## Looking ahead

Employers are key stakeholders in the successful recovery of and return to work for those injured on the job. Engaging both employers and injured workers earlier in the process helps ensure safe, durable, and timely return to work.

We will continue with our strategies of early intervention to support workers staying connected at work and will leverage technology to help workers, employers, and providers collaborate more on return-to-work planning and make the process transparent for everyone.

We will also continue to explore opportunities to enhance online services for employers, including a full launch of the "View worker benefit information" option to all employers with an online account. In 2022, we plan to offer consultation services to employers and workers. These services will redefine our previous consultation efforts to reach out to workers and employers in targeted industries to discuss specific health and safety topics and issues. Consultations provide workers and employers with information about workplace risks and regulatory requirements, as well as support and resources to help them manage health and safety effectively and sustainably. We will focus these efforts on small- and medium-sized employers.

Beginning in 2022, we will be reviewing ways to measure employers' experiences to better understand their expectations when working with us, taking into account their perceptions of our responsiveness as well as our inspections, premiums, and the claim process. We are considering expanding how and when we solicit feedback from employers.

We will continue to be guided by research, data, and a clear understanding of the needs of employers and provide a consistent experience across all interactions with us.

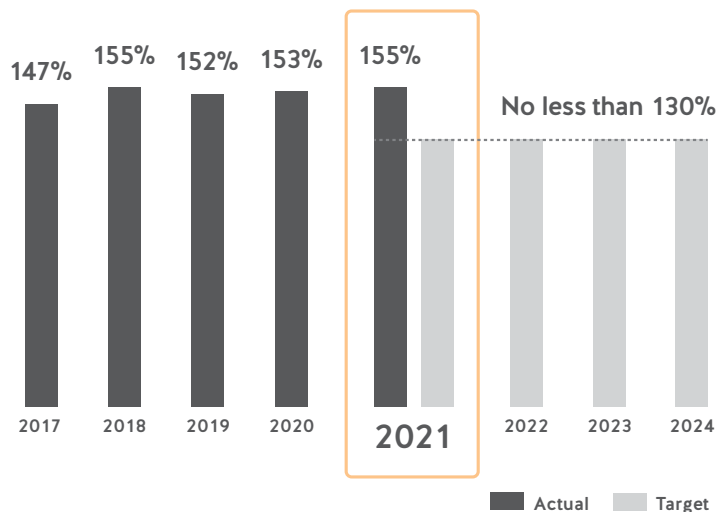


## Key performance indicator 8:

This indicator measures that **we have sufficient funds (assets) to meet the cost of claims for injured workers into the foreseeable future (liabilities)**. Our goal is to maintain a long-term smoothed funded level of no less than 130 percent.

# Maintain a smoothed funded level of no less than 130 percent

Smooth funded level\*




\*The real discount rate used to value the benefit liabilities was lowered to 2.4 percent at December 31, 2019. Performance results for 2018 and prior years were based on the real discount rate of 3.0 percent.

## Importance


WorkSafeBC has a fiduciary responsibility to ensure adequate funding is set aside for all future payments related to current and previously accepted claims. Meeting this objective requires targeting a smoothed funded level (total assets available divided by total liabilities, on a smoothed basis) sufficient to fund future payments for current claims. In addition, the target funding level should include adequate capital to manage volatility in the valuation of those assets and liabilities.

We invest in a diversified portfolio (see “Financial context,” page 23) that includes equity investments that are expected to generate higher long-term returns. While higher returns allow for lower long-term net employer premiums, equity investments are subject to market value variability. Similarly, because our liability payments are long-term in nature, they are subject to potential changes in environmental factors,<sup>31</sup> in legislation, and in policies that could result in significant cost increases. When any of these risks occurs — a significant downturn in asset values or significant cost increases — we can draw on capital reserves.

A strong funded position 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.

$$\begin{aligned} &\text{Funded level} \\ &= \\ &\frac{\text{Total assets (funds)}}{\text{Total liabilities (claim payments)}} \end{aligned}$$


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## Setting targets

We're committed to sound financial management to ensure the long-term financial sustainability of the workers' compensation system in B.C. 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 organizations. At this long-term funded level or greater, 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 (see Note 19 of the consolidated financial statements, page 145).

While 130 percent is the long-term goal for this key performance indicator (KPI), values in any given year may rise above or fall below this level — particularly as equity markets rise and fall. Maintaining the smoothed funded level at no less than the target also largely depends on consistently earning investment returns that meet or exceed actuarial assumptions.

## Performance results

On December 31, 2021, actual smoothed assets were 155 percent of smoothed liabilities, higher than our target. A detailed calculation of this KPI is shown in the table, which also compares the smoothed funded level with the fair value<sup>32</sup> — or the International Financial Reporting Standards (IFRS) basis — used in the consolidated financial statements.

Compared to 2020, the 2021 smoothed funded level experienced a slight increase. The increase in total assets (11 percent) was greater than the increase in total liabilities (10 percent).

In 2021, equity markets were generally strong but experienced some volatility at the end of the year primarily driven by concerns about a new COVID-19 variant and by its possible economic effects.

By 2021 year-end, the global pandemic did not have a significant effect on the overall funded level, limiting additional upward pressure on the average base premium rate.

## Strategies and initiatives

In alignment with our strategic priority to maintain a financially sustainable system, we apply sound investment policies and practices, review the process for setting premium rates and assessing employers, and manage claim costs by helping employers reduce workplace injuries and implement successful return-to-work initiatives. In addition, while ensuring sufficient funds to meet future claim costs, we also provide a mechanism to limit premium rate volatility for employers.

## Return on investment and risk

To provide a long-term required level of investment returns without undue risk to the system, we maintain a prudent and diversified investment portfolio (see "Financial context," page 23). In the long term, this investment approach is intended to provide adequate investment returns to cover inflationary increases in claim-benefit liabilities.<sup>33</sup> In 2021, an asset-liability review was completed to update the long-term target asset mix while incorporating more up-to-date assumptions, such as inflation and investment return expectations. This periodic review allows us to maintain a prudent and diversified investment portfolio that reflects the most recent investment outlook, in order to protect the long-term financial sustainability of the system.

Funded level calculation						
(\$ millions)	2021			2020		
	Smoothed accounting basis	Adjustment	IFRS basis	Smoothed accounting basis	Adjustment	IFRS basis
Total assets <sup>a</sup>	22,199	2,224	24,423	20,022	1,893	21,915
Total liabilities <sup>b</sup>	14,352	390	14,742	13,073	532	13,605
Funded position <sup>c</sup>	7,847	1,834	9,681	6,949	1,361	8,310
Funded level (assets ÷ liabilities)	155%	+11 points	166%	153%	+8 points	161%
<p>a Smoothed accounting basis assets exclude deferred investment gains and/or losses.</p> <p>b IFRS-basis liabilities include the latent occupational disease liability plus the difference in accruals and payables due to actuarial gains and losses on the WorkSafeBC employee benefit plan.</p> <p>c The funded position is made up of capital reserves and the unappropriated balance.</p>						

## Premium rate setting and internal controls

Our insurance rate model ensures sufficiency and fairness of the collection of assessment premiums. For the last 15 years, we have drawn on our strong financial position to keep the average base premium rate below the actual average cost rate. In setting the 2022 premium rates, the future financial and premium rate outlook was considered when deciding to keep the average base rate unchanged for 2022. For more information on premium rate setting, see page 76.

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.

Recognizing the challenges employers were facing as a result of measures taken to slow the spread of COVID-19 in 2021, we continued to waive premiums for employers who were approved to receive the Canada Emergency Wage Subsidy for their furloughed workers.

## Claim costs management

Claim costs relating to injured workers account for approximately 91 percent of all costs. As such, we work with stakeholders to reduce the incidence of occupational injury, disease, and death (see KPI 1, page 38). When workplace injuries occur, we work with injured workers and employers to resolve claims quickly and help injured workers safely return to lasting employment. This early intervention also helps to reduce benefit payments and liabilities, resulting in lower claim costs.

## Looking ahead

As the pandemic continues into 2022, the post-pandemic environment remains uncertain. This environment, coupled with potentially volatile financial markets and increasing claim costs, will require our continued prudent investment of the Accident Fund.<sup>34</sup>

We anticipate that our assessment collection and investment strategies and policies will support a funded level of no less than 130 percent into the future.



Donna Andres, operations manager for AQCS Traffic Control in Terrace, B.C., instructs David Tate on setup requirements for the automated flagger assistance device.



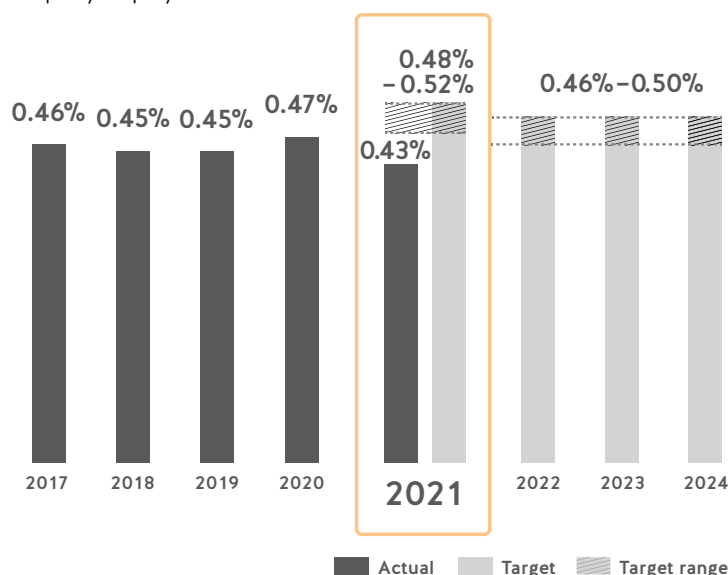
## Key performance indicator 9:



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.

# Control administration costs

WorkSafeBC's administration costs as a percentage of the provincial assessable employer payroll



## Importance

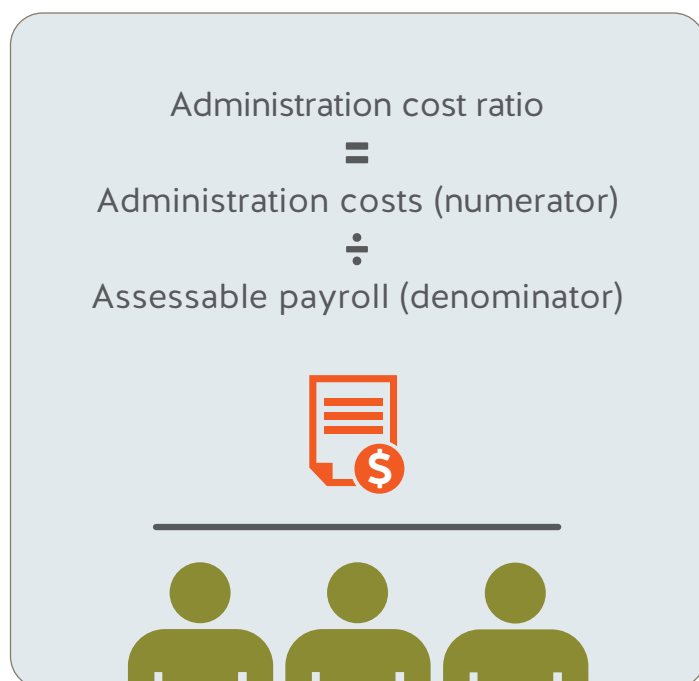
We aim to deliver high-value services to our stakeholders in a cost-effective manner. To measure our administrative efficiency, we calculate our annual administration costs, including prevention costs, as a percentage of the assessable payroll of employers. In so doing, we can compare and monitor the 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. An alternate measure, based on a definition of the Association of Workers' Compensation Boards of Canada,<sup>35</sup> adjusts for operating and legislative differences; this allows us to compare our administration costs with other workers' compensation organizations in Canada.<sup>36</sup>

## Setting targets

We set our target range for this key performance indicator (KPI) as part of the annual budgeting and approval of administrative costs. The target range for 2021 was set at 0.48 to 0.52 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 85), including preventing workplace injury, disease, and death; reducing the time-loss claims rate (formerly referred to as the provincial injury rate); and improving return-to-work outcomes for injured workers, all of which would help manage claim costs — 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 2022 to 2024, we have revised the target range downward to 0.46–0.50 percent in anticipation of continuing administrative efficiency and to account for an increased maximum assessable payroll as a result of a legislative change.<sup>37</sup>

## Performance results

In 2021, assessable payroll was larger than expected as economic recovery from the COVID-19 pandemic was better than expected. At the same time, our administration costs increased by \$16.3 million; however, this was a lower percentage increase than for assessable payroll. Although administration costs increased in 2021, they were lower than budgeted because of lower salaries, benefits, and other related employee costs stemming from staff vacancies as a result of recruitment challenges. In addition, lower actuarial valuations<sup>38</sup> of the employee benefit plan liabilities and reduced spending on goods and services most impacted by COVID-19, such as travel and training costs, contributed to reduced administration costs during the year. The larger provincial payroll (denominator) and lower actual administrative costs (numerator) when compared with the budget resulted in a lower than expected administrative cost ratio of 0.43 percent — 0.04 percentage points lower than the 2020 result and well below our 2021 target range.

For more information on the variance in total administration costs, see page 86 of the “Management discussion and analysis” section. See Note 15 of the consolidated financial statements, page 142, for a breakdown of total administration costs by category and function.

## Strategies and initiatives

We are responsible for ensuring that expenditures are appropriate in effectively delivering our services. To fulfill this responsibility, we invest in strategies to prevent workplace injuries and disease while taking a worker-centred approach when supporting injured and disabled workers.

## Optimization and continuous improvement

We have developed a business plan and budget to align with the priorities outlined in our strategic plan. Initiatives are identified to support our strategic priorities and legislative changes and ensure continuous improvement of service delivery to our stakeholders.

## Internal controls

To monitor and manage administration costs and ensure that we are effectively carrying out our plans, we maintain a system of internal controls. They consist of monthly reviews to report on administrative costs compared with the budget, with explanations about variance provided to the chief financial officer (CFO). The CFO regularly reports results from these reviews to the Enterprise Leadership Team, including the president and chief executive officer, and the Audit Committee of the Board of Directors.

## Looking ahead

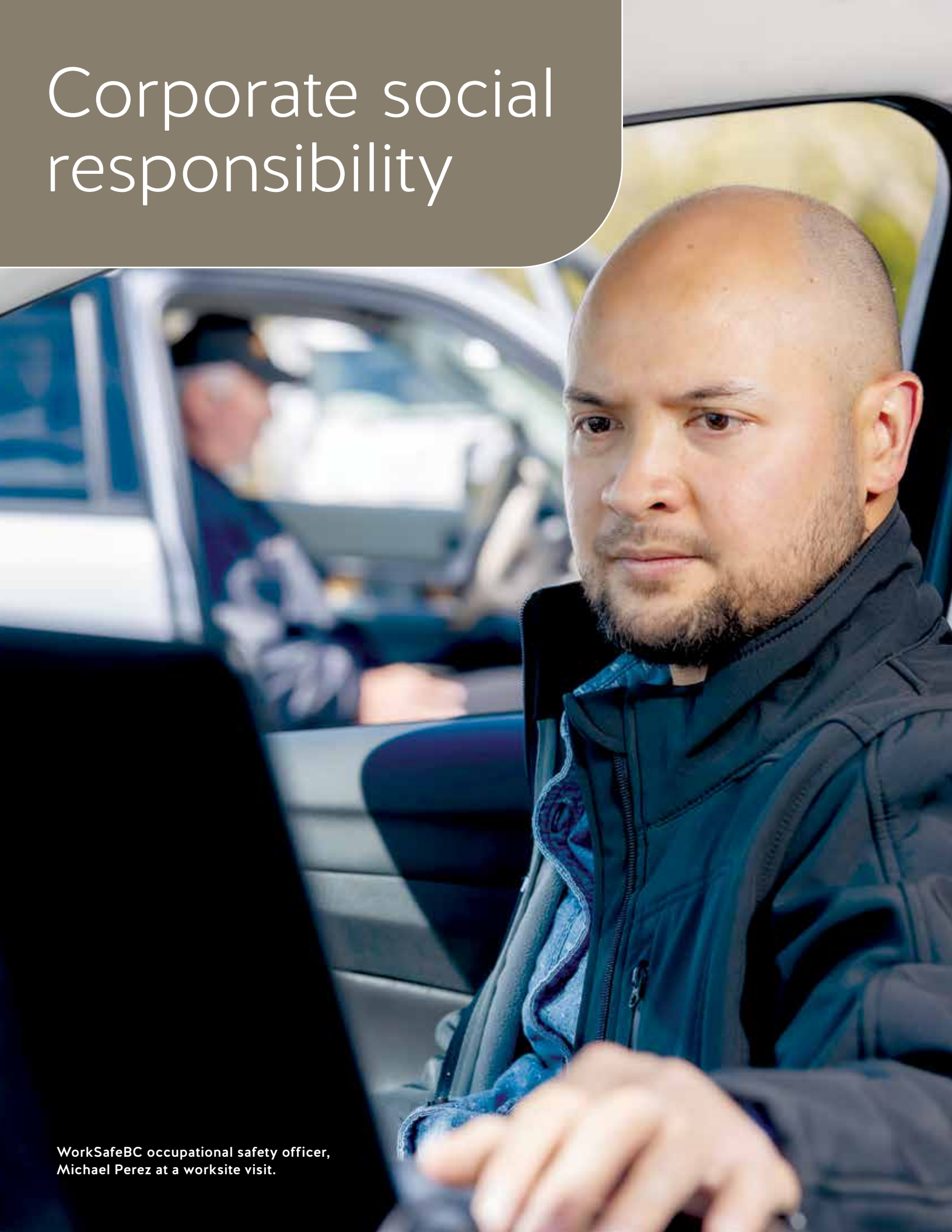
The B.C. economy is expected to continue to improve over the next two years in anticipation of fewer government-mandated COVID-19 restrictions, and fiscal and monetary stimuli to manage the COVID-19 pandemic. However, as new variants emerge, the pandemic still poses a level of uncertainty for B.C. businesses, the labour market, and health care and vocational rehabilitation programs used to support injured workers. Our administration budget remains prudent and appropriate in light of the economic outlook.

In addition to the uncertainties presented by the ongoing pandemic, we continue to see a shift in the types of claims reported, including claims from workers with mental disorder injuries, secondary psychological conditions, and chronic pain. To continue to support injured workers, we need to ensure appropriate staffing models are in place as the claims volume and mix of claims change. As part of the 2022 administrative budget, an additional \$17.6 million was allocated to improve service levels and maximize overall recovery and post-injury earning for injured workers. This is accomplished by adding resources to further improve current claims management and return-to-work planning practices and outcomes in a manner that better considers a worker’s particular circumstances and preferences and the points of view of the employer and treating professionals.

Looking to 2023 and 2024, we are anticipating additional administration cost pressures as we address the trend of an increasing number of complex injury claims, legislative changes, and continued costs associated with implementing current and future investment in prevention efforts. Over the same period, the provincial assessable payroll is expected to increase, based on projected changes in B.C.’s labour market.



# Corporate social responsibility



WorkSafeBC occupational safety officer,  
Michael Perez at a worksite visit.



# Corporate social responsibility

## Importance

### Environmental management

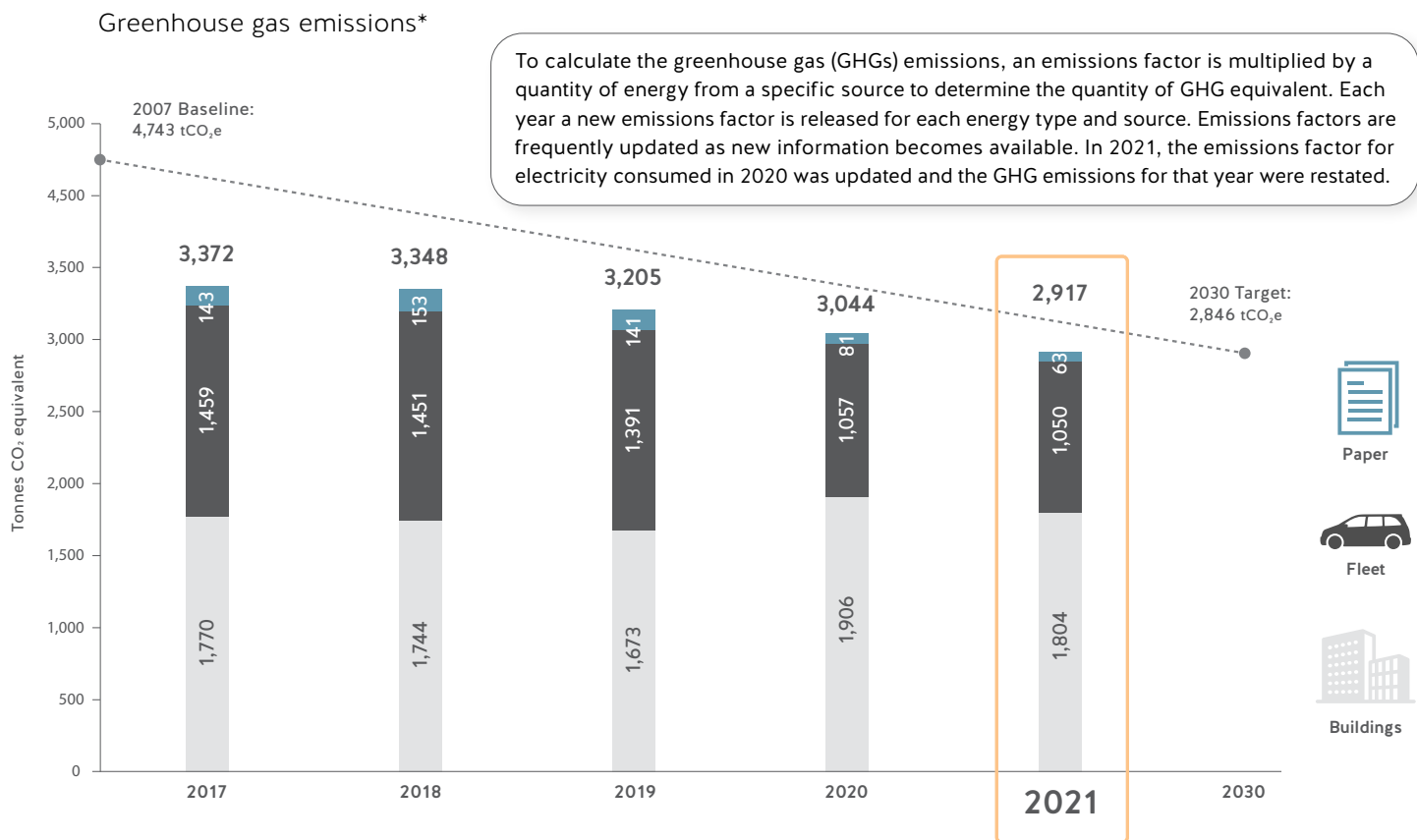
We seek to create a sustainable workplace by balancing social, environmental, and economic considerations. Good corporate citizenship requires this integrated approach in optimizing our operational activities, using resources sustainably, and minimizing our environmental impact. As an organization, we cannot function without consuming energy or producing waste, but good stewardship requires that we approach our operations as efficiently as possible.

## Setting targets

### Greenhouse gas emissions

All our major energy sources involve emitting greenhouse gases (GHGs) with various global warming potentials. To express our energy consumption, we use a universal measure of total emissions: tonnes of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e). This allows us to monitor both our resource usage and our potential impact on climate change, using the same measurements.

We voluntarily align with B.C.'s *Climate Change Accountability Act*, which calls for a 40 percent reduction from our 2007 emissions by 2030. In 2007 (the baseline year), our emissions were 4,743 tCO<sub>2</sub>e — resulting in a 2030 target of 2,846 tCO<sub>2</sub>e.

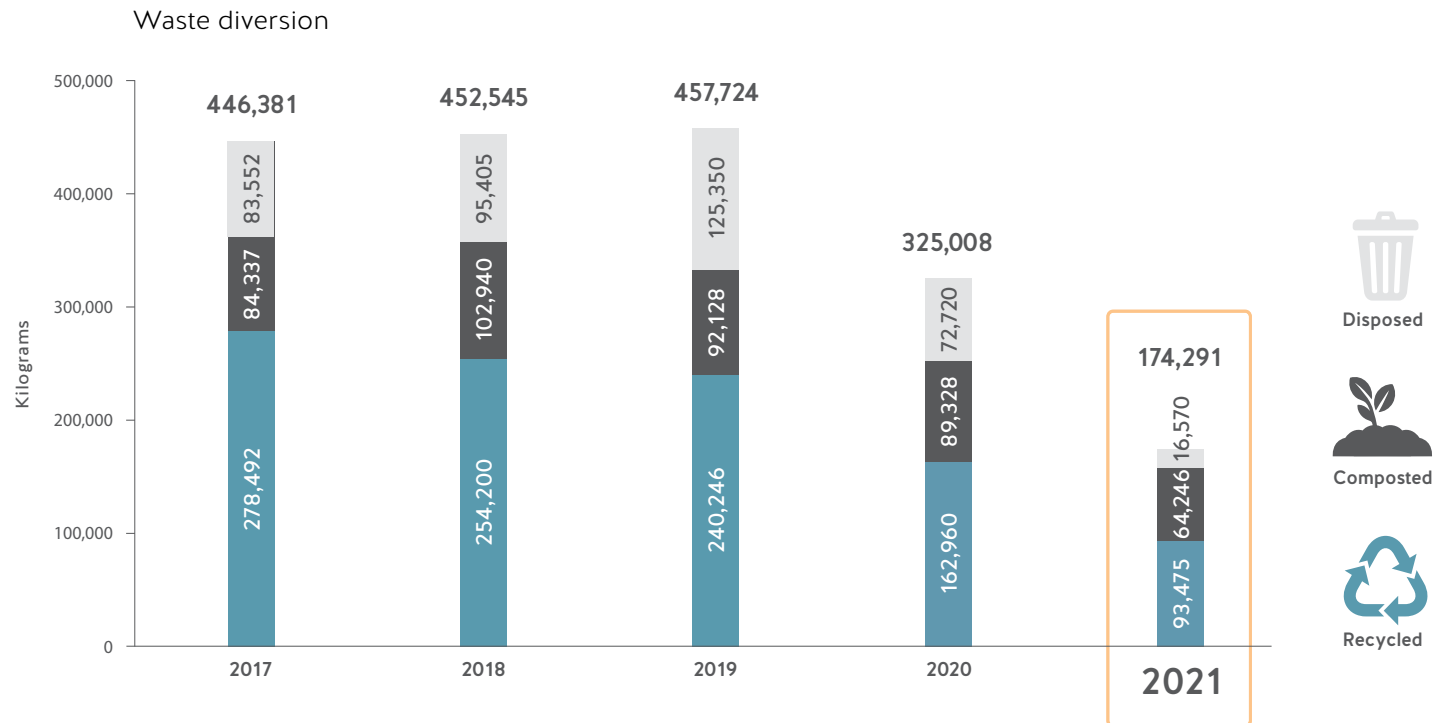


\*Building emissions results for 2020 have been restated from what was published in our 2020 Annual Report and 2021–2023 Service Plan based on an updated emissions factor for the reporting year.

## 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.<sup>39</sup> The plan calls for reducing total generated waste and diverting at least 80 percent from landfills and into recycling or composting. Our goals include:

- Minimizing waste
- Maximizing reuse, recycling, and material recovery, with at least 80 percent of waste diverted from the landfill



## Performance results

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

In 2021, we recorded emissions from buildings totalling 1,803 tCO<sub>2</sub>e, a 4 percent decrease from 1,906 tCO<sub>2</sub>e in 2020.<sup>40</sup> In accordance with pandemic-related best practices for workplace management, we also continued to adjust the air ventilation systems (taking in more outdoor air), to adjust temperature set points in unoccupied areas, and to keep our systems running longer; this resulted in higher natural gas usage at most of our office locations. A portion of the 2021 emissions is attributed to a colder winter resulting in increased heating.<sup>41</sup>

Vehicle fleet emissions fell by less than 1 percent in 2021, to 1,050 tCO<sub>2</sub>e, compared with 1,057 tCO<sub>2</sub>e in 2020. In 2020, vehicle usage shifted from a pre-pandemic high to an immediate-post-shutdown low, levelling off between the high and low levels for the remainder of the year. In 2021, fleet vehicle usage remained at a similar level as 2020, with a slight drop.

Paper-related emissions fell 22 percent in 2021, to 63 tCO<sub>2</sub>e from 81 tCO<sub>2</sub>e in 2020. Usage dropped as most staff continued to work from home.

In 2021, our COVID-19 pandemic response also decreased the volume of waste produced in the Richmond office — 174,291 kg, compared with 325,008 kg in 2020 (a decrease of 46 percent). In particular, we saw far less commercial waste — the kind typically produced by people in the workplace, like food, packaging, and paper waste — than in prior years.

Late in 2021, we began preparing our offices, including clearing out workspaces, for our new hybrid work model that would see staff returning to the office in some capacity in 2022. This effort resulted in a considerable one-time production of waste. Even with this occurrence, total waste decreased significantly year over year. Our office readiness activities will continue into 2022, and we anticipate this will affect the year's waste management outcomes.

We surpassed our target of 80 percent of waste diverted from landfills, improving significantly from the previous year. In 2021, we sent 10 percent of waste to the landfill, while composting 37 percent and recycling 53 percent, compared with 22 percent to the landfill, 28 percent composted, and 50 percent recycled in 2020.

## Strategies and initiatives

In 2021, we continued to observe COVID-19-related health and safety practices implemented in 2020 and began planning for a new work model that will see changes in the way we use our office space.

### Facilities space and office planning

The pandemic has been a driver for change. Evolution of our workplaces is required as our hybrid work model sees much of our staff working from home either part- or almost full-time. In anticipation of this new model, staff began clearing out their workspaces. While this led to a short-term increase in waste generation, the new hybrid work model should substantially reduce waste and allow us to use our office space more efficiently, leading to improved workplace sustainability.

As part of managing our real estate, we continued to make our office locations more sustainable through both infrastructure and operations. For example, we installed six new rooftop HVAC (heating, ventilation, and air conditioning) units that are more efficient than the previous units. Elsewhere, we've installed automatic shut-off valves on boilers to preserve heat and reduce energy requirements. We continue to make incremental improvements as opportunities arise.

### People strategy

As staff continued to work remotely, we conducted a series of surveys to evaluate and support their health and safety, both physical and psychological. Based on staff feedback from the previous year, we developed a new hybrid work model; the first iteration included office readiness activities. We also conducted an audit to learn more about our employee's experiences with equity, diversity, and inclusion, the results of which will inform a new organizational strategy.

## 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 and disease.

In 2021, we sponsored the BC Professional Fire Fighters' Burn Fund during Burn Awareness Week. This sponsorship included a series of safety videos featuring a WorkSafeBC prevention officer discussing electrical safety, power lines, underground utilities, and voltage systems.

To expand our reach into the small-business community, we participated as the health and safety sponsor of the 2021 BC Chamber of Commerce annual general meeting

and conference. In addition, we partnered with the Richmond Chamber of Commerce to share occupational health and safety information with their small-business members.

Labour organizations are key stakeholders in furthering occupational health and safety for workers in B.C. As part of our community investment efforts, we partnered with labour and educational organizations on the Day of Mourning B.C. Schools Project, delivering information on workplace health and safety to more than 175 high schools across the province. Our partners included the BC Labour Heritage Centre, BC Federation of Labour, British Columbia School Trustees Association, BC Teachers' Federation, BC Principals' and Vice-Principals' Association, and the Canadian Union of Public Employees.

In 2021, 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.

We also sponsored and partnered with numerous other not-for-profit organizations in B.C. that aligned with our health and safety goals, including the Richmond Centre for Disability, Threads for Life, the Fraser Valley Cultural Diversity Awards, and the Kwantlen Polytechnic University Foundation.

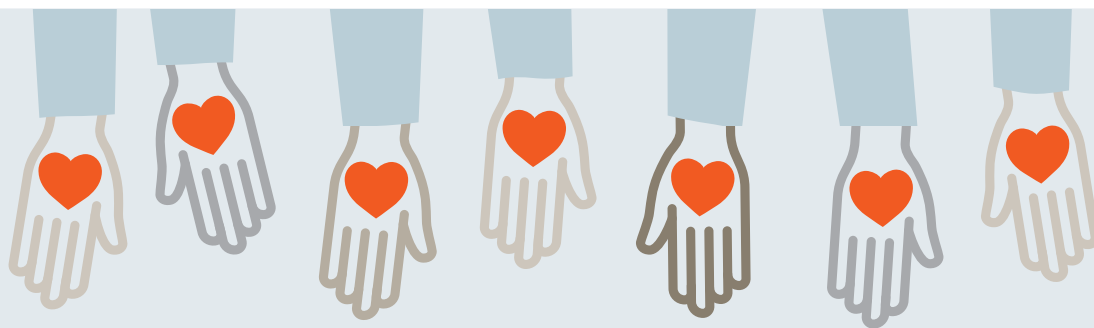
## Looking ahead

We will continue to look at ways to create a sustainable workplace as we move to launch our hybrid work model in 2022. We will review our programs to reflect changes in how we use our office spaces and fleet vehicles as we work toward the 2030 greenhouse gas emissions target.

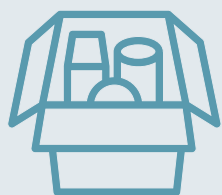
With the launch of our hybrid work model, we expect to maintain an exceptional level of service to our stakeholders while continuing to be an employer of choice in B.C., improving employee work-life balance and fostering an engaged workforce.

As we implement our hybrid work model, we will be able to adapt our long-term real estate plan to best meet our sustainability goals and the needs of our stakeholders.





In 2021, we supported **120** charitable organizations.



## Helping Hands

Helping Hands is a registered charity funded entirely by WorkSafeBC employees, with infrastructure support provided by WorkSafeBC. Because of the pandemic, Helping Hands did not hold any in-person fundraising events in 2021. However, by partnering with internal stakeholders, we were able to continue supporting our employees so they could continue helping friends and neighbours throughout the province. Through Helping Hands, our employees donated \$119,737 to 120 non-profit organizations during the year. Organizations receiving support included food banks across B.C. and the Canadian Red Cross to support their work related to the B.C. floods and wildfires in 2021.

## Province-wide food banks

Helping Hands has shown long-standing support for food banks over the years. Helping Hands was proud to carry on the tradition of supporting food banks in 2021, especially during a year that was difficult for so many people. WorkSafeBC employees were invited to donate to Helping Hands to support food banks, and they responded.

In 2021, \$17,011 was donated to 16 food banks around the province.

# Our finances

Concord Concrete Pumps mechanic  
checking a pump truck in Coquitlam, B.C.





# Management discussion and analysis

This section provides management's perspective on WorkSafeBC's financial results and financial position for the year ending December 31, 2021; it includes a comparison with the 2021 financial plan that was prepared as part of our annual business planning process. The following areas are discussed: funded position, premium income, investments, claims, administration and other operating costs, and other comprehensive income. It should be read in conjunction with the consolidated financial statements and accompanying notes. We also discuss new accounting standards that we are monitoring, our business planning and budget process, enterprise risk management, and our internal controls.

We provide forward-looking information that is subject to uncertainties, and actual results may differ from those outlined. Forward-looking statements include the outlook for our business and provincial and national economic projections. Uncertainties include changing market, industry, and general economic factors, as well as possible changes in provincial legislation affecting our policies and practices.

Information on our operating results over the last 10 years, prepared based on the smoothed accounting approach,<sup>42</sup> is available online at [worksafebc.com/annualreport](https://worksafebc.com/annualreport). Smoothed accounting basis financial information is used to set premium rates and determine the required funding level (see "Financial context," page 23). This information provides readers with a better long-term perspective of WorkSafeBC's financial sustainability. The supplementary information includes a 10-year summary table, gain and loss analysis, and a statement of changes in rate group balances.

Highlights 2021 and 2020			
Financial highlights (\$ millions)	2021	2020	Change
Total assets	24,423	21,915	2,508
Total liabilities	14,742	13,605	1,137
Reserves	4,306	3,922	384
Unappropriated balance and accumulated other comprehensive income	5,375	4,388	987
Premium income	1,858	1,603	255
Investment income	2,691	2,063	628
Other income	6	8	(2)
Claim costs (including claim administration)	3,200	2,208	992
Net administration costs (excluding claim administration)	246	227	19
Other operating costs	82	105	(23)
Surplus from operations	1,027	1,134	(107)
Other comprehensive income (loss)	344	(122)	466
Total comprehensive income	1,371	1,012	359
Operational highlights			
Smoothed funding level (see KPI 8, page 58)	155%	153%	2 points
Average base premium rate	1.55%	1.55%	—
Investment return	12.7%	10.5%	2.2 points
Number of insured employers (at year-end)	263,292	255,490	7,802
Number of workers covered (estimated average for the year)	2.49 million	2.34 million	0.15 million
Provincial time-loss claims rate <sup>a</sup> (see KPI 1, page 38)	2.23	2.14	0.09 point
Number of claims registered	141,320	128,228 <sup>b</sup>	13,092
Number of claims first paid <sup>c</sup>	97,747	90,844	6,903
<sup>a</sup> In 2021, this measure was renamed from provincial injury rate to provincial time-loss claims rate. The calculation methodology did not change and is comparable to prior years. The provincial time-loss claims rate for 2021 is preliminary and subject to change. The rate is finalized in July each year; prior-year results are restated if necessary to reflect final figures. The 2020 provincial time-loss claims rate has been restated from what was published in the <i>2020 Annual Report and 2021-2023 Service Plan</i> .			
<sup>b</sup> The number of claims registered has been revised from that published in the <i>2020 Annual Report and 2021-2023 Service Plan</i> because of the claim consolidation process to remove duplicate claims.			
<sup>c</sup> The number of claims to receive a first payment during the year.			



## Overview of financial results, 2021



**\$359 million**

35.5% higher than the prior year

In 2021, our total comprehensive income was \$1.4 billion, \$359 million higher than in 2020, contributing to an increase in the Accident Fund.<sup>43</sup> Both premium and investment income increased and we had actuarial gains on our employee benefit plans (reported as “other comprehensive income”).<sup>44</sup> However, the increased income was mostly offset by higher claim costs resulting from higher health care benefits, higher inflation and wage growth, and a greater number of days lost from work.

Premium income was \$1.9 billion in 2021, a 16 percent increase over 2020. During the year, as the economy improved, more workers were able to re-enter the workforce, triggering an increase in assessable payroll and generating higher premium income as compared with the prior year.

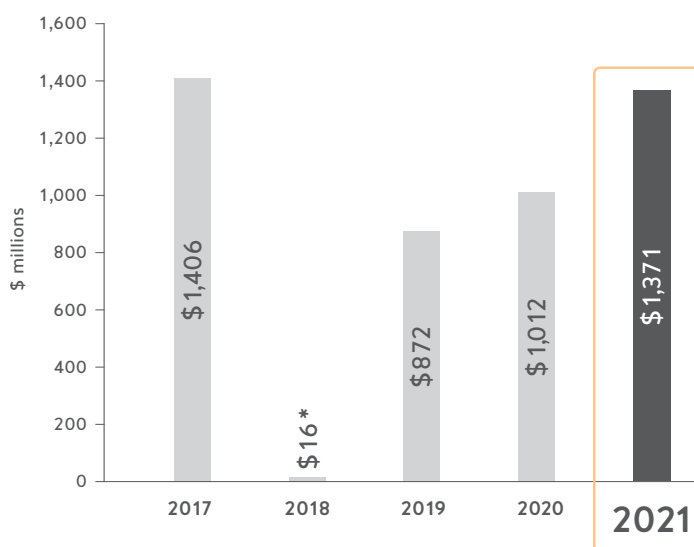
Investment income also increased, by 30 percent to \$2.7 billion. Our portfolio investment return was 12.7 percent, outperforming the investment policy benchmark<sup>45</sup> of 9.8 percent, and the third consecutive year of double-digit returns. Equity markets, in particular, were generally strong throughout most of the year. The strong equity performance was partially supported by elevated government spending on economic stimuli and low bond yields.

Total claim costs for 2021 were \$3.2 billion, an increase of 45 percent over 2020. Although still below pre-pandemic volume, the number of claims increased in 2021 compared to 2020, increasing benefit payments. Wage-loss rates also increased in 2021, partially due to the legislation change that increased maximum assessable earnings.

Health care benefits experienced the largest increase, by \$595 million. This increase reflects the improved access to health care services for injured workers, which had been limited in the early stages of the COVID-19 pandemic in 2020.

Other significant cost drivers included an increase in the inflation rate (from 0.7 to 4.7 percent) and growth in the number of days lost from work.

Total comprehensive income



\*In 2018, total comprehensive income was lower than in other years because of significantly lower investment income during the year. Our investment portfolio had the lowest returns since the 2008 financial crisis, due to losses in equity markets worldwide.

Administration costs increased by \$19 million while other operating costs decreased by \$23 million. Other comprehensive income was \$344 million in 2021, compared to the \$122 million loss in 2020. Actuarial valuations of the liabilities for both the employee pension and retiree medical benefit plans were lower than expected in 2021 because of changes in actuarial assumptions, and the return on pension plan assets were higher than expected as investments performed better than estimated, combining to create an actuarial gain for the year.

## Gain and loss analysis

Gain and loss table (rateable classes only)*			
(\$ millions)	2021	2020	Change
Premium income deficiency in covering current-year claim and operating costs	(587)	(487)	(100)
Investment income excess over the annual interest requirement on the liability from prior-years claims	1,760	1,625	135
Higher actuarial liabilities than previously anticipated for prior-years claims	(139)	(8)	(131)
Actuarial (losses) gains on latent occupational disease liability	(7)	4	(11)
Actuarial gains (losses) on employee benefit plans	344	(122)	466
<b>Total comprehensive income</b>	<b>1,371</b>	<b>1,012</b>	<b>359</b>
* This gain and loss table excludes costs relating to deposit-class (self-insured) employers, which are fully recoverable.			

Theoretically, under our funding model, premiums are intended to cover the current-year 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 2021, employer premiums were intentionally priced at less than the cost rate, contributing to the premium income deficit. In addition, actual costs were higher

than forecasted costs used for rate-setting purposes, further contributing to the premium income deficit. Overall, we had a net gain of \$1,371 million as the premium deficiency and higher actuarial valuation of claim benefit liabilities were offset by strong investment returns in excess of 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.



Betulla Burning Pizzeria general manager, Eoin Foley reviews health and safety information with Bryce Warner, line cook.

## Financial results as compared with plan, 2021

Comparison with financial plan			
(\$ millions)	2021 actual	2021 plan	More (less) than plan
Premium income	1,858	1,620	238
Investment income	2,691	841	1,850
Other income	6	8	(2)
<b>Total revenues</b>	<b>4,555</b>	<b>2,469</b>	<b>2,086</b>
Claim costs	3,200	3,071	129
Administration costs			
Prevention and administration costs	546	581	(35)
Less: Claim administration costs	(300)	(331)	(31)
Other operating costs			
Injury research and reduction initiatives	16	23	(7)
Bad debts	2	14	(12)
Investment costs	64	84	(20)
<b>Total expenses</b>	<b>3,528</b>	<b>3,442</b>	<b>86</b>
Operating surplus	1,027	(973)	2,000
Other comprehensive income	344	—	344
<b>Total comprehensive income</b>	<b>1,371</b>	<b>(973)</b>	<b>2,344</b>
Smoothed funding level	155%	148%	7 points

Each year, we provide a comparison of our financial results with our financial plan. In 2021, total comprehensive income was \$2.3 billion more than planned.

Our financial plan included a projected total comprehensive loss of \$1.0 billion, based on a budgeted shortfall in premium income to cover costs and higher projected claim benefit liabilities.<sup>46</sup> The planned premium income deficiency was a result of setting the average base premium rate below the average cost rate to continue to provide discounted rates to employers.

Further, we were conservative in our investment income projections, budgeting just enough income to cover the annual interest requirement<sup>47</sup> on claim benefit liabilities. While total costs were \$86 million higher than planned, total income, including other comprehensive income, was \$2.4 billion more, mostly because of investment income that was significantly higher than budgeted.

Premium income was \$238 million more than projected, mainly because of an increase in assessable payroll associated with the improving economy and lower unemployment rate.

Investment income was \$1.9 billion more than planned; and the investment return of 12.7 percent significantly exceeded the planned return of 3.9 percent.<sup>48</sup>

Claim costs were \$129 million more than planned, because of \$143 million higher actuarial valuations of claim benefit liabilities, partly offset by \$14 million lower benefit payments.

The changes in actuarial valuations were more than planned mainly because of an increase in the days lost from work, increased inflation, and wage growth.

Prevention and administration costs were \$35 million less than planned; this is attributed to staff vacancies as a result of recruitment challenges, lower actuarial valuations of the employee benefit plan liabilities,<sup>49</sup> and reduced spending on goods and services most impacted by COVID-19 prevention measures, such as travel, conference and training costs. With the lower administration costs, claim administration costs were also less.

Other total operating costs were \$39 million less than planned. This was primarily because of lower bad debt expenses resulting from the improved economy, and lower investment costs because of reduced portfolio management fees.

For other comprehensive income, we do not budget 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 Accident Fund funded level at 155 percent (smoothed assets compared to smoothed liabilities) was 7 percentage points higher than planned in 2021. The increase in smoothed assets was higher mostly because of the strong equity market performance resulting in higher portfolio investments.



## Looking ahead

For the fifth consecutive year, the 2022 average base premium rate remains unchanged at 1.55 percent. For the last 16 years, we have drawn on our excess investment returns to discount the base premium rate, providing rate stability for employers. The average base premium rate continues to be below the projected 2022 average cost rate of 1.76 percent.

Higher claim costs are resulting from increasing volume and longer claim duration, particularly driven by the growth of mental disorder claims, and secondary psychological<sup>50</sup> and chronic pain injuries. These costs are also driven by increased support for all injured workers as we work to meet their unique needs.

Additionally, the cost to administer claims is expected to increase as we address the growing number of complex injury claims and costs associated with implementing recent and possible future legislative changes. To continue to support

injured workers, we need to ensure appropriate staffing models are in place as the volume and mix of claims change. Continued investment in occupational health and safety efforts and price inflation will add additional cost pressures. If the trend of increasing claim costs continues, we expect that the average cost rate will increase in the long run.

Our investment portfolio has performed well, achieving higher than required return<sup>51</sup> over the last 10 years. However, we continue to be conservative in our future investment income outlook by not budgeting excess investment income over the annual interest requirement on claim benefit liabilities. In addition, in light of our surplus funded position, we expect to continue discounting premium rates; therefore, planned premium income will be intentionally below costs. As such, we have projected total comprehensive losses for the next three years.



Blacksmith Bakery barista, Erica Downie prepares a customer's order.



## Funded position

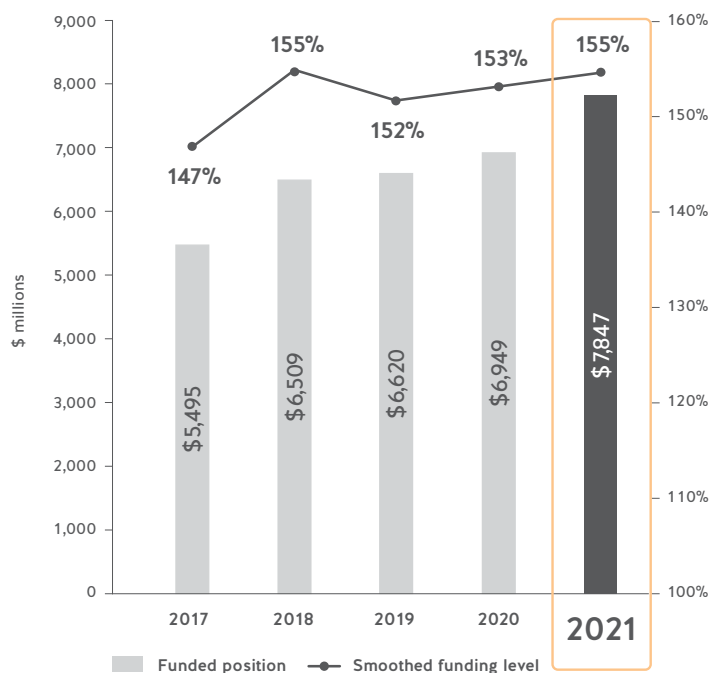
**\$898 million** (smoothed basis)  
12.9% higher than the prior year

WorkSafeBC has a legislated 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 in this area of a total asset level of no less than 130 percent of total liabilities (see KPI 8, page 58).

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., fair value at year-end). However, our required funding level is determined on the basis of smoothed accounting, which has a long-term perspective and is the basis for setting premium rates (to avoid rate volatility). For a comparison of the funded position on the IFRS basis versus the smoothed accounting basis, see the table below.

Our smoothed-basis funded position was \$7.8 billion at December 31, 2021, making our funded level 155 percent (smoothed assets compared to smoothed liabilities).

Funded position (smoothed basis)



### Changes in funded position

(\$ millions)	Unappropriated balance	Accumulated other comprehensive income (losses)	Reserves	Total
Funded position — January 1, 2021	4,430	(42)	3,922	8,310
Surplus for the year	1,027	—	—	1,027
Actuarial gains on employee benefit plans	—	344	—	344
Net transfer to reserves	(384)	—	384	—
<b>Funded position, IFRS basis — December 31, 2021</b>	<b>5,073</b>	<b>302</b>	<b>4,306</b>	<b>9,681</b>
The portion of investment and actuarial gains and losses deferred under the smoothed accounting approach*	(1,532)	(302)	—	(1,834)
<b>Funded position, smoothed accounting basis — December 31, 2021</b>	<b>3,541</b>	<b>—</b>	<b>4,306</b>	<b>7,847</b>

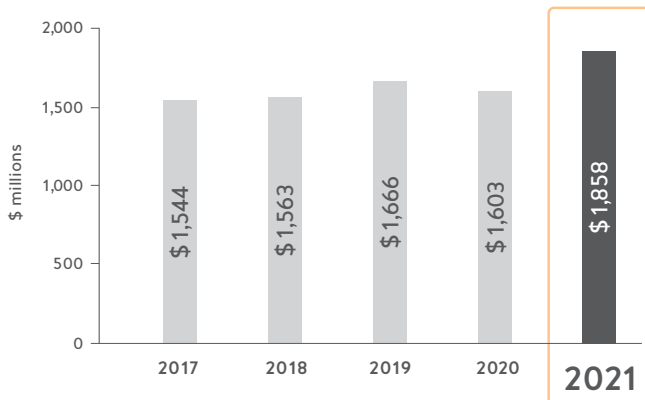
\*Actuarial gains and losses on employee benefit plans are included in the unappropriated balance in the smoothed accounting approach.

## Premium income

**\$255 million**  
15.9% higher than the prior year

In 2021, premium income (\$1.9 billion) accounted for 41 percent of total revenue, consisting mostly of assessments received from rateable employers and, to a much lesser extent, premiums from deposit-class<sup>52</sup> (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.

### Premium income



Premium income			
(\$ millions)	2021	2020	Change
Rateable employers	1,787	1,551	236
Deposit-class employers	71	52	19
<b>Total</b>	<b>1,858</b>	<b>1,603</b>	<b>255</b>
Average base premium rate	1.55%	1.55%	—
Assessable payroll (\$ billions)	\$123.9	\$110.0	\$13.9

With the average base premium rate unchanged from 2020, premium income from rateable employers was \$236 million higher in 2021. This increase is attributed to growth in the provincial assessable payroll as the economy improved and the unemployment rate decreased with the easing of COVID-19 prevention measures. The increase in assessable payroll was also due in part to the increase in the maximum assessable earnings stemming from legislative changes that came into effect in 2021.

As part of our ongoing effort to support B.C. employers affected by COVID-19, we continued to waive premiums for employers who were approved to receive the Canada Emergency Wage Subsidy for furloughed workers (i.e., employees on leave with full or partial pay).

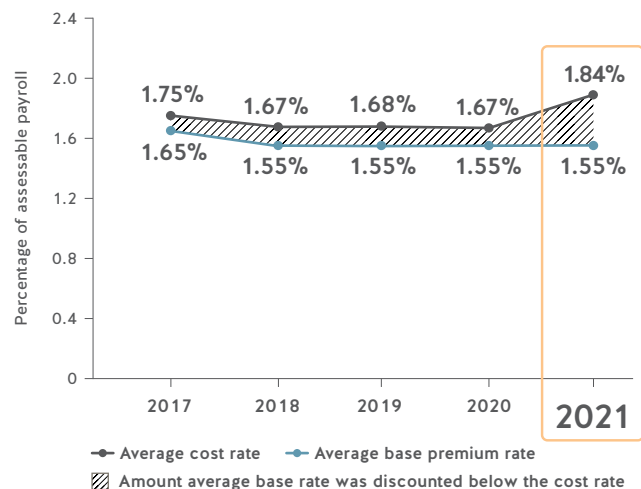
In 2021, premium income from deposit-class (self-insured) employers increased by \$19 million over the prior year, resulting from the recovery of higher claim costs incurred by these employers. This income includes the recovery of claim costs paid by WorkSafeBC on their behalf, and a portion of administration 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 following graph 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. The expected average cost rate in 2021 increased to 1.84 percent from 1.67 percent in 2020, primarily reflecting the recent increase in claim costs.

For 2022, we projected a decrease in the average cost rate to 1.76 percent. This is driven by projecting a higher assessable payroll partly from the increase in maximum assessable earnings stemming from legislative changes that went into effect in 2021. However, we anticipate increased cost pressures based on the current cost experience. It is expected that the average cost rate will increase if the trend of increasing claim costs continues, see page 74.

## 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, the average base premium rate has remained flat at 1.55 percent since 2018 even with the increase in the average cost rate in 2021. The average base premium rate remains unchanged at 1.55 percent for 2022.

## Investments

As outlined in the *Workers Compensation Act*, we maintain the 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, 2021, our investment portfolio, valued at \$23.2 billion, accounted for 95 percent of our total assets and generated \$2.7 billion of investment income, or 59 percent of total revenues. Based on long-term assumptions, we anticipate a gradual increase in the market values for our investments.

## Financial markets overview

As COVID-19 prevention measures eased, optimism for a strong economy, together with low interest rates, propelled equity markets to double-digit returns in 2021. Although equity markets were generally strong throughout most of 2021, there was some volatility in December owing to concerns about a new COVID-19 variant and possible economic effects. Developed global equity markets gained 20.7 percent in 2021; in fixed-income markets, relatively low bond yields increased and the Canadian bond market lost 2.5 percent.



Pipeline welders working  
in Fort St. John, B.C.

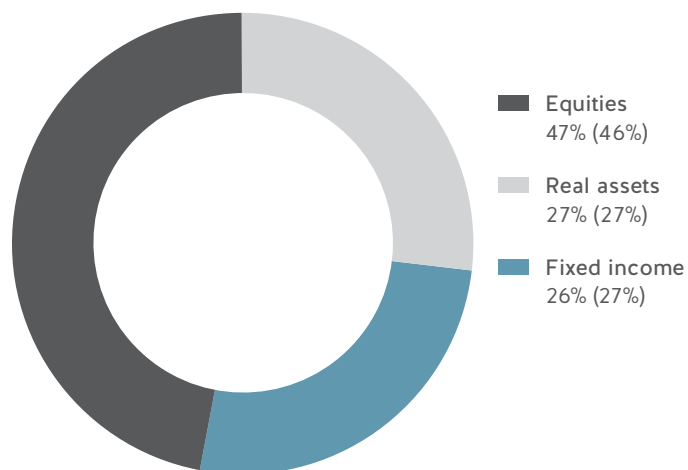
## Portfolio investments

**\$2.1 billion**  
10.2% higher than the prior year

The portfolio investments table below shows the value of WorkSafeBC investments by asset allocation category. In 2021, the portfolio value increased by \$2.1 billion over 2020, mainly because of reinvestment of earned investment income. This increase reflects \$2.7 billion in investment income less withdrawals required to fund claim payments, investment fees, and other operating costs not covered by current-year premiums.

Portfolio investments, 2021 (2020)

Portfolio investments			
(\$ millions)	2021	2020	Change
Fixed income	5,873	5,731	142
Equities	10,946	9,553	1,393
Real assets	6,333	5,734	599
<b>Total</b>	<b>23,152</b>	<b>21,018</b>	<b>2,134</b>



In 2021, we completed an asset-liability review for the investment portfolio. The review updated the long-term target asset mix strategy while incorporating up-to-date assumptions in areas such as inflation and investment return expectations. These reviews are conducted once every three to five years and allow us to maintain a prudent and diversified investment portfolio that reflects the most recent investment outlook and investment risk appetite.

The policy asset mix was revised effective in December 2021 based on the results from the asset-liability review. Our Investment Committee maintained an investment portfolio close to its asset allocation targets.<sup>53</sup> See the chart above for the asset mix of the portfolio at year-end.

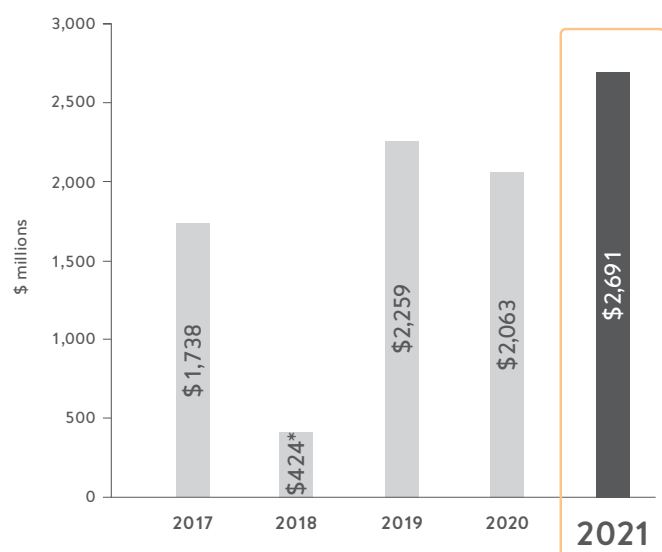


## Investment income

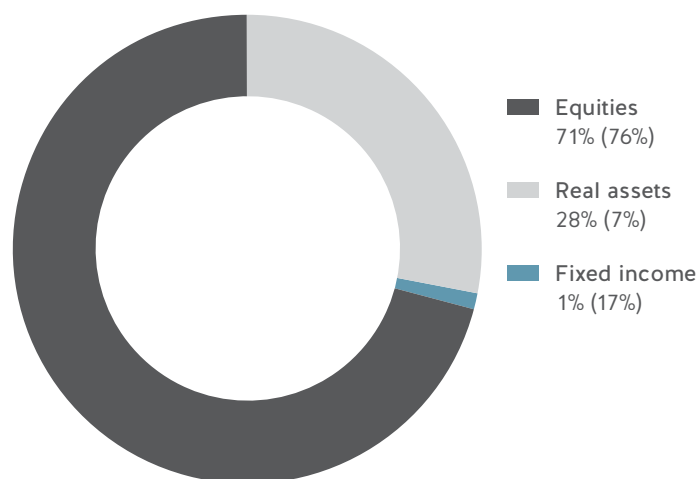
**\$628 million**  
30.4% higher than the prior year

In 2021, investment income was \$2.7 billion, \$628 million higher than in 2020. The investment portfolio returned 12.7 percent in 2021 (compared with 10.5 percent in 2020), net of investment fees; this is more than the investment policy benchmark<sup>54</sup> of 9.8 percent and significantly exceeding our actuarial assumption of 7.1 percent required rate of return<sup>55</sup> for the year. Major stock markets around the world reported significant gains during the year — equity investments made up 71 percent of our investment income in 2021.

Investment income



Investment income, 2021 (2020)



\*In 2018, investment income was significantly lower than in other years. Our investment portfolio had the lowest returns since the 2008 financial crisis due to losses in equity markets worldwide.

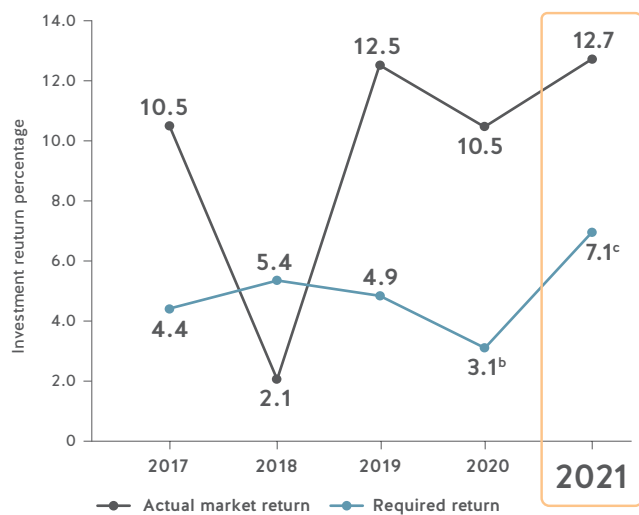
The table below provides a summary of the returns for our fixed income, equity, and real asset investments.

Investment income 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 income reported in this section is not reduced by investment management fees (see “Administration and other operating costs,” page 85, for a discussion of investment costs).

Investment income			
(\$ millions)	2021	2020	Change
<b>Asset class</b>			
Fixed income	33	343	(310)
Equities	1,910	1,568	342
Real assets	748	152	596
<b>Total</b>	<b>2,691</b>	<b>2,063</b>	<b>628</b>
<b>Income source</b>			
Income distributions from investments	1,607	577	1,030
Net realized gains on investments	711	423	288
Net unrealized gains on investments	373	1,063	(690)
<b>Total</b>	<b>2,691</b>	<b>2,063</b>	<b>628</b>

The performance of the investment portfolio is expected to fluctuate from year to year, similar to the financial markets. As such, it is important to focus on the longer-term average. Over the past five years, the investment portfolio achieved higher annualized returns than the required return. The five-year annualized return rate for 2017–2021 was 9.6 percent.

#### Market return versus required return<sup>a</sup>



<sup>a</sup> The rate of return is shown as net of investment fees.

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

<sup>c</sup> The required return is calculated based on the inflation rate plus WorkSafeBC's long-term expected rate of return of 2.4 percent. The return is higher in 2021 because of the increase in the inflation rate from 0.7 percent in 2020 to 4.7 percent in 2021.



Tegan, a young worker and 4-H club member on a tractor at the farm of Albert and Dean Finlay in Armstrong, B.C.

# Claims

Workers' compensation claims make up our largest cost (91 percent of total costs in 2021) and liability (95 percent of total liabilities at December 31, 2021).

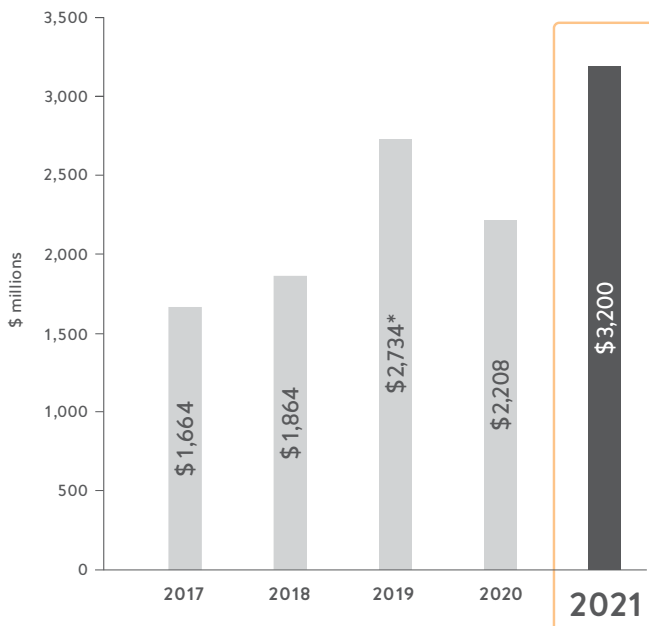
## Claim costs

**\$992 million**  
44.9% higher than the prior year

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 current-year 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.

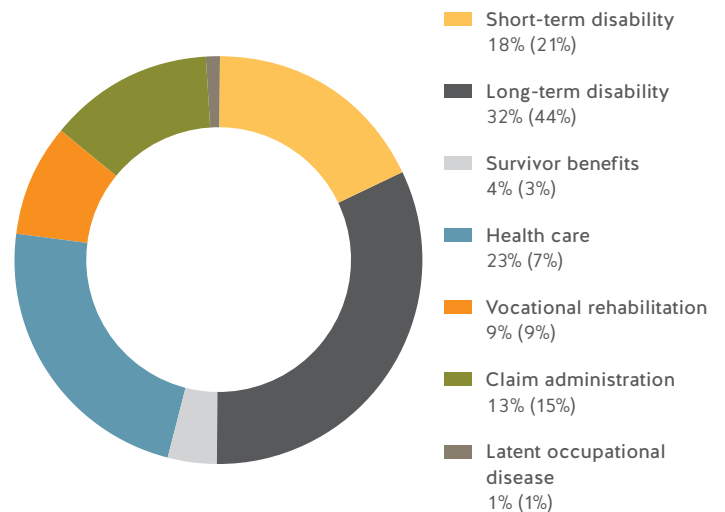
Long-term disability benefits account for a third of all claim costs, with health care and short-term disability benefits also contributing to a significant portion of the total costs.

### Claim costs



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

### Claim costs, 2021 (2020)



In 2021, total claim costs were \$3.2 billion, increasing by \$992 million over 2020. Benefit payments increased by \$149 million, and changes in actuarial valuations by \$843 million. All claim benefit costs increased as compared to 2020, a year that saw a reduced number of claims. A breakdown of claim costs by benefit type is provided in the table.

Claim costs							
(\$ millions)	2021			2020			
	Benefit payments	Change in actuarial valuation of benefit liabilities	Total	Benefit payments	Change in actuarial valuation of benefit liabilities	Total	Change
Short-term disability	480	79	559	434	46	480	79
Long-term disability	625	407	1,032	588	383	971	61
Survivor benefits	71	48	119	69	(8)	61	58
Health care	396	351	747	360	(208)	152	595
Vocational rehabilitation	195	85	280	164	36	200	80
Claim administration	300	118	418	303	29	332	86
Latent occupational disease	—	45	45	—	12	12	33
<b>Total</b>	<b>2,067</b>	<b>1,133</b>	<b>3,200</b>	<b>1,918</b>	<b>290</b>	<b>2,208</b>	<b>992</b>

The most notable cost increase in 2021 was in health care benefits. In particular, health care payments and corresponding actuarial valuation of the benefit liability, reduced in 2020 as a result of limited access to health care services in the initial phase of the COVID-19 pandemic. In 2021, health care providers adjusted to the pandemic prevention measures, resulting in more normalized access to health care services.

Other claim benefit costs increased during the year, primarily because of wage growth, inflation, and a greater number of days lost from work.



## Claim benefit payments

 **\$149 million**  
7.8% higher than the prior year

Total claim benefit payments increased by 7.8 percent in 2021. Short-term disability payments totalling \$480 million were \$46 million, or 10.6 percent, higher than in 2020. This increase was a result of more claims during the year and an increase in the average daily wage-loss rate, which increased to \$132.16 from \$124.64.

Claims for work-related COVID-19 illnesses contributed to an increase in short-term disability payments; we accepted 3,534 claims, amounting to \$21.4 million in 2021.

Long-term disability payments, which continue to be the largest category of payments on an annual basis, totalled \$625 million, an increase of \$37 million, or 6.3 percent, over 2020. This increase was primarily due to a higher number of pensions paid in the year, as well as the annual inflation adjustment for existing pensions.

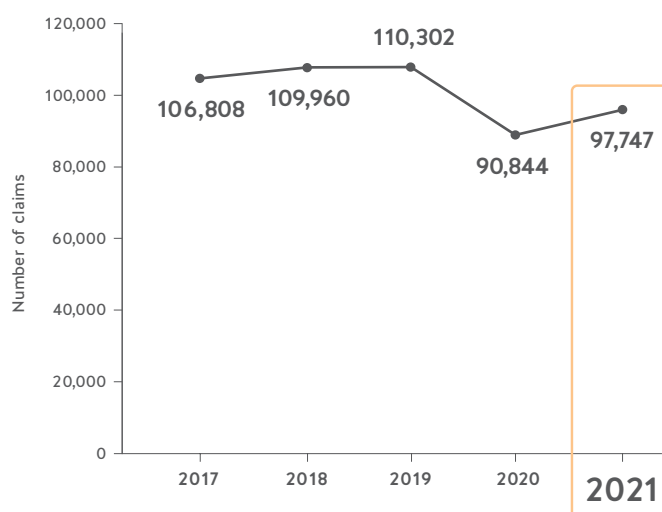
Survivor benefit payments continued to remain stable, at \$71 million for 2021. These payments have remained at approximately the same level for the last five years.

Health care payments increased by \$36 million, or 10.0 percent, to \$396 million. Primary expenditures in this category were for services related to hospitals, physicians, hearing aids, physiotherapy, home care, and mental disorder injury treatment.

Vocational rehabilitation benefit payments grew by \$31 million, or 18.9 percent, in 2021, mainly because programs deferred in 2020 resumed. Uncertainties with the pandemic continued to create challenges finding job placements and helping workers return to meaningful work.

The cost to administer claims totalled \$300 million, slightly lower than 2020 owing to staff turnover and vacancies. Further discussion on the administration costs is provided in “Administration and other operating costs,” page 85.

Number of claims first paid\*



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

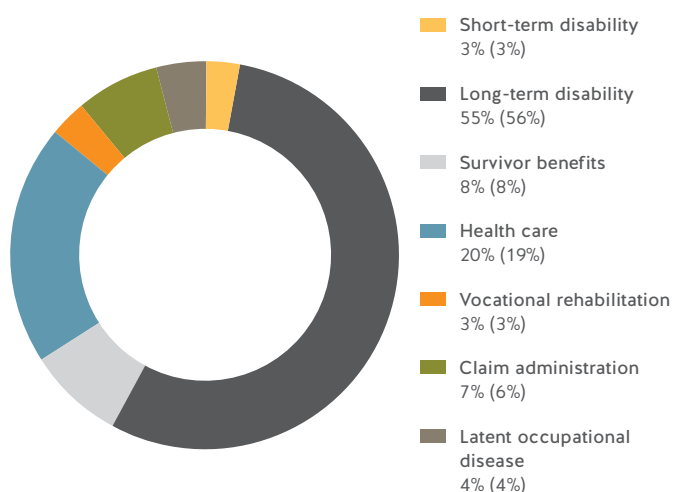
## Claim benefit liabilities

**\$1.1 billion**  
8.8% higher than the prior year

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 2021, 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 94.

Claim benefit liabilities, 2021 (2020)



Claim benefit liabilities									
(\$ millions)	2021				2020				Change
	Unfinalled claims	Pension awards	Future claims	Total	Unfinalled claims	Pension awards	Future claims	Total	
Short-term disability	490	—	—	490	411	—	—	411	79
Long-term disability	2,648	5,037	—	7,685	2,425	4,853	—	7,278	407
Survivor benefits	148	926	—	1,074	134	892	—	1,026	48
Health care	2,864	—	—	2,864	2,513	—	—	2,513	351
Vocational rehabilitation	445	—	—	445	360	—	—	360	85
Claim administration	947	—	—	947	829	—	—	829	118
Latent occupational disease	—	—	559	559	—	—	514	514	45
<b>Total</b>	<b>7,542</b>	<b>5,963</b>	<b>559</b>	<b>14,064</b>	<b>6,672</b>	<b>5,745</b>	<b>514</b>	<b>12,931</b>	<b>1,133</b>

In 2021, total benefit liabilities increased by \$1.1 billion (or 8.8 percent). A breakdown of the total liability increase by claim benefit type is shown in the table. The change was mainly driven by an increase in long-term disability liability and health care liability due to the factors discussed on page 82.

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 \$1.5 billion. See Note 10 of the consolidated financial statements, page 136, for further information on net discount rates<sup>56</sup> used in calculating the various components of benefit liabilities.

## Future payment pattern

Benefit liabilities consist of two 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 (long-term disability) or survivors of fatally injured workers. As the award amounts are already known, the potential estimation error in this \$6.0 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 unfinalled claims liability is currently estimated at \$7.5 billion. While we cannot determine the exact measure of uncertainty in the unfinalled claim liability estimate, historical data suggests that it could range from plus 20 percent to minus 20 percent (a range of about \$1.5 billion).

Other factors could also influence a change in liability value. These include short-term disability duration, the success of vocational rehabilitation initiatives to return injured workers to work, the likelihood of injured workers receiving long-term disability awards, the cost of health care services, new information regarding future long-latency occupational disease, 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.

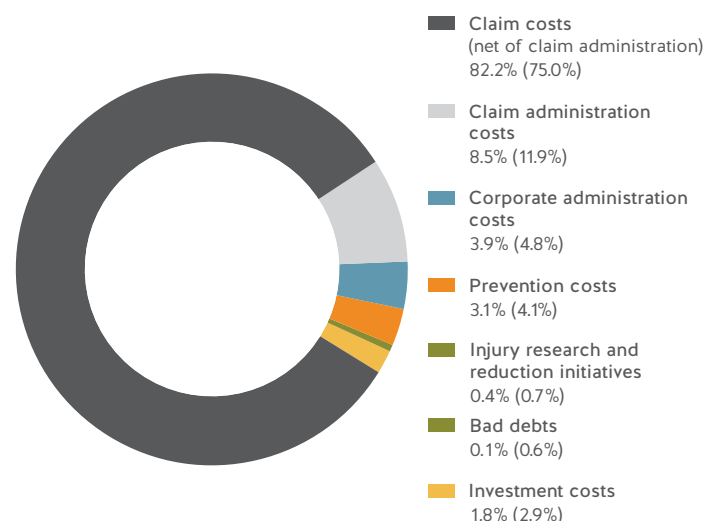
## Latent occupational disease

With respect to the provision for future long-latency occupational disease claims, workers' compensation organizations are required to recognize a liability for long-latency occupational diseases.<sup>57</sup> 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, 2021, this liability was valued at \$559 million, an increase of \$45 million from the previous year.

## Administration and other operating costs

WorkSafeBC pays 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 (WCAT) and the Workers' and Employers' Advisers offices are included in claim administration and corporate administration costs. Administration costs accounted for 16 percent of total costs, and other operating costs — injury research and reduction initiatives, bad debts, and investment costs — accounted for 2 percent of total costs.

Operating costs, 2021 (2020)



## Administration costs

**\$16 million**  
3.0% higher than the prior year

In 2021, total administration costs increased by \$16 million over 2020.

Prevention strategies are critical to our risk-based approach to workplace health and safety. We engage employers and workers in risk reduction through education, consultation, and enforcement. In 2021, we continued to invest in occupational disease prevention, implement prevention strategies for high-risk sectors, and support psychological health and safety (see KPI 1, page 42). Prevention costs were \$110 million in 2021, 6 percent more than in 2020.

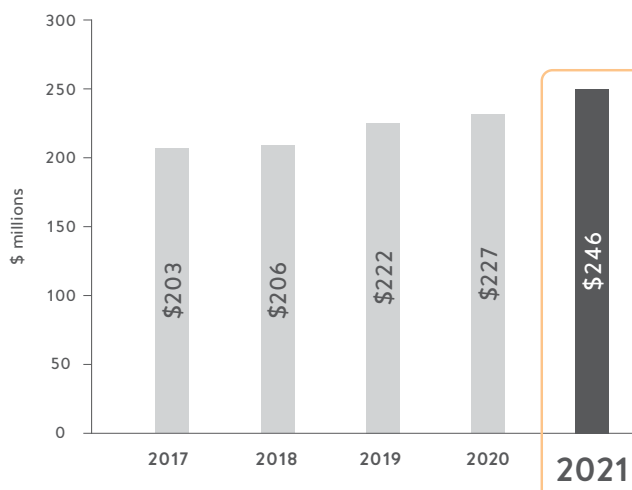
The cost to administer claims include costs for adjudicating and managing claims and processing claim payments. These costs reduced slightly in 2021 as a result of staff turnover and vacancies. They are reported as a part of total claim costs, in keeping with the standardized presentation of financial statements by workers' compensation organizations in Canada.

Corporate administration costs increased by \$13 million (10.6 percent) over 2020, primarily because employee pension expenses increased as a result of actuarial adjustments, partially offset by savings on travel costs due to COVID-19.

See Note 15 of the consolidated financial statements, page 142, 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 KPI 9, page 61). In 2021, the administration cost ratio was 0.43 percent — better than the target range for the year, and better than the 2020 result of 0.47 percent. This result was because of a larger-than-projected increase in the provincial assessable payroll, which offset the increase in administration costs. See KPI 9, page 62, for further discussion.

Net administration costs\*



\*Administration costs shown in this chart are net of claim administration costs.

### Administration costs

(\$ millions)	2021	2020	Change
Prevention costs <sup>a</sup>	110	104	6
Claim administration <sup>b</sup>	300	303	(3)
Corporate administration <sup>c</sup>	136	123	13
<b>Total administration costs</b>	<b>546</b>	<b>530</b>	<b>16</b>
Less: claim administration costs (reclassified to claim costs)	(300)	(303)	3
<b>Net administration costs</b>	<b>246</b>	<b>227</b>	<b>19</b>

<sup>a</sup> In 2021, the presentation of administration costs was changed to include associated overhead relating to prevention services in prevention costs. Overhead costs were previously recorded as part of corporate administration. The change was made to reflect a more accurate representation of costs relating to the provision of prevention services; figures for 2020 have been reclassified accordingly.

<sup>b</sup> Claim administration has been classified as claim costs in the financial statements (a standard format for financial statements of workers' compensation organizations). Net administration costs of \$246 million is reported in the statement of comprehensive income.

<sup>c</sup> WCAT, Review Division, and Workers' and Employers' Advisers accounted for \$44 million (\$45 million in 2020) of our total administration costs, with \$29 million (\$29 million in 2020) included in claim administration costs and the remaining \$15 million (\$16 million in 2020) included in corporate administration costs.



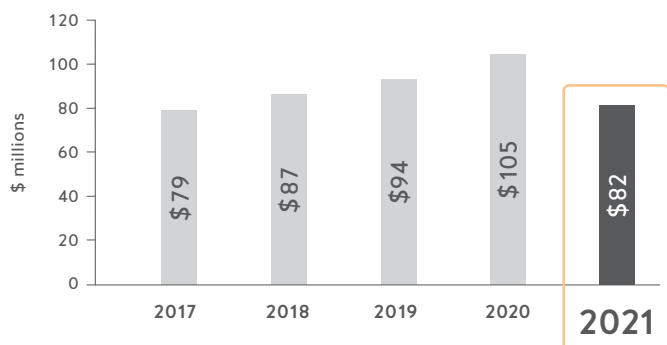
## Other operating costs

**\$23 million**  
21.9% lower than the prior year

In 2021, other operating costs decreased by \$23 million compared with 2020.

Expenses for injury research and reduction initiatives decreased by \$1 million. Bad debts decreased by \$13 million because of a lower collection inventory and a lower provision for identified at-risk accounts as the economy improved. Investment costs decreased by \$9 million because of lower fees for most of the funds in the investment portfolio.

### Other operating costs



Other operating costs			
(\$ millions)	2021	2020	Change
Injury research and reduction initiatives	16	17	(1)
Bad debts	2	15	(13)
Investment costs	64	73	(9)
<b>Total</b>	<b>82</b>	<b>105</b>	<b>(23)</b>

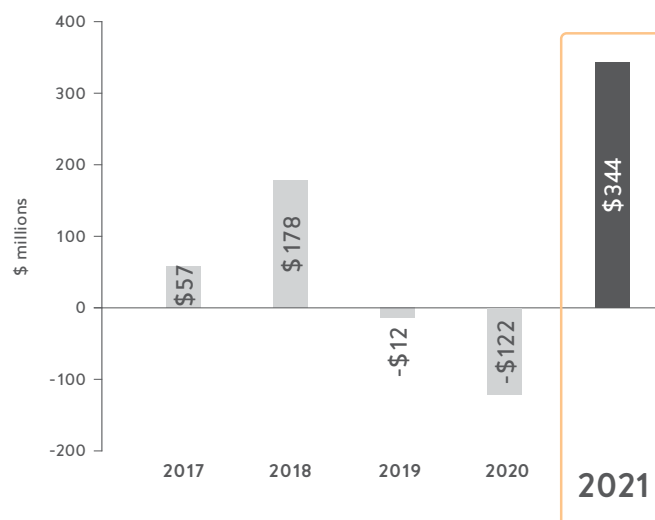
## Other comprehensive income

**\$466 million**  
higher than the prior year of -\$122 million

Other comprehensive income reflects gains or losses on remeasurements of asset and liability values. These are the result of deviations from actuarial assumptions for both the valuation of employee benefit plan liabilities and the return on pension plan assets. The International Accounting Standards Board (IASB) has deemed it necessary to separate changes due to these remeasurements from changes due to operating results, 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 2021, net actuarial gains of \$344 million resulted from changes in actuarial assumptions used to value the liabilities of the employee pension and retiree medical benefit plans totalling \$141 million, and a higher-than-expected return on pension plan assets of \$203 million.

### Other comprehensive income



## Accounting standards

We prepare our consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), which are issued by the IASB. 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 will be effective January 1, 2023, for organizations in the insurance industry, including all workers' compensation boards across Canada; it is expected to have a significant effect on our financial reporting under the IFRS basis. We project increased volatility in our future reporting of financial results because of the requirement to measure the present value of claim benefit liabilities using a variable market-based real discount rate,<sup>58</sup> rather than the more stable long-term real discount rate<sup>59</sup> used currently. If low interest rates persist into 2023, we will also see an increase in the valuation of our claim benefit liabilities. As discount rates (used to value liabilities) decrease, the present value of liabilities increase, and vice versa.

Another potentially significant change is the timing of recognizing premium income shortfalls in covering current-year claim and operating costs, which results when we set premium rates lower than cost rates.<sup>60</sup> We currently recognize losses from premium income deficiency in the assessment year (see the "Gain and loss analysis" table, page 72). Earlier recognition of these losses may be required — IFRS 17 requires insurance contract losses to be recognized when the net deficits are known to occur (i.e., when lower-than-cost premium rates are announced in the fall each year). That is, the premium income deficiency may need to be recognized in the year prior to the year of coverage.

To illustrate the possible effect, if IFRS 17 was in place at December 31, 2021, our claim benefit liabilities would have been about \$2 billion higher than reported in this year's financial statements, which in turn would have decreased the reported funded position by the same amount. As a result, the IFRS-basis funded ratio would have decreased by about 20 percentage points, from 166 percent to 146 percent.

The new accounting standard will apply only to our IFRS-basis consolidated financial statements published in our annual report; the new standard will not apply to the smoothed-basis<sup>61</sup> financial statements used for the purposes of setting premium rates and managing the funding level (see "Financial context," page 23). 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 value of our investment portfolio, employer premium rates, or worker benefits.

When implemented, the new standard will also change how we present our financial statements, including the separation of insurance from financing activities, and increased note disclosures. We have been working with other workers' compensation boards across Canada to determine accounting policies under IFRS 17. The Canadian Institute of Actuaries will also be publishing an Educational Note to provide guidance on the application of IFRS 17 for workers' compensation boards in Canada. We will continue to refine our transition plan in 2022 and 2023.

# Planning and oversight

## The business planning and budget process

To support the strategic direction set out by our Board of Directors, each year we develop and update a three-year business plan. The business plan prioritizes our activities and spending for the year, ensuring we meet our commitments to B.C.'s workers and employers. Through the business plan, we establish goals and outcomes for each of the identified priorities in our strategic plan (see page 33). In the annual budget, we request approval from the Board of Directors to fund initiatives to help us achieve the planned outcomes.

At the end of each quarter, progress against the business plan and spending compared with the budget is reviewed by the Enterprise Leadership Team and reported to the Board of Directors.

## Enterprise risk management

Like any organization, we are susceptible to risks that could lead to significant consequences if unmitigated. Our strategic framework requires that management review external and internal factors that may introduce risk in delivering on our strategic priorities. As such, our enterprise risk management program works with all areas of the organization to identify and understand those risks, and to ensure that appropriate controls are in place. The Policy, Regulation, and Research Committee, Governance Committee, Human Resources and Compensation Committee, and Audit Committee receive semi-annual reporting on key risk factors, including assessments of the potential consequences of a risk and the likelihood that they will occur, as well as the effectiveness of our risk management strategies.

The overall impact of the COVID-19 pandemic on our enterprise risk management assessment remains low and is not expected to be a factor in the long term. We will continue to monitor the pandemic and address potential effects as necessary in 2022 and beyond.

Management has identified the following risk exposures as having the potential to significantly impact the organization and our operations.

### Workplace health and safety risk

We continue to strengthen our workplace injury and disease prevention efforts to combat the risk of being perceived as failing to diligently fulfill our role as a regulator. Not effectively addressing this risk could lead to a loss of public and stakeholder confidence and trust, and potentially hinder the effectiveness of our prevention activities.

We engage and collaborate with employers, workers, and industry and labour associations to strengthen our relationships and the delivery of our workplace health and safety message. A lack of consultation, collaboration, or communication could cause stakeholders to become disengaged, hindering our ability to leverage our partnerships in furthering our health and safety mandate.

We track emerging issues resulting from social, economic, or technological change that could result in significant injury, disease, or death. Management routinely evaluates these risks and implements plans to respond appropriately. This approach includes trying to identify and mitigate new and emerging occupational diseases.

### Claim management risk

The increased reliance on technology has changed stakeholders' service expectations. Increasingly, we need to provide more personalized service with expanded options to access information. Our ability to respond is important in improving return-to-work outcomes and in maintaining stakeholder confidence. We continue to monitor our service delivery model to ensure we can respond to the pace of changing expectations.

An increase in mental disorder and chronic pain injuries is creating greater overall claim and injury complexity. This is challenging existing service and treatment interventions and affecting return-to-work and recovery outcomes for these injured workers. To continue our commitment to worker-centred compensation and rehabilitation, we continue to seek ways to strengthen our programs and initiatives, better aligning resources to support injured workers and mitigate the impacts of these complex injuries. This is an area of continued focus for us.

In addition, societal or technological changes in the labour market or the economic climate could make it more difficult to find return-to-work opportunities for some injured workers. Access to existing programs and services that promote recovery and return to work may also be affected by the limited availability of health care providers and resources for more complex injuries. Our vocational rehabilitation programs aim to help injured workers to return to safe employment, and we continue to work on delivering timely and effective supports for them.

### Business interruption risk

In the event of a business disruption, we have a corporate business continuity plan in place to ensure that critical services can be maintained or expeditiously restored. We test this plan by conducting simulated scenarios involving our emergency response team, communications staff, and senior management and then analyze these scenarios.

## Stakeholder relations risk

Support from workers, employers, and labour and industry stakeholders for our policies, practices, and initiatives is key to our ability to deliver on our mandate and strategic priorities. We continue to meet with stakeholders to provide updates and discuss policy, practice, and significant operational issues, and strive to maintain or improve our relationships with them to ensure continued support.

## People and culture risk

Inability to attract and retain people with the right skills and competencies in the right roles could negatively impact our ability to meet our strategic priorities and the delivery of our mandate. There are growing concerns within Canada about this risk of not being able to attract and hire qualified people, largely because of vulnerabilities created by the COVID-19 pandemic. Some examples of pandemic-related risks include workforce exhaustion and deteriorating mental health, skills obsolescence, the expectation of employers as social safety nets, the changing nature of work, and the pace of the change. Changes in both the internal and external work environments, in the demographics of the workforce, and in the nature of the work itself are also leading to increased levels of attrition and illness.

We respond proactively to recruitment needs and regularly monitor risks associated with talent acquisition and succession planning with a future-focused view. The focus on employee engagement and experience is demonstrated through our commitment to creating a culture of inclusion and belonging, to physical and psychological safety, and to leadership development and growth opportunities. We believe these strategies will increase the effectiveness and performance of the organization.

## Financial risk

We have established capital management procedures to manage risks to the long-term financial sustainability of the workers' compensation system. These include a capital adequacy policy and a minimum required funding level set by our Board of Directors (see KPI 8, page 58), a prudent asset mix in our investment portfolio, and financial accountability set through our financial policies and procedures.

Our investment portfolio is diversified (i.e., invested in public and private debts, public and private equities, real estate, and infrastructure and renewable resources). There are always risks that the investment portfolio will not be sufficiently liquid or will suffer a significant loss (e.g., from stock or bond market crashes). Such a loss could impact the overall health of the workers' compensation system and could result in higher future premium rates if the investment portfolio does not generate enough income to supplement premium income over the long term. To manage these risks, we periodically conduct asset liability studies to ensure we have a prudent investment policy, with oversight from our board-appointed Investment Committee.

Management is responsible for maintaining cost-effectiveness and is accountable for the services we deliver. As such, we have implemented a system of internal controls to ensure that appropriate financial policies and procedures are in place. These controls manage and monitor the use of financial resources and the reliability of our financial information and reporting. As noted in the "Internal controls" section, management assesses the effectiveness of the controls, and results are reported by the chief financial officer to the Audit Committee of the Board of Directors.

## Information privacy and technology risk

Unauthorized collection of, use of, disclosure of, access to, or storage of personal or confidential information through intentional actions, or inadequate knowledge, processes, and security could result in a lack of confidence in our safeguarding of confidential information. Our information technology security program has appropriate policies, procedures, and technical controls in place to protect critical information assets.

Our Freedom of Information and Protection of Privacy Office maintains a privacy management program that includes a privacy policy; legislatively mandated privacy impact assessments; organization-wide training; and privacy breach protocols, monitoring, and reporting to oversee and ensure compliance with the *Freedom of Information and Protection of Privacy Act*. Our *Code of Business Ethics and Behaviour* and other People and Culture policies enforce compliance with our privacy obligations.

Systems and technology are critical to operations and decision support. Appropriate strategies and governance structures are in place to ensure systems and technology remain effective, efficient, and reliable. Systems resiliency and recovery procedures for core business application systems are also in place.

## Internal controls

WorkSafeBC's management is responsible for establishing and maintaining adequate internal controls to reasonably assure the Audit Committee of the Board of Directors that our financial reporting is reliable and that we are complying with established financial policies and procedures. We have developed a plan for the overall internal controls assurance program based on the internal control framework of the Committee of Sponsoring Organizations of the Treadway Commission.<sup>62</sup>

Once a year, management acknowledges their responsibilities for internal controls by going through a series of self-assessment checklists at all levels. In this way, the chief financial officer can assure the Audit Committee that key internal controls are in place and functioning effectively. Our Internal Audit department verifies the self-assessments of internal controls on a sample basis, and provides advice and ongoing support to management in how to achieve internal control objectives.





BCIT joinery student, Shiori Ito working in the Burnaby campus joinery shop.

# Consolidated Financial Statements

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## 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.

*Original signed by Anne Naser*

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**Anne Naser**  
President and Chief Executive Officer  
WorkSafeBC

*Original signed by Mark Heywood*

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**Mark Heywood, CPA, CA, CIA**  
Chief Financial Officer  
WorkSafeBC

April 27, 2022

## 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.

The liabilities under pension awards, capitalized values are for pensions in payment, and include the effect of cost-of-living increases granted effective January 1, 2022. They have been computed using the same assumptions used for the valuation as at December 31, 2020, except for a reduction of 0.3 percent in the net discount rate used to discount claims administration expenses. A net interest rate of 3.4 percent was used to discount pensions. This rate makes implicit provision for the future indexing of pensions on the assumption that investment earnings on WorkSafeBC's assets will exceed increases in the Consumer Price Index (CPI) by 2.4 percent per year, over the long-term, and that indexing will be provided at CPI minus 1.0 percent. The mortality rates used make allowance for future mortality improvement.

The provision for unfinalled claims represents the liabilities for future claims costs in respect of injuries, which occurred during 2021 and prior years, including future pensions other than those already in payment, and future claim administration expenses. It is based on projections of future claim payments and awards using

ratios developed from WorkSafeBC's claims experience, average benefit rates, net discount rates reflecting the real rate of return above and, where applicable, the mortality and other assumptions used for computing pension liabilities. The health care liability is calculated assuming that healthcare costs will increase at the same rate as investment returns, resulting in a net discount rate for this liability of 0.0 percent.

The methods used in calculating the above mentioned liabilities were substantially the same as those employed in the previous valuation as at December 31, 2020.

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 discounted to the valuation date and are adjusted to reflect the estimated portion of the total latency period exposure which has already transpired.

In our opinion, the data are sufficient and reliable for the purposes of the valuation, the assumptions made and the methods used are appropriate for the purposes of the valuation. In our opinion, the resulting amounts set out below make reasonable provision, as at December 31, 2021, for the future benefit and claims administration expenditures of WorkSafeBC in respect of injuries to December 31, 2021. Our review has been carried out, and our opinions given, in accordance with accepted actuarial practice in Canada.


(\$ thousands)	Pension awards, capitalized values	Provision for unfinalled claims	Latent occupational disease	Total
Benefit liabilities:				
Short-term disability .....	—	489,919	—	489,919
Long-term disability .....	5,037,230	2,647,800	—	7,685,030
Survivor benefits .....	925,707	147,885	—	1,073,592
Health care .....	—	2,864,894	—	2,864,894
Vocational rehabilitation .....	—	445,024	—	445,024
Claim administration .....	—	947,075	—	947,075
Latent occupational disease .....	—	—	559,129	559,129
	<b>5,962,937</b>	<b>7,542,597</b>	<b>559,129</b>	<b>14,064,663</b>



Richard A. Border, FIA, FCIA

Actuaries with the firm of Eckler Ltd

March 22, 2022



Euan Reid, FIA, FCIA





## Independent auditor's report

To the Board of Directors of WorkSafeBC

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### 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, 2021 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, 2021;
- 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.

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### 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.

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### 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.

PricewaterhouseCoopers LLP  
PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7  
T: +1 604 806 7000, F: +1 604 806 7806

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

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.

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### **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.

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### **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 27, 2022

# Consolidated statement of financial position

## (\$ Canadian thousands)

	Note	December 31, 2021	December 31, 2020
<b>Assets</b>			
Cash.....	6	64,369	—
Receivables.....	3	692,245	611,121
Portfolio investments.....	4	23,151,991	21,018,437
Property, equipment, intangible assets, and right-of-use assets.....	5	276,858	285,816
Benefit assets of employee pension plans.....	9	237,379	—
<b>Total assets</b>		<b>24,422,842</b>	<b>21,915,374</b>
<b>Liabilities and funded position</b>			
Outstanding payments.....	6	30,371	32,870
Payables and accruals.....	7	133,697	111,397
Injured workers' retirement benefit liability.....	8	155,765	130,312
Employee benefit liabilities.....	9	357,532	399,564
Claim benefit liabilities.....	10	14,064,663	12,931,451
<b>Total liabilities</b>		<b>14,742,028</b>	<b>13,605,594</b>
Unappropriated balance.....		5,072,583	4,429,672
Accumulated other comprehensive income (loss).....		302,231	(41,892)
Reserves.....	11	4,306,000	3,922,000
<b>Total funded position</b>		<b>9,680,814</b>	<b>8,309,780</b>
		<b>24,422,842</b>	<b>21,915,374</b>

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

Authorized for issue on April 27, 2022 on behalf of the WorkSafeBC Board of Directors:

*Original signed by Jeff Parr*

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

*Original signed by Donald Smith*

**Donald Smith, FCIA**  
Chair, Audit Committee  
WorkSafeBC



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

	Note	2021	2020
Income			
Premium income.....	12,13	1,858,216	1,603,270
Investment income.....	4	2,690,956	2,062,778
Other income.....	14	6,079	8,105
<b>Total income .....</b>		<b>4,555,251</b>	<b>3,674,153</b>
Expenses			
Claim costs	10		
Benefit payments .....		2,066,643	1,917,058
Changes in actuarial valuation of benefit liabilities.....		1,133,212	290,637
		3,199,855	2,207,695
Prevention and administration costs	15		
Prevention costs.....		109,972	103,703
Administration costs.....		436,603	426,603
Less: Claim administration costs.....		(299,980)	(302,552)
		246,595	227,754
Injury research and reduction initiatives.....	16	16,216	16,698
Investment costs .....	4	64,039	73,277
Bad debt expense .....	3	1,635	15,070
<b>Total expenses.....</b>		<b>3,528,340</b>	<b>2,540,494</b>
<b>Surplus for the year .....</b>		<b>1,026,911</b>	<b>1,133,659</b>
Other comprehensive income (loss)			
Actuarial gains (losses) on employee benefit plans .....	9	344,123	(121,958)
<b>Total comprehensive income .....</b>		<b>1,371,034</b>	<b>1,011,701</b>

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

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

	Note	December 31, 2021	December 31, 2020
Unappropriated balance — opening balance .....		4,429,672	3,566,013
Surplus for the year .....		1,026,911	1,133,659
Appropriation to special reserves .....	11	(175,000)	—
Appropriation to Capital Adequacy Reserve .....	11	(209,000)	(270,000)
<b>Unappropriated balance — closing balance .....</b>		<b>5,072,583</b>	<b>4,429,672</b>
Accumulated other comprehensive income — opening balance .....		(41,892)	80,066
Actuarial gains (losses) on employee benefit plans .....	9	344,123	(121,958)
<b>Accumulated other comprehensive income (loss) — closing balance...</b>		<b>302,231</b>	<b>(41,892)</b>
Reserves — opening balance .....	11	3,922,000	3,652,000
Appropriation to special reserves from unappropriated balance .....		175,000	—
Appropriation to Capital Adequacy Reserve from unappropriated balance .....		209,000	270,000
<b>Reserves — closing balance .....</b>		<b>4,306,000</b>	<b>3,922,000</b>
<b>Total funded position .....</b>		<b>9,680,814</b>	<b>8,309,780</b>

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

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

	Note	2021	2020
Cash obtained from (used for) operating activities			
Cash received from:			
Employer premiums.....		1,775,972	1,583,118
Other.....		6,079	8,105
		1,782,051	1,591,223
Cash paid to:			
Claimants or third parties on behalf of claimants.....		(1,766,664)	(1,614,506)
Employees and vendors for goods and services.....		(494,692)	(463,269)
		(2,261,356)	(2,077,775)
<b>Net cash flow used for operating activities .....</b>		<b>(479,305)</b>	<b>(486,552)</b>
Cash obtained from (used for) investing activities:			
Sale of portfolio investments.....		6,399,028	5,753,436
Purchase of portfolio investments.....		(5,840,381)	(5,232,292)
Disposal of property, equipment, and intangible assets .....		220	440
Purchase of property, equipment, and intangible assets.....		(12,694)	(29,091)
<b>Net cash flow obtained from investing activities.....</b>		<b>546,173</b>	<b>492,493</b>
Net increase in cash and outstanding payments .....		66,868	5,941
Cash and outstanding payments — January 1 .....		(32,870)	(38,811)
<b>Cash and outstanding payments — December 31 .....</b>	<b>6</b>	<b>33,998</b>	<b>(32,870)</b>

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

# Notes to the consolidated financial statements for the year ended December 31, 2021

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* (the 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 "Financial context," page 23). 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, 2021, adopted by the Accounting Standards Board 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 50 (2020: 64) 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.



## Note 2 — continued

### Use of estimates and measurement uncertainty

In accordance with IFRS, WorkSafeBC's consolidated financial statements include management's judgments, assumptions, and estimates 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. Measurement 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. Claim benefit liabilities and costs (Note 10); accrued premiums (Note 12); employee benefit assets, liabilities, and costs (Note 9); and Level 3 portfolio investments (Note 4) are the most significant items reflecting estimates in these consolidated financial statements.

In 2021, the global COVID-19 pandemic continued to affect the operations and certain balances and transactions recorded within the financial statements. These include portfolio investments (Note 4), employee pension plan assets (Note 9), and claim benefit liabilities and costs (Note 10). WorkSafeBC continues to closely monitor developments related to the pandemic and its existing and potential effect on results and operations. Assessments of the effects 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 the notes on the accounting topics.

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3	Receivables	104
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### Changes in accounting policy

#### International Financial Reporting Standards issued and in effect during 2021

No new or amended International Financial Reporting Standards (IFRS) were adopted by WorkSafeBC in 2021.

#### International Financial Reporting Standards issued but not in effect in 2021

IFRS 17 (*Insurance Contracts*) was issued on May 28, 2017, and will replace IFRS 4 (*Insurance Contracts*). In June 2019, the International Accounting Standards Board issued an exposure draft to amend IFRS 17. The amended standard was issued in June 2020, with an effective date for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted.

This standard is expected to have a significant impact on the valuation of WorkSafeBC's claim benefit liabilities. Increased volatility in financial results is expected, reflecting the requirement to measure the present value of claim benefit liabilities using a variable market-based discount rate rather than the stable long-term real discount rate used currently.

## Note 2 — continued

IFRS 17 requires the recognition of estimated premium income shortfalls from contracts when a deficiency is known to occur. This could result in a significant change in the timing of the recognition of premium income deficiency in covering current-year claim and operating costs, which results when WorkSafeBC sets premium rates below the cost rates. We currently recognize losses from premium income deficiency in the year of insurance coverage. As such, early recognition of these losses may be required when the net deficits are known to occur (i.e., when premium rates are announced in the fall each year). That is, the premium income deficiency may need to be recognized in the year prior to the year of coverage.

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.

### Changes in presentation

In 2021, WorkSafeBC changed the presentation of prevention and administration costs, with the associated overhead expenses relating to prevention services now part of prevention costs, previously recorded as part of administration costs. The change was made to reflect a more accurate representation of costs relating to the provision of prevention services. Refer to Note 15 for more information.

## 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 current-year 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 including.

### 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.

### Receivables

	December 31, 2021	December 31, 2020
Premiums receivable		
Premiums and accrued premiums.....	463,679	411,051
Deposit-class employers.....	233,504	208,742
	697,183	619,793
Prepaid expenses.....	14,735	16,540
Claim overpayments receivable .....	22,118	19,595
Other receivables.....	5,332	5,297
Expected credit losses.....	(47,123)	(50,104)
<b>Total.....</b>	<b>692,245</b>	<b>611,121</b>

## Note 3 — continued

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

	Premiums receivable	Claim overpayments receivable	Total
<b>January 1, 2020</b> .....	<b>25,904</b>	<b>15,840</b>	<b>41,744</b>
Additions .....	45,114	10,225	55,339
Write-offs .....	(8,795)	(3,356)	(12,151)
Reductions .....	(30,044)	(4,784)	(34,828)
<b>December 31, 2020</b> .....	<b>32,179</b>	<b>17,925</b>	<b>50,104</b>
Additions .....	34,238	10,602	44,840
Write-offs .....	(6,490)	(4,103)	(10,593)
Reductions .....	(32,603)	(4,625)	(37,228)
<b>December 31, 2021</b> .....	<b>27,324</b>	<b>19,799</b>	<b>47,123</b>

The total net addition to the allowance for expected credit losses in relation to premiums receivable in 2021 is \$1,635 (2020: net addition of \$15,070). The current portion of receivables is estimated to be \$542,804 (2020: \$424,986).

### 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 \$697,183 (2020: \$619,793).

In 2020, to assist employers with the cash flow challenges associated with measures taken to prevent the spread of COVID-19, WorkSafeBC deferred the due date for premiums. WorkSafeBC monitored assessments receivable to determine any required impairment allowances, in accordance with IFRS 9 (*Financial Instruments*) — expected credit losses — and applied an additional risk adjustment factor to reflect the heightened risks.

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 \$22,118 (2020: \$19,595).

Other receivables, not past due or impaired, have been assessed as having minimal risk of default. These are primarily composed of goods and services tax (GST) refund receivable from the Government of Canada of \$1,983 as at December 31, 2021 (December 31, 2020: \$2,026), and vendor deposits of \$2,356 as at December 31, 2021 (December 31, 2020: \$2,245). For the remainder of other receivables, the maximum credit risk exposure is the carrying value of \$993 (2020: \$1,026).

### 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 \$4,382 as at December 31, 2021 (December 31, 2020: \$4,241), and other specific employers with evidence of unlikely collection, totalling \$8,689 (December 31, 2020: \$9,649). Claim overpayments receivable, where no future payments are anticipated, of \$19,799 (2020: \$17,925) 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 at FVTPL. As at December 31, 2021, WorkSafeBC's interests ranged from 1 to 84 percent of the net assets of pooled funds held directly (2020: 3 to 82 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 (2020: 6.6 to 15.0 percent). These investments do not satisfy the elements for control or significant influence, and are therefore accounted for as financial instruments under IFRS 9 (2014) 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

#### 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. These appraisals and estimates use the most appropriate valuation technique for each investment type (see "Fair value hierarchy," page 110).

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.

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.

## Note 4 — continued

### 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.

Income from fully owned investment entities is recognized through consolidation (Note 2), including mortgages, private

equity, infrastructure and renewable resources, and global real estate. The consolidated financial statements include the fully owned investment entities' income and expenses, with all inter-entity transactions eliminated on consolidation.

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.

### Portfolio investments

	December 31, 2021				
	Investments in pooled funds	Investments held directly	Investments held through minority-owned investment entities	Investments held through fully owned investment entities	Total
<b>Fixed-income investments</b>					
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
Currency hedging contracts.....	—	(10,895)	—	—	(10,895)
	5,755,571	(10,895)	—	128,261	5,872,937
<b>Equity investments</b>					
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
<b>Real asset investments</b>					
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
Currency hedging contracts.....	—	(12,091)	—	—	(12,091)
	2,390,491	(12,091)	913	3,953,795	6,333,108
<b>Total .....</b>	<b>16,989,834</b>	<b>(22,986)</b>	<b>458,893</b>	<b>5,726,250</b>	<b>23,151,991</b>



## Note 4 — continued

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

	December 31, 2020				
	Investments in pooled funds	Investments held directly	Investments held through minority-owned investment entities	Investments held through fully-owned investment entities	Total
<b>Fixed-income investments</b>					
Money market.....	602,649	—	—	—	602,649
Bonds.....	3,057,484	—	—	—	3,057,484
Mortgages.....	414,020	—	—	426,907	840,927
Credit investments.....	1,186,095	—	—	—	1,186,095
Currency hedging contracts.....	—	44,335	—	—	44,335
	5,260,248	44,335	—	426,907	5,731,490
<b>Equity investments</b>					
Canadian equity.....	2,279,775	—	—	—	2,279,775
Global equity.....	4,628,582	—	—	—	4,628,582
Emerging markets equity.....	581,065	—	—	—	581,065
Private equity.....	129,094	—	226,170	1,708,407	2,063,671
	7,618,516	—	226,170	1,708,407	9,553,093
<b>Real asset investments</b>					
Infrastructure and renewable resources.....	31,404	287,983	31,780	1,872,441	2,223,608
Domestic real estate.....	2,114,437	—	—	—	2,114,437
Global real estate.....	—	—	987	1,325,754	1,326,741
Currency hedging contracts.....	—	69,068	—	—	69,068
	2,145,841	357,051	32,767	3,198,195	5,733,854
<b>Total.....</b>	<b>15,024,605</b>	<b>401,386</b>	<b>258,937</b>	<b>5,333,509</b>	<b>21,018,437</b>

## 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
<b>December 31, 2021</b>			
Liabilities.....	2,951,482	(3,001,759)	(50,277)
Assets.....	2,077,524	(2,050,233)	27,291
<b>Net total (liabilities) presented in portfolio investment assets .....</b>			<b>(22,986)</b>
<b>December 31, 2020</b>			
Liabilities.....	1,013,302	(1,036,780)	(23,478)
Assets.....	2,891,408	(2,754,527)	136,881
<b>Net total assets presented in portfolio investment assets .....</b>			<b>113,403</b>

### Investment income

	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				
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
<b>Total .....</b>	<b>32,991</b>	<b>1,909,880</b>	<b>748,085</b>	<b>2,690,956</b>

## Note 4 — continued

	2020			
	Fixed-income investments	Equity investments	Real asset investments	Total
Income distributions from pooled funds .....	149,216	265,741	35,130	450,087
Income from investment entities				
Mortgages .....	38,301	—	—	38,301
Private equity .....	—	19,573	—	19,573
Infrastructure and renewable resources ..	—	305	67,484	67,789
Global real estate .....	—	—	1,629	1,629
	38,301	19,878	69,113	127,292
Realized gains on investments.....	13,563	368,663	40,452	422,678
Unrealized gains on investments.....	141,880	913,457	7,384	1,062,721
<b>Total .....</b>	<b>342,960</b>	<b>1,567,739</b>	<b>152,079</b>	<b>2,062,778</b>

## Investment expenses

	2021	2020
External investment management fees .....	63,122	72,306
Internal investment management fees .....	917	971
<b>Total .....</b>	<b>64,039</b>	<b>73,277</b>

## 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. The valuation approaches applied are the most appropriate for the type of investments.

The fair values of portfolio investments are adjusted to incorporate the counter-party risk of non-performance. 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:

	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>December 31, 2021</b>				
Fixed-income investments.....	—	4,774,980	1,097,957	5,872,937
Equity investments.....	—	8,588,327	2,357,619	10,945,946
Real asset investments.....	—	(12,091)	6,345,199	6,333,108
<b>Total portfolio investments at fair value.....</b>	<b>—</b>	<b>13,351,216</b>	<b>9,800,775</b>	<b>23,151,991</b>
<b>December 31, 2020</b>				
Fixed-income investments.....	—	4,586,406	1,145,084	5,731,490
Equity investments.....	—	7,489,422	2,063,671	9,553,093
Real asset investments.....	—	69,068	5,664,786	5,733,854
<b>Total portfolio investments at fair value.....</b>	<b>—</b>	<b>12,144,896</b>	<b>8,873,541</b>	<b>21,018,437</b>

WorkSafeBC did not have Level 1 investments at December 31, 2021 and December 31, 2020.

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

	2021	2020
Opening balance as at January 1.....	8,873,541	7,860,103
Net realized and unrealized gains.....	458,460	459,243
Purchases.....	1,970,342	1,093,195
Dispositions.....	(1,501,568)	(539,000)
<b>Closing balance as at December 31.....</b>	<b>9,800,775</b>	<b>8,873,541</b>

There were no transfers of assets between levels in either 2021 or 2020.

Net unrealized gains of \$1,961,591 attributable to assets held at December 31, 2021 (December 31, 2020: \$1,391,327) are included within the net unrealized gains in Level 3 equity investments.

## Note 4 — continued

### 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:	
• Derived from external quotations	n/a	• Derived from external quotations	n/a	• Appraisals	Adjustment to current conditions and attributes of comparable assets
		• Net asset values provided by fund administrators	n/a	• Third-party transactions	
				Income approaches:	
				• Discounted cash flows	Longer-term operating margin and discount rate for lack of liquidity
				• Earnings multiples	Variability of earnings and discount rate for lack of liquidity

The valuation of Level 3 assets is dependent on assumptions included within valuation models. In 2021, the COVID-19 pandemic continued to result in global economic disruptions that affected the amount and timing of future cash flows, discount rates, growth rates, and other inputs incorporated into 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 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. The risk analysis has been prepared in consideration of the assets directly held and reflecting how WorkSafeBC manages the risk, based upon units in pooled funds and the direct exposure to the price risk of these units themselves, rather than to 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.



## Note 4 — continued

### 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 \$539.8 million (2020: \$411.8 million), are not rated. Debt instruments held as mortgages through those entities total \$0 (2020: \$279.7 million). Debt instruments within credit investments held through investment entities total \$15.1 million (2020: \$0).

WorkSafeBC has indirect credit risk 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.

There were no restrictions on the redemptions of WorkSafeBC's portfolio investments for the reporting period, except those listed in the following table. Because of the absence of active markets, the investments listed in the table cannot be sold or converted easily to cash in a timely or cost-effective manner.

### Inflation risk

WorkSafeBC is exposed to fluctuations in the inflation rate because its compensation benefits are indexed annually to the increase in the annual Canadian consumer price index (CPI), as measured in October each year, less 1 percent, up to a maximum annual rate of 4 percent and a minimum of zero. 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 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.

	December 31, 2021	December 31, 2020
<b>Fixed-income investments</b>		
Mortgages .....	90,765	426,907
Credit investments .....	1,007,192	718,177
<b>Equity investments</b>		
Private equity .....	2,357,619	2,063,671
<b>Real asset investments</b>		
Infrastructure and renewable resources .....	2,265,196	2,223,608
Domestic real estate .....	2,355,168	2,114,437
Global real estate .....	1,724,835	1,326,741
<b>Total .....</b>	<b>9,800,775</b>	<b>8,873,541</b>

## Note 4 — continued

### 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.

### 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 the 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

	2021	2020
Estimated loss in fair value		
Bonds.....	\$285,000	\$305,000
Mortgages .....	\$80,000	\$85,000
Credit investments .....	\$190,000	\$120,000
Canadian equity* .....	\$255,000	\$230,000
Global equity* .....	\$520,000	\$465,000
Emerging markets equity* .....	\$85,000	\$60,000
Private equity .....	\$235,000	\$205,000
Infrastructure and renewable resources .....	\$225,000	\$225,000
Domestic real estate .....	\$235,000	\$210,000
Global real estate .....	\$170,000	\$135,000

\* WorkSafeBC also has an indirect exposure to public equity market prices through its investments in equity pooled funds. The impact of a 10 percent decline in public equity market price is the same as the 10 percent decline in asset value, as disclosed in the table above.

## Note 4 — continued

### Interest rate risk

Fluctuations in interest rates can affect the fair value of the fixed-income securities and shift investor preferences among asset classes. WorkSafeBC's investments are directly exposed to interest rate risk through debt instruments that are held in investment entities of \$554.9 million (2020: \$691.5 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.

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 rate	
	2021	2020
Estimated loss in fair value		
Bond pooled funds.....	\$200,000	\$215,000
Mortgage pooled funds....	\$5,000	\$10,000
Credit pooled funds.....	\$70,000	\$95,000

### Foreign exchange risk

WorkSafeBC's investments held directly through investment entities are denominated in Canadian dollar and foreign currencies and, as such, are directly exposed to the currency risks shown in the following table.

	December 31, 2021	December 31, 2020
<b>Currency</b>		
U.S. dollars.....	4,364,107	3,909,873
Other currencies.....	1,851,434	1,550,002
<b>Total.....</b>	<b>6,215,541</b>	<b>5,459,875</b>

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 or 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	
	2021	2020
Estimated loss in fair value		
Appreciation in Canadian dollar versus U.S. dollar	70,000	130,000
Appreciation in Canadian dollar versus other currencies	65,000	65,000

### 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 values of real estate investments are included in the price risk section above.

### Collateral

No investments held by WorkSafeBC were pledged 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 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. 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

## 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.

## Note 5 — continued

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, 2021, and December 31, 2020; 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.

### Property, equipment, intangible assets, and right-of-use assets

	December 31, 2021	December 31, 2020
Property and equipment.....	195,179	201,357
Intangible assets.....	41,263	41,052
Right-of-use assets.....	40,416	43,407
<b>Total</b>	<b>276,858</b>	<b>285,816</b>

### Property and equipment

	Land	Buildings	Furniture and equipment	Vehicles	Total
Cost.....	145,873	112,200	13,404	14,243	285,720
Less: Accumulated depreciation .....	—	77,211	8,771	9,260	95,242
<b>Balance at January 1, 2020.....</b>	<b>145,873</b>	<b>34,989</b>	<b>4,633</b>	<b>4,983</b>	<b>190,478</b>
Changes during the year:					
Cost					
Additions.....	—	14,332	1,392	2,649	18,373
Disposals.....	—	—	(1,291)	(1,720)	(3,011)
Less: Accumulated depreciation					
Depreciation.....	—	4,509	1,378	1,544	7,431
Disposals.....	—	—	(1,291)	(1,657)	(2,948)
<b>Balance at December 31, 2020.....</b>	<b>145,873</b>	<b>44,812</b>	<b>4,647</b>	<b>6,025</b>	<b>201,357</b>
Representing:					
Cost.....	145,873	126,532	13,505	15,172	301,082
Less: Accumulated depreciation .....	—	81,720	8,858	9,147	99,725
<b>Balance at December 31, 2020.....</b>	<b>145,873</b>	<b>44,812</b>	<b>4,647</b>	<b>6,025</b>	<b>201,357</b>
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)
<b>Balance at December 31, 2021.....</b>	<b>145,873</b>	<b>39,611</b>	<b>3,387</b>	<b>6,308</b>	<b>195,179</b>
Representing:					
Cost.....	145,873	125,572	13,689	16,070	301,204
Less: Accumulated depreciation .....	—	85,961	10,302	9,762	106,025
<b>Balance at December 31, 2021.....</b>	<b>145,873</b>	<b>39,611</b>	<b>3,387</b>	<b>6,308</b>	<b>195,179</b>



## Note 5 — continued

### Intangible assets

	Operating systems	Computer software	Total
Cost.....	234,297	24,640	258,937
Less: Accumulated amortization .....	194,686	20,980	215,666
<b>Balance at January 1, 2020.....</b>	<b>39,611</b>	<b>3,660</b>	<b>43,271</b>
Changes during the year:			
Cost			
Additions.....	9,446	273	9,719
Disposals.....	(13,075)	(134)	(13,209)
Less: Accumulated amortization			
Amortization .....	10,632	1,306	11,938
Disposals.....	(13,075)	(134)	(13,209)
<b>Balance at December 31, 2020.....</b>	<b>38,425</b>	<b>2,627</b>	<b>41,052</b>
Representing:			
Cost.....	230,668	24,779	255,447
Less: Accumulated amortization .....	192,243	22,152	214,395
<b>Balance at December 31, 2020.....</b>	<b>38,425</b>	<b>2,627</b>	<b>41,052</b>
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)
<b>Balance at December 31, 2021.....</b>	<b>39,867</b>	<b>1,396</b>	<b>41,263</b>
Representing:			
Cost.....	240,759	24,219	264,978
Less: Accumulated amortization .....	200,892	22,823	223,715
<b>Balance at December 31, 2021.....</b>	<b>39,867</b>	<b>1,396</b>	<b>41,263</b>

## Note 5 — continued

### Right-of-use assets

	Buildings	Equipment and other	Total
Cost.....	48,420	442	48,862
Less: Accumulated depreciation .....	2,494	97	2,591
<b>Balance at January 1, 2021 .....</b>	<b>45,926</b>	<b>345</b>	<b>46,271</b>
Changes during the year:			
Cost			
Additions.....	6	478	484
Disposals.....	—	—	—
Less: Accumulated depreciation			
Depreciation.....	3,202	146	3,348
Disposals.....	—	—	—
<b>Balance at December 31, 2021 .....</b>	<b>42,730</b>	<b>677</b>	<b>43,407</b>
Representing:			
Cost.....	48,426	920	49,346
Less: Accumulated depreciation .....	5,696	243	5,939
<b>Balance at December 31, 2021 .....</b>	<b>42,730</b>	<b>677</b>	<b>43,407</b>
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)
<b>Balance at December 31, 2021 .....</b>	<b>39,911</b>	<b>505</b>	<b>40,416</b>
Representing:			
Cost.....	47,162	1,006	48,168
Less: Accumulated depreciation .....	7,251	501	7,752
<b>Balance at December 31, 2021 .....</b>	<b>39,911</b>	<b>505</b>	<b>40,416</b>

## 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, 2021, the unused credit facility was \$1,912 (2020: \$1,772). 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, 2021	December 31, 2020
Cash.....	64,369	—
Less: Outstanding payments.....	30,371	32,870
<b>Net cash.....</b>	<b>33,998</b>	<b>(32,870)</b>

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 following table 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.

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 a:

- index or rate
- the estimated amount expected to be payable under a residual value guarantee, or
- 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, 2021	December 31, 2020
Accrued staff salaries.....	25,375	20,553
Vendor payables.....	34,622	25,111
Other payables and accruals ....	26,455	16,291
Lease liabilities .....	47,245	49,442
<b>Total .....</b>	<b>133,697</b>	<b>111,397</b>

Payables and accruals expected to be settled within 12 months total \$88,577 (2020: \$63,761).

## 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 a 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 percent 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.

### Injured workers' retirement benefit liability

Changes in the injured workers' retirement benefit liability are as follows:

	2021	2020
<b>Balance at January 1</b> .....	130,312	113,765
Interest income .....	14,591	6,609
Contributions by WorkSafeBC .....	16,661	15,235
Contributions by injured workers...	2,636	2,497
Benefits paid .....	(8,435)	(7,794)
<b>Balance at December 31</b> .....	<b>155,765</b>	<b>130,312</b>

The liability broken down by duration, based on all workers reaching retirement age (65 or older), is as follows:

	December 31, 2021	December 31, 2020
Under 1 year .....	10,237	8,066
1–5 years .....	42,601	33,364
5–10 years .....	39,102	33,210
Over 10 years .....	63,825	55,672
<b>Total</b> .....	<b>155,765</b>	<b>130,312</b>

## Note 9 — Employee benefit assets, liabilities, and costs

### Accounting policy

#### Employee benefits

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. In 2020, an option to purchase pensionable service during an *Employment Standards Act* leave of absence was added to the pension plan.

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, 2019 (report issued December 16, 2020); 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 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, 2019, reported a solvency ratio greater than 100 percent.

WorkSafeBC also has a supplementary executive retirement plan (SERP); in July 2021, the SERP program was closed to new members. Established and effective January 1, 2009, the 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. For financial reporting purposes, an actuarial valuation for the SERP was carried out as at December 31, 2021. The 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 SERP at December 31, 2021, was \$5,146 (December 31, 2020: \$4,692).

#### Retiree health care plan

WorkSafeBC also has a financial 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. During 2020, mandatory generic medication, a direct-pay drug card, and a limitation period of 90 days per trip on out-of-province or country claims added to the retiree health care plan.

#### 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.



## Note 9 — continued

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	
	2021	2020	2021	2020
Discount rate — obligations .....	3.10%	2.65%	3.20%	2.75%
Discount rate — current service cost .....	2.80%	3.50%	2.85%	3.50%
Future salary increases/health care cost increases .....	2.50%	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 2021 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.

### 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 due to non-work-related illness or injury. WorkSafeBC recognizes this liability when the disability occurs. The present value of the obligation is calculated using a 2.5 percent discount rate as at December 31, 2021 (December 31, 2020: 1.8 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 termination, death, or retirement. WorkSafeBC recognized the expected benefit liability by applying a 2.8 percent discount rate as at December 31, 2021 (December 31, 2020: 2.2 percent); the current service cost was recognized by applying a 2.6 percent discount rate (2020: 3.4 percent). The rates were based on the yield on high-quality corporate bonds with the same estimated terms.

### 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 3.0 percent discount rate as at December 31, 2021 (December 31, 2020: 2.6 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.

## 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, 2021	December 31, 2020
Retiree health care plan .....	164,689	183,640
Accrued long-term disability .....	131,500	132,800
Employee pension plans (net of plan assets) .....	—	25,189
Accrued long-service benefits .....	44,528	45,419
Accrued other benefits .....	16,815	12,516
<b>Total .....</b>	<b>357,532</b>	<b>399,564</b>

The current portion of the employee benefit liabilities is estimated to be \$26,212 (2020: \$24,805).

## Note 9 — continued

### 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	
	2021	2020	2021	2020
Present value of defined benefit obligations.....	(2,572,880)	(2,596,990)	(164,689)	(183,640)
Fair value of plan assets .....	2,810,259	2,571,801	—	—
<b>Funded status — plan surplus (deficit) .....</b>	<b>237,379</b>	<b>(25,189)</b>	<b>(164,689)</b>	<b>(183,640)</b>
<b>Benefit asset (liability) .....</b>	<b>237,379</b>	<b>(25,189)</b>	<b>(164,689)</b>	<b>(183,640)</b>

Changes in the defined benefit obligation are as follows:

	Employee pension plans		Retiree health care plan	
	2021	2020	2021	2020
<b>Balance January 1 .....</b>	<b>2,596,990</b>	<b>2,234,202</b>	<b>183,640</b>	<b>153,039</b>
Current service cost.....	72,191	59,261	8,618	7,043
Interest cost .....	68,160	75,234	5,015	5,562
Contributions by plan participants.....	20,514	20,608	—	—
Net transfers from other plans .....	726	2,619	—	—
Employer contributions receivable .....	(336)	(330)	—	—
Actuarial (gains) losses arising from:				
Changes in financial assumptions.....	(146,712)	235,797	(16,616)	22,721
Experience adjustments .....	35,733	46,676	(13,432)	(12,829)
Changes in demographic assumptions.....	—	(8,055)	—	(1,162)
Past service cost .....	—	—	—	11,860
Benefits paid .....	(74,386)	(69,022)	(2,536)	(2,594)
<b>Balance December 31 .....</b>	<b>2,572,880</b>	<b>2,596,990</b>	<b>164,689</b>	<b>183,640</b>

The current portion of the employee pension plan liability is estimated to be \$67,757 (2020: \$67,543).

The introduction of a direct-pay drug card under the retiree health care plan, effective January 1, 2020, resulted in an increase of \$11,860 in the plan's defined benefit obligation. In accordance with IAS 19 (*Employee Benefits*), this has been reflected in the 2020 benefit expense as a past service cost.

## Note 9 — continued

Changes in the fair value of plan assets are as follows:

	Employee pension plans		Retiree health care plan	
	2021	2020	2021	2020
<b>Balance January 1</b> .....	2,571,801	2,358,469	—	—
Return on plan assets (excluding amounts included in net interest expense) .....	203,096	161,190	—	—
Interest income .....	67,759	79,763	—	—
Employer contributions .....	23,370	20,797	2,536	2,594
Employer contributions receivable .....	(2,621)	(2,623)	—	—
Employee contributions .....	20,514	20,608	—	—
Benefits paid .....	(74,386)	(69,022)	(2,536)	(2,594)
Net transfers from other plans .....	726	2,619	—	—
<b>Balance December 31</b> .....	<b>2,810,259</b>	<b>2,571,801</b>	<b>—</b>	<b>—</b>

The amounts recognized in the consolidated statement of comprehensive income are as follows:

	Employee pension plans		Retiree health care plan		Total	
	2021	2020	2021	2020	2021	2020
<b>Recognized in administration expenses:</b>						
Employer current service cost .....	72,191	59,261	8,618	7,043	80,809	66,304
Employer past service cost .....	—	—	—	11,860	—	11,860
Net interest cost (income) .....	401	(4,529)	5,015	5,562	5,416	1,033
	<b>72,592</b>	<b>54,732</b>	<b>13,633</b>	<b>24,465</b>	<b>86,225</b>	<b>79,197</b>
<b>Recognized in other comprehensive income:</b>						
Actuarial (gains) losses on plan liabilities arising from:						
Changes in financial assumptions .....	(146,712)	235,797	(16,616)	22,721	(163,328)	258,518
Experience adjustments .....	35,733	46,676	(13,432)	(12,829)	22,301	33,847
Changes in demographic assumptions .....	—	(8,055)	—	(1,162)	—	(9,217)
Return on plan assets (excluding amounts included in net interest expense) .....	(203,096)	(161,190)	—	—	(203,096)	(161,190)
	<b>(314,075)</b>	<b>113,228</b>	<b>(30,048)</b>	<b>8,730</b>	<b>(344,123)</b>	<b>121,958</b>
<b>Total benefit plan expenses</b> .....	<b>(241,483)</b>	<b>167,960</b>	<b>(16,415)</b>	<b>33,195</b>	<b>(257,898)</b>	<b>201,155</b>

Cumulative actuarial (losses) gains recognized in other comprehensive income are as follows:

	Employee pension plans		Retiree health care plan		Total	
	2021	2020	2021	2020	2021	2020
<b>As at January 1</b> .....	(107,230)	5,998	65,338	74,068	(41,892)	80,066
Actuarial gains (losses) on plan liabilities for the year .....	110,979	(274,418)	30,048	(8,730)	141,027	(283,148)
Actuarial gains on plan assets for the year .....	203,096	161,190	—	—	203,096	161,190
<b>As at December 31</b> .....	<b>206,845</b>	<b>(107,230)</b>	<b>95,386</b>	<b>65,338</b>	<b>302,231</b>	<b>(41,892)</b>

## Note 9 — continued

### Risks for employee pension plans and retiree health care plan

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, next column.

#### **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 plan 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. While health care claim payment trends experienced greater stability in 2021, the effect of the continuing COVID-19 pandemic on the retiree health care plan's liability cannot be reasonably estimated at this time.

#### **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 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.

## Note 9 — continued

### Sensitivity of 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 supplementary executive retirement plan, of a change in assumptions applied is as follows:

2021					
Assumption	Change in assumption	Effect on defined benefit obligations			
		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%)

2020					
Assumption	Change in assumption	Effect on defined benefit obligations			
		Employee pension plan		Retiree health care plan	
		Increase	Decrease	Increase	Decrease
Discount rate .....	0.5%	(7.4%)	8.0%	(9.6%)	11.1%
Mortality rate .....	10.0%	(2.0%)	2.2%	(3.6%)	4.1%
Salary rate .....	0.5%	1.4%	(1.4%)	n/a	n/a
Health care costs .....	0.5%	n/a	n/a	11.2%	(9.8%)

The sensitivity analysis presented in the table above may not be representative of 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.

### 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.



## Note 9 — continued

	December 31, 2021	December 31, 2020
<b>Fixed-income investments</b>		
Money market.....	89,558	48,431
Bonds.....	799,601	696,665
Mortgages.....	80,761	85,032
Private debt.....	116,348	85,496
Currency hedging contracts.....	(1,211)	4,977
	<b>1,085,057</b>	<b>920,601</b>
<b>Equity investments</b>		
Canadian equity.....	88,799	87,340
Global equity.....	475,315	516,295
Emerging markets equity.....	103,048	102,445
Private equity.....	291,979	258,737
Currency hedging contracts.....	—	5
	<b>959,141</b>	<b>964,822</b>
<b>Real asset investments</b>		
Infrastructure and renewable resources.....	312,053	307,980
Domestic real estate.....	253,247	226,730
Global real estate.....	192,222	143,231
Currency hedging contracts.....	(1,048)	6,961
	<b>756,474</b>	<b>684,902</b>
<b>Other assets/liabilities</b>		
Cash/receivables.....	9,587	1,476
<b>Total</b> .....	<b>2,810,259</b>	<b>2,571,801</b>

### Future cash flows for employee pension plan

Employer contributions to the pension plan were 5.5 percent of salaries up to the year's maximum pensionable earnings (YMPE) and 7.0 percent of salaries in excess of the YMPE. WorkSafeBC anticipates that \$42,650 will be contributed to the pension plan in 2022, consisting of \$21,238 from employee contributions and \$21,412 from employer contributions.

The average duration of the benefit obligation for the employee pension plan, excluding the supplementary executive retirement plan, at December 31, 2021 and 2020, was 16.5 years, on an accounting basis, based on the latest actuarial valuation performed as at December 31, 2019. The breakdown of this estimated average duration, also based on the latest actuarial valuation, is as follows:

	December 31, 2021	December 31, 2020
Active members.....	21 years	21 years
Terminated members.....	18 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 private equity, infrastructure and renewable resources, and real estate. These changes are subject to economic factors and other movements in global capital markets.

## Note 9 — continued

### **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 policies 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 and shift investor preferences among asset classes. 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.

### **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

Benefit liabilities fall into three categories:

- Unfinalled claim liabilities consisting of:
  - A provision for future benefit payments on claims not finalized to date
  - The capitalized value of the estimated future cost of administering existing claims and current pension awards
- Capitalized value of future monthly payments for pension awards already made (pension liabilities) under the long-term disability and survivor benefits
- 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 unfinalled claim liabilities also include a claim administration component to capture the estimated cost of administering future benefit payments for existing claims, and managing future monthly payments of pensions already awarded. For the third 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.

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.

## Note 10 — continued

### Actuarial assumptions and methods

The following table summarizes the main underlying actuarial assumptions used to estimate the three categories of benefit liabilities.

	Actuarial assumptions underlying benefit liability calculation							
	Runoff pattern	Future mortality	Expense rate	Disease latency period	Economic assumptions			
					Investment return	CPI increase	Wage growth	Health care inflation
Unfinalled claim liabilities								
Short-term disability	✓				✓	✓	✓	
Long-term disability	✓	✓			✓	✓	✓	
Survivor benefits	✓	✓			✓	✓	✓	
Health care	✓				✓			✓
Vocational rehabilitation	✓				✓	✓	✓	
Claim administration			✓		✓	✓	✓	✓
Pension liabilities								
Long-term disability		✓			✓	✓		
Survivor benefits		✓			✓	✓		
Long-latency occupational disease liability		✓		✓	✓	✓	✓	✓

#### 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 last review was conducted in 2017. This mortality basis is used for both the unfinalled claims 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, 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.

**Economic assumptions**

Claim benefit liabilities are calculated using a real discount rate of 2.4 percent (2020: 2.4 percent); the assumption is that investment income will be earned at an annual rate that is 2.4 percent higher than the annual rate of general inflation in the long term. This real discount rate gives rise to the net discount rates used to calculate various components of the benefit liabilities. The net discount rates are the differences between the assumed investment rate (long-term assumption of 4.4 percent return) and the assumed growth rates of the specific factors driving benefit increases. The net discount rates are as follows:

Factor	Net discount rate	
	2021	2020
Health care inflation .....	0.0%	0.0%
Wage growth .....	1.4%	1.4%
Claim administration inflation.....	1.6%	1.9%
Benefits indexed to inflation minus 1%.....	3.4%	3.4%

**COVID-19 pandemic**

The COVID-19 pandemic continued in 2021, although still below pre-pandemic volumes, the number of claims (and claim benefit payments) increased in 2021 compared to 2020, along with an increase in average claim duration. This was offset by a modest improvement in the unemployment rate, which provided more opportunities for workers to return to work during the year.

Vocational rehabilitation plans that were deferred from 2020 resumed, and workers were able to continue with job training programs. After transitioning to a hybrid delivery model in 2020, health care services continued providing support to injured workers. All these factors are reflected in the liability calculation for 2021. Future developments relating to COVID-19 could lead to additional estimation uncertainty over the claim liabilities.



## Note 10 — continued

### Benefit liabilities

	2021							
	Short-term disability	Long-term disability	Survivor benefits	Health care	Vocational rehabilitation	Claim administration	Latent occupational diseases	Total
<b>Balance — January 1</b> .....	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 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 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.....	—	—	—	—	—	—	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
<b>Balance — December 31</b> .....	<b>489,919</b>	<b>7,685,030</b>	<b>1,073,592</b>	<b>2,864,894</b>	<b>445,024</b>	<b>947,075</b>	<b>559,129</b>	<b>14,064,663</b>
Represented by:								
Provision for unfinalled claims .....	489,919	2,647,800	147,885	2,864,894	445,024	947,075	—	7,542,597
Pension awards, capitalized values .....	—	5,037,230	925,707	—	—	—	—	5,962,937
Latent occupational diseases.....	—	—	—	—	—	—	559,129	559,129
<b>Total</b> .....	<b>489,919</b>	<b>7,685,030</b>	<b>1,073,592</b>	<b>2,864,894</b>	<b>445,024</b>	<b>947,075</b>	<b>559,129</b>	<b>14,064,663</b>

Legislative changes resulting from the *Workers Compensation Amendment Act* (Bill 23) came into effect on August 14, 2020, and January 1, 2021. The amendments resulted in a \$187 million increase in the claims liabilities at the 2020 year-end. The amendment that most significantly increased the valuation of claim liabilities pertains to long-term disability liabilities, which are affected by the retirement age of injured workers. The legislative changes are expected to result in higher retirement ages for some injured workers, resulting in higher claims liabilities. The earlier estimate of the liability

adjustment due to the change in determining retirement age was reviewed with the actual retirement extensions in 2021, and no significant adjustment was required at 2021 year end. In terms of the estimation uncertainty, if an additional 5 percent of claims were to be extended to age 70, the total long-term disability liabilities would increase by about \$25 million.

WorkSafeBC anticipates that \$1,615,831 (2020: \$1,425,839) of the claim liability will be settled within 12 months and is therefore considered the current portion.

## Note 10 — continued

2020

	Short-term disability	Long-term disability	Survivor benefits	Health care	Vocational rehabili- tation	Claim adminis- tration	Latent occupa- tional diseases	Total
<b>Balance — January 1</b> .....	364,562	6,894,936	1,033,395	2,721,357	324,261	799,778	502,525	12,640,814
Add: Claim costs:								
Current-year injuries.....	404,794	571,407	33,243	363,999	141,829	315,172	—	1,830,444
Prior-years injuries.....	75,387	399,410	27,898	(211,304)	57,825	16,480	—	365,696
	480,181	970,817	61,141	152,695	199,654	331,652	—	2,196,140
Less: Claim payments made:								
Current-year injuries.....	209,765	1,026	599	100,370	2,734	133,635	—	448,129
Prior-years injuries.....	224,165	586,302	68,569	260,143	160,833	168,917	—	1,468,929
	433,930	587,328	69,168	360,513	163,567	302,552	—	1,917,058
Add:								
Latent occupational diseases.....	—	—	—	—	—	—	11,555	11,555
Changes in actuarial benefit liabilities.....	46,251	383,489	(8,027)	(207,818)	36,087	29,100	11,555	290,637
<b>Balance — December 31</b> .....	<b>410,813</b>	<b>7,278,425</b>	<b>1,025,368</b>	<b>2,513,539</b>	<b>360,348</b>	<b>828,878</b>	<b>514,080</b>	<b>12,931,451</b>
Represented by:								
Provision for unfinalled claims .....	410,813	2,425,437	133,578	2,513,539	360,348	828,878	—	6,672,593
Pension awards, capitalized values .....	—	4,852,988	891,790	—	—	—	—	5,744,778
Latent occupational diseases.....	—	—	—	—	—	—	514,080	514,080
<b>Total</b> .....	<b>410,813</b>	<b>7,278,425</b>	<b>1,025,368</b>	<b>2,513,539</b>	<b>360,348</b>	<b>828,878</b>	<b>514,080</b>	<b>12,931,451</b>

## Note 10 — continued

	2021							
	Short-term disability	Long-term disability	Survivor benefits	Health care	Vocational rehabilitation	Claim administration	Latent occupational diseases	Total
<b>Balance — January 1 .....</b>	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 injuries .....	245,359	655,178	44,056	326,936	180,439	215,934	—	1,667,902
Accretion expense for prior-years liabilities .....	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
<b>Balance — December 31 ....</b>	<b>489,919</b>	<b>7,685,030</b>	<b>1,073,592</b>	<b>2,864,894</b>	<b>445,024</b>	<b>947,075</b>	<b>559,129</b>	<b>14,064,663</b>

Accretion expense for prior-years liabilities represents the current-year required interest of 7.1 percent accrued for opening benefit liabilities. This reflects the actual CPI increase of 4.7 percent plus the real discount rate of 2.4 percent.

	2020							
	Short-term disability	Long-term disability	Survivor benefits	Health care	Vocational rehabilitation	Claim administration	Latent occupational diseases	Total
<b>Balance — January 1 .....</b>	364,562	6,894,936	1,033,395	2,721,357	324,261	799,778	502,525	12,640,814
Add:								
Provision for current-year injuries .....	195,029	570,381	32,644	263,629	139,095	181,537	—	1,382,315
Accretion expense for prior-years liabilities .....	8,535	203,363	30,674	79,557	8,120	21,861	15,451	367,561
Prior-year claim costs experience higher (lower) than expected .....	66,852	196,047	(2,776)	(290,861)	49,705	(5,381)	—	13,586
Latent occupational diseases .....	—	—	—	—	—	—	(3,896)	(3,896)
Less:								
Payments for prior-years injuries .....	224,165	586,302	68,569	260,143	160,833	168,917	—	1,468,929
<b>Balance — December 31 ....</b>	<b>410,813</b>	<b>7,278,425</b>	<b>1,025,368</b>	<b>2,513,539</b>	<b>360,348</b>	<b>828,878</b>	<b>514,080</b>	<b>12,931,451</b>

## Note 10 — continued

### Sensitivity of actuarial assumptions

The most significant assumptions in determining claim benefit liabilities are the net discount rates. These are differences between the assumed investment rate (long-term assumption of 4.4 percent return) and the assumed growth rates of the specific factors driving benefit increases. A reduction in the assumed 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 net discount rate assumptions used to determine the liabilities.

	Net discount rate		Increase (decrease) in liabilities (\$ millions)			
	2021	2020	2021		2020	
+/- % change in net discount rates .....			+1%	-1%	+1%	-1%
Health care inflation .....	0.0%	0.0%	(378)	488	(332)	429
Wage growth .....	1.4%	1.4%	(145)	171	(138)	163
Claim administration inflation .....	1.6%	1.9%	(75)	93	(66)	81
Benefits indexed to inflation to minus 1% .....	3.4%	3.4%	(732)	856	(703)	824

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 plus 20 to minus 20 percent (a range of about \$1.5 billion).

### 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 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 the benefit (rate reduction) of any 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 or fund any required reserves.

### 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 risks 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	2021	2020
Up to 1 year .....	7%	7%
Over 1 year and up to 5 years .....	18%	17%
Over 5 years and up to 10 years .....	17%	17%
Over 10 years and up to 15 years .....	15%	15%
Over 15 years .....	43%	44%
<b>Total .....</b>	<b>100%</b>	<b>100%</b>

## Note 10 — continued

### Claims development

In the following table, cumulative claim costs are shown for each year of injury (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 injury (\$ millions)										Total
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
<b>Year of estimate</b>											
2012 .....	1,446										
2013 .....	1,520	1,498									
2014 .....	1,526	1,520	1,485								
2015 .....	1,484	1,481	1,481	1,513							
2016 .....	1,443	1,421	1,436	1,479	1,533						
2017 .....	1,425	1,394	1,409	1,442	1,514	1,648					
2018 .....	1,392	1,355	1,373	1,394	1,482	1,601	1,729				
2019 .....	1,337	1,295	1,317	1,335	1,436	1,567	1,668	1,902			
2020 .....	1,276	1,229	1,252	1,271	1,387	1,526	1,648	1,835	1,877		
2021 .....	1,291	1,246	1,267	1,286	1,418	1,566	1,719	1,917	1,899	2,264	15,873
Current (2021) estimate of cumulative claim costs	1,291	1,246	1,267	1,286	1,418	1,566	1,719	1,917	1,899	2,264	15,873
Cumulative payments	(989)	(924)	(926)	(908)	(988)	(1,054)	(1,083)	(1,033)	(688)	(376)	(8,969)
Outstanding claims (undiscounted)	302	322	341	378	430	512	636	884	1,211	1,888	6,904
Discounting .....											(2,617)
2011 and prior years of injury .....											2,161
Survivor benefits .....											148
Claim administration .....											947
Subtotal of outstanding claims — unfinalled billings .....											<b>7,543</b>
Pension liabilities .....											5,963
Latent occupational disease liability .....											559
<b>Total outstanding claims per consolidated statement of financial position .....</b>											<b>14,065</b>

Claim costs for most YOIs exhibit a downward trend by the YOE until 2020. This is primarily due to a general reduction in unit liability costs over the past decade. It results in a higher estimated cost being replaced by a lower actual cost each year as the YOE progresses until 2020. Claim costs saw a slight increase in 2021.



## Note 11 — Reserves

### Accounting policy

WorkSafeBC has established different reserves for both specific and general purposes. They were created either because of legislative requirement, 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, 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. On December 31, 2021, a total amount of \$175 million was added to the special reserves.

#### Non-statutory reserves

In October 2021, WorkSafeBC's Board of Directors approved the consolidation of the following reserves into the Capital Adequacy Reserve, and discontinuation as separate reserves, effective December 31, 2021:

- **Latent Occupational Disease Reserve** was established for occupational diseases not currently recognized as compensable but that may be recognized in the future based on new scientific evidence.

- **Earthquake Disaster Reserve** was established to provide for claims from workers who may be injured in the course of their employment during an earthquake disaster.
- **Research Reserve** was established to fund initiatives in scientific study, as well as for disseminating information and applying ways to reduce occupational injury, disease, impairment, or disability arising from employment, in support of WorkSafeBC's strategic plan.
- **Injury Reduction and Return-to-Work Initiatives Reserve** was established to provide funding for piloting and implementing initiatives in workplace injury reduction and injury and disability management.
- **General Reserve** was established to provide for special circumstances, including legislative changes that may significantly impact the organization's consolidated financial statements and assessment rates levied in a particular year.

The objectives of the discontinued reserves will be covered by the Capital Adequacy Reserve and the Accident Fund.

#### 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.

The target CAR level, when taken together with all of the other 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, 2021, \$209,000 (2020: \$270,000) was contributed to the CAR.

## Note 11 — continued

### Reserves

	December 31, 2021	December 31, 2020
Special reserves		
Contingent Reserve.....	13,500	2,500
Disaster Reserve.....	88,500	16,500
Enhancement Reserve.....	113,000	21,000
	215,000	40,000
Latent Occupational Disease Reserve .....	—	200,000
Earthquake Disaster Reserve .....	—	20,000
Research Reserve.....	—	30,000
Injury Reduction and Return-to-Work Initiatives Reserve .....	—	50,000
General Reserve.....	—	250,000
Capital Adequacy Reserve .....	4,091,000	3,332,000
<b>Total.....</b>	<b>4,306,000</b>	<b>3,922,000</b>
	December 31, 2021	December 31, 2020
Total reserves .....	4,306,000	3,922,000
Target reserve level .....	4,306,000	3,922,000

## 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 incentives 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.

### 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.

## Note 12 — continued

### 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 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

	2021	2020
Rateable classes.....	2,190,792	1,740,569
Certificate of Recognition program financial incentives.....	(45,907)	(41,426)
Capping of rate changes and amortization of balance		
Capping of rate changes .....	(35,332)	(30,788)
Amortization of balance .....	(387,614)	(169,546)
Industry funding via balance.....	3,168	493
Certificate of Recognition charge.....	51,323	46,668
	(368,455)	(153,173)
Penalties on overdue assessments .....	11,207	5,201
Rateable employers .....	1,787,637	1,551,171
Deposit-class (self-insured) employers (Note 13).....	70,579	52,099
<b>Total</b> .....	<b>1,858,216</b>	<b>1,603,270</b>

## 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. 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

	2021	2020
Claim costs		
Short-term disability .....	14,287	10,957
Long-term disability .....	22,247	19,402
Survivor benefits .....	1,503	2,277
Health care .....	17,575	2,402
Vocational rehabilitation .....	6,840	3,606
Long-latency occupational diseases .....	1,424	433
Claim administration .....	11,169	8,686
	75,045	47,763
Share of special reserves costs .....	9,982	9,315
Operating costs .....	3,424	2,828
Other (income) costs .....	(1,763)	195
	86,688	60,101
Less:		
Share of investment income .....	(16,109)	(8,002)
<b>Total .....</b>	<b>70,579</b>	<b>52,099</b>

Included in the benefit liabilities is \$216,864 (December 31, 2020: \$188,165) of provision for unfinalled claims for deposit-class employers, including a liability for claim administration, and \$14,040 (December 31, 2020: \$12,616) for the long-latency occupational disease liability. An equivalent amount is included in receivables because these liabilities will be paid by those employers in future years; they do not affect WorkSafeBC's funded position.

## 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

	2021	2020
Prevention penalties .....	5,247	7,339
Third-party litigation fee recoveries .....	380	411
Miscellaneous income .....	452	355
<b>Total .....</b>	<b>6,079</b>	<b>8,105</b>

## Note 15 — Prevention and administration costs

### Accounting policy

Prevention and administration costs are recognized 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*. In 2021, WorkSafeBC changed the presentation of prevention and administration costs, with the overhead expenses relating to prevention services now part of prevention costs, previously recorded as part of administration costs. In 2021, the overhead allocated to prevention cost was \$30,896. A balance of \$27,703 from 2020 was also reclassified to reflect the same change.

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

	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)
<b>Total prevention and administrative costs...</b>	<b>264,888</b>	<b>82,414</b>	<b>155,235</b>	<b>44,038</b>	<b>546,575</b>
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
<b>Total prevention and administrative costs...</b>	<b>264,888</b>	<b>82,414</b>	<b>155,235</b>	<b>44,038</b>	<b>546,575</b>

\*Workers' Compensation Appeal Tribunal

	2020				
	Stakeholder services	Information technology and facilities	Corporate services	WCAT,* Review Division, and advisers	Total
Salaries and employee benefits .....	249,710	36,848	126,999	14,639	428,196
Amortization of property, equipment, intangible assets, and right-of-use assets.....	10,806	10,930	951	31	22,718
WCAT* and advisers.....	0	—	—	29,276	29,276
Office expenses and communication.....	9,892	15,123	2,294	491	27,800
Consulting fees.....	6,256	19,649	4,869	46	30,820
Building expenses.....	555	9,253	1,459	32	11,299
Sessional doctor fees.....	4,441	—	—	103	4,544
Travel and vehicle expenses.....	3,005	319	132	4	3,460
Other administration expenses .....	9,704	5,092	17,111	149	32,056
Cost recoveries.....	(24,986)	(8,898)	(25,979)	—	(59,863)
<b>Total prevention and administrative costs...</b>	<b>269,383</b>	<b>88,316</b>	<b>127,836</b>	<b>44,771</b>	<b>530,306</b>
Represented by:					
Prevention costs.....	76,000	12,733	14,970	—	103,703
Claim administration costs.....	145,430	59,945	67,945	29,232	302,552
Assessment administration costs.....	23,059	4,707	7,897	—	35,663
Corporate administration costs.....	24,894	10,931	37,024	15,539	88,388
<b>Total prevention and administrative costs...</b>	<b>269,383</b>	<b>88,316</b>	<b>127,836</b>	<b>44,771</b>	<b>530,306</b>

\*Workers' Compensation Appeal Tribunal

## Note 16 — Injury research and reduction initiatives

### Accounting policy

WorkSafeBC provides funding to support high-quality, independent scientific study 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 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

	2021	2020
Certificate of Recognition program administration.....	6,979	7,882
Injury-reduction initiatives .....	7,984	7,346
Research grants.....	1,253	1,470
<b>Total</b> .....	<b>16,216</b>	<b>16,698</b>

## 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, 2021, were \$3,420,084 (December 31, 2020: \$2,801,906), of which \$814,877 (2020: \$261,463) 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.

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.

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.

## 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.

### Legislation changes

The Minister Responsible for Labour commissioned a review of the workers' compensation system in 2019. The review was published in 2020, and recommendations made in the report provided to the minister could potentially result in future amendments to the *Workers Compensation Act*. The potential cost of these changes cannot be reasonably estimated until the legislation is amended, and will be recorded at the time of that determination.

### 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

## 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.

	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
<b>Total</b> .....	<b>1,571,924</b>	<b>82,721</b>	<b>47,590</b>	<b>120,359</b>	<b>1,822,594</b>

## Note 20 — continued

	2020				
	Remuneration	Short-term benefits	Other earnings	Pension	Total
President and CEO .....	388,821	17,241	7,600	29,428	443,090
Head of Assessments, Finance, and Corporate Operations.....	334,312	16,770	8,526	25,939	385,547
Head of Law and Policy .....	300,882	17,686	9,476	23,340	351,384
Head of Prevention Services.....	291,908	16,017	9,581	22,631	340,137
Head of Stakeholder Experience, Marketing and Communications .....	288,724	17,404	10,625	22,468	339,221
<b>Total .....</b>	<b>1,604,647</b>	<b>85,118</b>	<b>45,808</b>	<b>123,806</b>	<b>1,859,379</b>

Short-term benefits include medical and dental benefits, group life insurance, accident insurance, and the employer's share of contributions or payments to the Canada Pension Plan and Employment Insurance.

Other earnings include car allowances and supplementary executive allowances for reimbursement of medical, dental, and insurance expenses not covered by employee benefit plans.

Pension costs represent the employer's share of contributions or payments to the WorkSafeBC Pension Plan for the reported earnings.

The following tables show total compensation for the WorkSafeBC Board of Directors.

	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
<b>Total .....</b>	<b>9</b>	<b>264,114</b>	<b>15,277</b>	<b>279,391</b>

	2020			
	Number of positions	Fees	Statutory benefits	Total
Chair, Board of Directors .....	1	47,707	2,716	50,423
Directors.....	8	164,249	9,535	173,784
<b>Total .....</b>	<b>9</b>	<b>211,956</b>	<b>12,251</b>	<b>224,207</b>

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. 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 IAS 24 (*Related Party Disclosures*). Transactions with the WorkSafeBC Pension Plan are detailed in the following table.

	2021	2020
Contributions from employees.....	20,514	20,608
Contributions from employer .....	23,370	20,797

All terms and conditions of the pension plan remained unchanged throughout 2021. The plan does not provide guarantees to any parties.

## Note 21 — Subsequent event

WorkSafeBC has evaluated all material transactions and events through April 27, 2022, the date these consolidated financial statements were authorized to be issued. Subsequent to the year-end, on February 24, 2022, Russian forces invaded Ukraine, resulting in an armed conflict and economic sanctions on Russia. The war has affected economic and global financial markets and exacerbated the ongoing economic challenges, including inflation and global supply chain disruption.

Should the conflict continue for an extended period, the total fair value of portfolio investments (Note 4), and employee pension plan assets and liabilities (Note 9) may be materially affected.

In addition, the extent to which WorkSafeBC's claim costs (Note 10) could be affected will largely depend on the inflation rate. It is uncertain how long the conflict, economic sanctions, and market instability will continue and whether they will escalate further. The impact of the war in Ukraine on our financial performance in 2022 cannot be reasonably estimated at this time.



# Appendices



Obsession Bikes staff, Leif Wilson reviewing safety on the job with colleague Laura Llopis.

# Appendix A

In July 2021, the Board of Directors retired four of our key performance indicators, effective January 1, 2021. As the *2020 Annual Report and 2021–2023 Service Plan* had already been published and these changes not included, this section provides an abridged report on the 2021 performance for the retired measures.

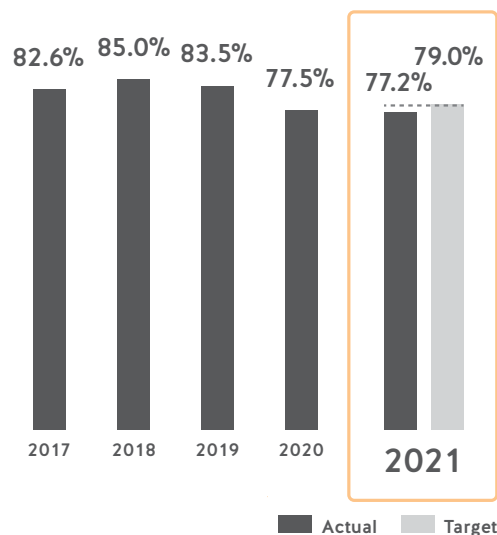


## Retired key performance indicator 3:

### Improve return-to-work outcomes for workers in vocational rehabilitation

This indicator measured the success of initiatives designed to assist workers with complex injuries and help them achieve successful return-to-work outcomes. Meeting or exceeding this return-to-work target was the intended outcome.

Successful vocational rehabilitation return-to-work outcomes



## Introduction and background

We continually strive to improve return-to-work outcomes and claims service for injured workers and their employers. While most injured workers fully recover from their injuries and return to their pre-injury employer, for some workers this is not possible.

Our Vocational Rehabilitation Services department supports those workers who can return to work but, because of severe or complex injuries, cannot return to the same job responsibilities they had before being injured. Vocational Rehabilitation Services provides support and services to these workers who cannot return to the same job.

We measured success for this retired key performance indicator by tracking and recording the number of workers successfully returning to employment as a percentage of all return-to-work referrals (recorded annually by the Vocational Rehabilitation Services department).

In 2021, approximately 3,400 workers, or 6 percent of workers with lost workdays,<sup>63</sup> were provided with vocational rehabilitation services and benefits to assist in their return to employment. Of these 3,400 workers, 77.2 percent were employed when their benefits concluded.

## Performance results

This year's result did not meet the target of 79.0 percent. The vocational rehabilitation return-to-work outcome was 77.2 percent — 1.8 percentage points lower than the target, and a 0.3 percentage point decrease from our 2020 result.

This is against a backdrop of a changing mix of claims, where the proportion of mental disorder injuries, secondary psychological and chronic pain injuries continues to be challenging. For some workers, these injuries present more significant barriers to returning to work. At the same time, COVID-19 uncertainties posed both operational and economic obstacles adding complications in returning workers to meaningful work.

In 2021, the number of referrals to the Vocational Rehabilitation Services department started to normalize, compared with the sharp increases in prior years. During the year, total referrals were 5,900, down from 7,500 in 2020 and 6,900 in 2019. Active claims decreased by 8.5 percent in 2021 as compared with increases in 2020 and 2019 at 22.4 and 26.3 percent, respectively.

The number of workers in return-to-work planning decreased by 21.4 percent from 2020. This reprieve in referral growth, and additional staff resources, allowed the department to focus on return-to-work plans for workers who had been waiting for service, as well as trying to improve outcomes for more than 8,000 workers who participated in vocational rehabilitation programs throughout 2021.

While this measure will no longer be reported as a corporate key performance indicator, we will continue to monitor return-to-work outcomes for injured workers referred to Vocational Rehabilitation Services. We remain committed to maximizing an injured worker’s recovery and return to meaningful employment.

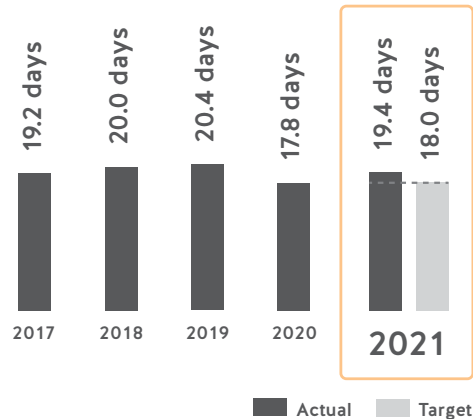


**Retired key performance indicator 4:**

## Improve timeliness of initial short-term disability payments

The lower the result for this indicator, the more quickly injured workers are receiving their first payment following their workplace injury. Success was measured as a result that was at or below the target.

Average timeliness of initial short-term disability payments\*



\*Claims with timeliness of more than 365 days have been excluded from this KPI calculation because they typically result from an appeal of a timely initial disallow decision; including these claims would have resulted in timeliness of 22.3 days.

## Introduction and background

We are continually striving to improve the claim and rehabilitation services we provide to injured workers. A fundamental component of our service is providing wage-loss benefits. These benefits help sustain injured workers in the period between their injury and their return to work. Recognizing that workers may face financial uncertainty after injury, our goal is to provide these benefits as quickly as possible while providing consistency and quality in the decision-making process. To measure our progress, we calculate the average interval between the disablement date (the first day an injured worker is entitled to wage-loss benefits) and the date of first payment.<sup>64</sup>

## Performance results

Our goal is to minimize any interruption in income by providing timely first payments to injured workers. In 2021, we did not achieve our target of 18.0 days. The timeliness-of-first-payment result was 19.4 days — higher than the target, and an increase of 1.6 days over the 2020 result, but an improvement from the pre-pandemic results of 20.4 days in 2019 and 20.0 days in 2018.

Payment timeliness can be affected by various factors, which can include delays in parties informing us about a workplace injury; delays in receiving necessary claim information from workers, employers, or health care providers; delays attributed to how long it takes to fully diagnose and investigate occupational diseases; claims undergoing appeal; or internal resourcing or other unusual circumstances that may cause delays in the internal decision-making process.

In 2021, some workplaces were late in registering COVID-19 claims, submitting them only after employers were notified of potential workplace outbreaks. On average, this resulted in a one-day timeliness increase, compared with pre-pandemic levels, in how long it takes to report claims to WorkSafeBC.

Moreover, the increasing proportion of mental disorder claims challenged our ability to meet the target of 18.0 days. This injury type takes longer to adjudicate because of the complexity. Claims involving bullying and harassment and claims with labour relations issues can take additional time to adjudicate. In addition, workers with mental disorder injuries need a diagnosis by a psychologist or psychiatrist. On average, a mental disorder claim takes 31.9 days to provide an initial first payment, compared to 19.4 days for all other claims.



## Technology infrastructure

Determining short-term average earnings is a critical step in delivering timely first payments to workers. To streamline the collection of earnings information, we expanded our digital services to include the submission of earnings-related documents. This provides another channel for workers and employers to send the necessary claim documentation directly to us and eliminates the delays and additional processing time for documents sent by mail or fax.

In addition, we expanded the number of expedited payments — early payments to workers while we have only partial information about wage rates. In 2021, we delivered 7,137 expedited payments, up 36 percent from the 5,259 delivered in 2020.

We launched an online self-enrollment tool for direct deposit to add to the payment options available to injured workers. Access to direct deposit has been particularly important for workers who were displaced because of wildfires, floods, and other events during the year. During the wildfire and flood events of 2021, our Claims Call Centre reached out by telephone to many impacted workers to help them sign up for this service.

We will continue to monitor this measure internally to ensure timely initial short-term disability payments to all injured workers and make adjustments that support exceptional service.

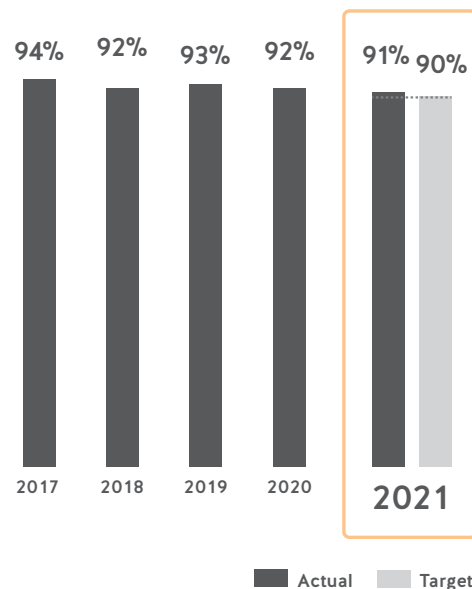


### Retired key performance indicator 7:

## Raise public confidence

We survey the public to measure their perception of our overall contribution to the health and safety culture in B.C. workplaces. For this indicator, success was measured as meeting or exceeding the target.

Public Contribution Index\*



\*The annual margin of error is  $\pm 1.7$  percent, 95 times out of 100.

## Introduction and background

We are committed to promoting health and safety for workplaces in B.C. while serving our stakeholders, the workers and employers in the province. Our success in fostering a positive health and safety culture at workplaces in B.C. as well as building and maintaining strong relationships with a diverse group of stakeholders is reliant upon those we serve having a high level of public confidence in us.

For the past 15 years, we have contracted Ipsos, a market research company, to measure public confidence, via a quarterly online poll of approximately 800 randomly selected adult British Columbians using the Public Contribution Index (PCI) survey.

The PCI was measured during 2021, with B.C. residents surveyed in March, June, September, and December. Those surveyed were asked to rate our contribution to the province as very positive, somewhat positive, somewhat negative, or very negative. This key performance indicator calculates the percentage of those who rate WorkSafeBC's contribution as somewhat or very positive.

# Performance results

In 2021, our average public contribution rating remained strong at 91 percent — exceeding the target for the year. The rating measures British Columbians’ perceptions of all aspects of our role and contributions to workplace health and safety. The result confirms that the public consistently provides high ratings on our contribution to society, with results at or exceeding 90 percent positive since 2010. Our employer, worker, and public awareness campaigns (including our pandemic and communicable disease prevention activities) impact public perceptions and contribute to our strong rating.

Of the 3,203 British Columbians who responded to our four 2021 surveys, 2,911 said WorkSafeBC is making a somewhat or very positive contribution to the province.

We acknowledge the importance of continuing to research both public confidence as well as our corporate reputation beyond the retired PCI measure. We will continue to instill and maintain a high level of public confidence in WorkSafeBC, knowing that prior research has shown us that public confidence is impacted by trust and experience. We want to be certain that future measurements can be paired with actionable recommendations specific to stakeholder groups and types of experience.

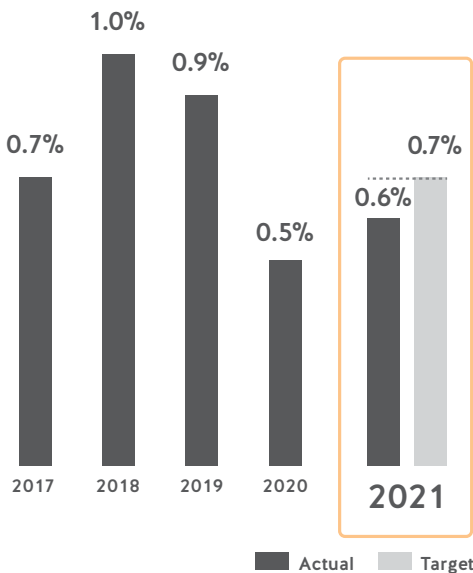


## Retired key performance indicator 10:

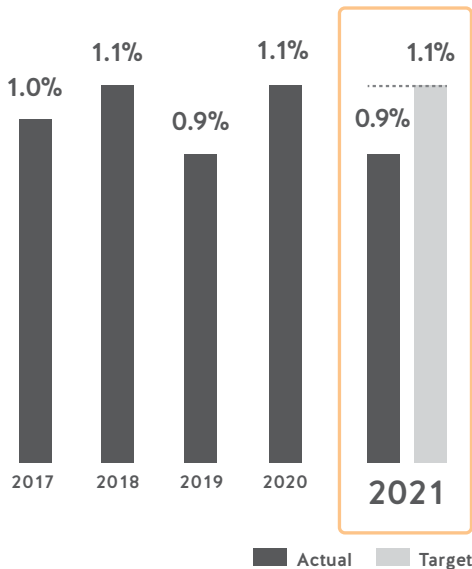
### Improve decision making throughout WorkSafeBC, ensuring consistency with legislation and policy

Consistent and quality decision making is an integral part of the workers’ compensation system. This indicator was a threshold measure; the lower the result, the more consistent the decision making.

Issues leading to overturned decisions due to WorkSafeBC errors in law or policy — Review Division (internal)



Issues leading to overturned decisions due to WorkSafeBC errors in law or policy — WCAT (external)





## Introduction and background

Over the course of a year, we make thousands of decisions regarding compensation, prevention, assessment, and rehabilitation matters affecting B.C. workplaces. The goal is to arrive at the correct decision by weighing evidence consistently and ensuring compliance with applicable law and policy. In most cases, our decisions are accepted by those involved; however, workers and employers have the right to request a review or appeal of a decision if they disagree with them.

To maintain accountability and provide consistent, quality decision making, a two-level appeal system is available to B.C.'s workers and employers. The first level involves impartial internal reviews through our Review Division. The second involves an external level of appeal via the Workers' Compensation Appeal Tribunal (WCAT). Both are key components of the decision-making process and provide our stakeholders and the public with a better understanding of adjudication and principles in applying policy. The appeals system is integral to the workers' compensation system, in partnership with stakeholders to continuously improve service delivery and strengthen relationships.

## Performance results

In 2021, total requests for decision reviews were down 1.5 percent from 2020. Although year-to-date total requests for reviews were down, incoming requests for reviews have seen increases throughout 2021, likely due to an increase in claims registered.

During the year, the Review Division decided on 12,543 issues related to 9,828 WorkSafeBC decisions. Of the issues reviewed, 75 (0.6 percent) resulted in overturned decisions because of a perceived error in applying legislation or policy. This result was lower than the 0.7 percent target for 2021 and 0.10 more than the 0.5 percent result in 2020. WCAT decided on 2,489 issues related to 1,778 completed appeals of Review Division decisions in 2021. Of these, 22 (0.9 percent) resulted in overturned decisions due to perceived error in applying legislation or policy. This result was lower than the 1.1 percent target for 2021 and lower than the 1.1 percent result in 2020.

Overall, the Review Division confirmed 49 percent of the issues it reviewed, compared with 54 percent in 2020; 26 percent were allowed or allowed in part — the same as in 2020. The remaining 25 percent of completed issues were returned to the initial decision-making division for further investigation or determination, a 5 percent increase from 2020.

Of the total appeals completed by WCAT in 2021, 69 percent of issues appealed were confirmed — down 1 percent from 2020 — while 31 percent were allowed or allowed in part, up 1 percent from the prior year.

The top two issues under review related to the acceptance of a claim for an injury and relief of costs. The top two issues under appeal related to the acceptance of a claim for an injury and the duration of wage loss benefits.

In 2021, the Review Division continued to provide training and ongoing guidance to all review officers on the legislative and policy changes resulting from the *Workers Compensation Amendment Act, 2020* (Bill 23) amendments that took effect on January 1, 2021. In addition, review officers received ongoing training and quality oversight in specific subject matter areas, such as occupational diseases, mental disorders, claim reopenings, and activity-related soft tissue disorders.

To identify issues related to decision-making quality, Review Division staff consult with representatives from across WorkSafeBC and with external stakeholders. Sessions were held with external stakeholder groups, such as our Policy and Practice Consultative Committee, worker and employer organizations, and other government agencies. These consultations help to identify issues related to both the quality of decisions and the services delivered.

While we will no longer be reporting the results of this measure externally, our commitment to quality decision making through consistent application of legislation and policy continues.

# Appendix B

## Strategic Framework 2022–2026

### 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 priorities



#### Operations

- Prevent workplace injury, disease, and death by engaging employers and workers in workplace health and safety
- Maximize overall recovery and post-injury earnings for injured workers
- 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



#### Stakeholder and government

- Deliver stakeholder-centred and inclusive services
- Communicate effectively with our stakeholders



#### People and culture

- Ensure health and safety of our work force 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



#### Financial

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

### 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 are 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



Stakeholder and government



Operations

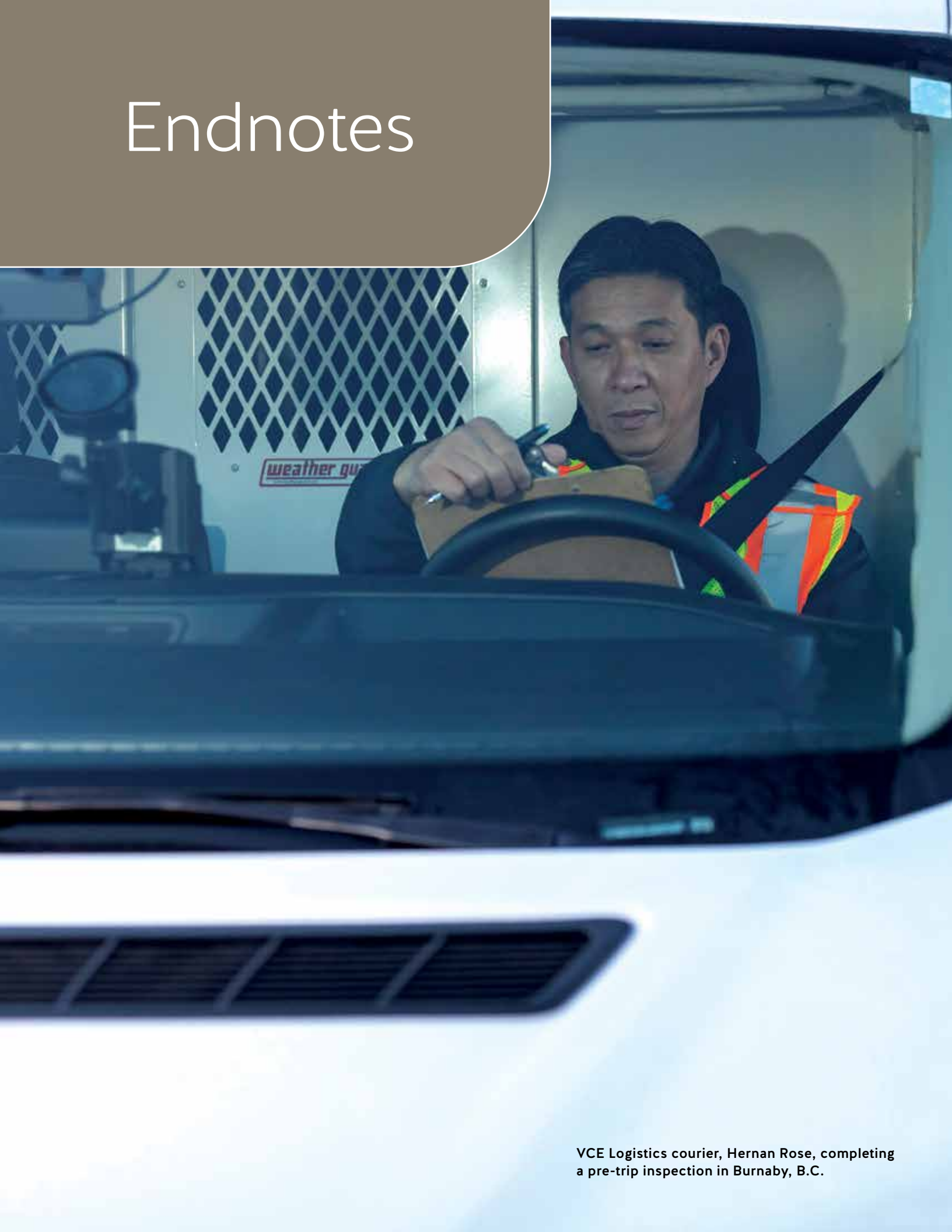


People and culture



Financial

# Endnotes



VCE Logistics courier, Hernan Rose, completing a pre-trip inspection in Burnaby, B.C.

## Endnotes

1. For priorities and strategic initiatives as defined by WorkSafeBC's 2018–2022 strategic plan, see page 32.
2. Effective March 31, 2021 the Investment Committee was changed from an advisory committee and designated as a standing committee of the Board of Directors.
3. 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.
4. 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 [www.bcauditor.com](http://www.bcauditor.com).
5. Smoothed accounting recognizes investment income at the required rate of return (based on the inflation rate plus the 2.4 percent discount rate used to calculate liabilities) plus amortization — over a five-year period — of the difference between the actual and required return on investments. 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. Smoothed accounting also amortizes actuarial gains or losses relating to WorkSafeBC's employee-benefit-plan assets and liabilities on a straight-line basis over a five-year period. In addition, the benefit liability for long-latency occupational diseases (which may result in future claims) is not recognized under smoothed accounting.
6. Fair value is an accounting practice that records the current market price that would have been received for an asset or liability upon its sale or transfer.
7. See endnote 3.
8. Examples of macroeconomic factors that could affect costs are the consumer price index and unemployment rate.
9. Examples of environmental factors that could result in increased costs are potential legislative changes, judicial reviews, class action lawsuits, and natural disasters.
10. See [aoc.awcbc.org](http://aoc.awcbc.org), *Key Statistical Measures*.
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 KSM Definitions at [aoc.awcbc.org](http://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 2021 that were first paid in the year (or anticipated to be initially paid in the first quarter of 2022) 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. The provincial time-loss claims rate is determined by the relationship between the number of injuries and the employment base (person-years). In 2021, the number of time-loss claims increased by 11.29 percent and the employment base increased by 6.70 percent.
14. 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.
15. Fifty or more lost workdays. For more information on the rate of serious injuries, see *Statistics 2021*, available at [worksafebc.com/annualreport](http://worksafebc.com/annualreport).
16. The total number of serious injuries is preliminary and subject to change. The provincial time-loss claims rate is finalized in July of each year. This calculation is as of March 31, 2022.
17. The methodology for calculating work-related deaths accounts for work-related death claims in the year they are accepted, and include fatalities for accepted deposit-class (self-insured) claims.
18. As defined by the Canadian Centre for Occupational Health and Safety, risk is the chance or probability that a person will be harmed or experience an adverse health effect if exposed to a hazard.
19. As defined by the Canadian Centre for Occupational Health and Safety, a hazard is any source of potential damage, harm, or adverse health effect on something or someone.
20. The time-loss claims rate and serious injury rate is preliminary and subject to change. The injury rate is finalized in July of each year. This calculation is as of March 31, 2022.
21. The average time-loss claims rate is based on a five-year average for the Health Care and Social Services subsector.
22. The Program and Committee Evaluation (PACE) Initiative was created in 2016 to address the changes to the roles and responsibilities of joint health and safety committees. Employers' occupational health and safety programs and joint health and safety committees were evaluated as part of this pilot.
23. This measure tracks the percentage of concluded wage-loss claims within the calendar year plus current wage-loss claims open for more than 26 weeks. Only the most recent outcome of a claim within the calendar year that is greater than 26 weeks is included.
24. 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.
25. Within 26 weeks of the date on which the worker became unable to work due to injury.
26. In 2021, the name of the pilot program was changed from what was published in the *2020 Annual Report and 2021–2023 Service Plan*.
27. "Long COVID" is generally used to describe those with COVID-19 who experience protracted symptoms following their acute infection.
28. Secondary psychological injuries are defined as psychological injuries that develop as a result of a primary physical injury.

29. A worker-centred approach for injured and disabled workers is one that considers the worker's individual circumstances when applying policy and making decisions about benefit entitlement and rehabilitation measures. This approach is designed to maximize the worker's recovery from work-related injury or disease, and to restore, as closely as possible, the worker to their pre-injury employment status without a loss of earnings. A worker-centred approach treats the worker with compassion, respect, and dignity, and ensures that WorkSafeBC is responsive to the needs of the worker, whose health and well-being is at the centre of the workers' compensation system.
30. The employer listing provided to Ipsos includes employers registered with out-of-province telephone numbers but excludes employers in Quebec or outside of Canada.
31. Examples of environmental factors that could result in increased costs are potential judicial reviews, class-action lawsuits, and natural disasters.
32. Fair value is an accounting practice that records the current market price that would have been received for an asset or liability, upon its sale or transfer. Currently, the claim benefit portion of the total liability is not required to be valued at current market price; rather, claim benefits are valued using the long-term rate assumptions. See Note 10 of the consolidated financial statements for more information.
33. Under the *Workers Compensation Act*, short-term disability, long-term disability, and survivor benefits are indexed against the annual increase in the consumer price index (CPI), as measured by the year-over-year CPI at October each year. These benefits are indexed to inflation at CPI growth less 1.0 percent, with a maximum of 4.0 percent and a minimum of 0.0 percent. Inflation adjustments applied to benefit rates were 0.00 percent at January 1, 2021 (0.66 percent CPI growth), and 3.65 percent at January 1, 2022 (4.65 percent CPI growth less 1.00 percent).
34. See endnote 3.
35. In accordance with the Association of Workers' Compensation Boards of Canada's (AWCBC) calculation method, administration costs are adjusted for operating and legislative differences; they do not include costs associated with prevention, treasury investment, third-party recoveries and related legal expenses, grants, external and internal appeals, Wworkers' and Employers' Advisers, sessional physicians, external medical service providers, or costs related to deposit-class (self-insured) employers — all listed as excluded costs per the AWCBC's definition.
36. Comparative measures are available at [aoc.awcbc.org](http://aoc.awcbc.org).
37. The *Workers Compensation Act* was amended in 2020 when the *Workers Compensation Amendment Act, 2020* (Bill 23) was passed. The amendments included a provision, which came into effect on August 14, 2020, to increase the maximum insurable earnings threshold and maximum wage rate beginning in 2021.
38. Actuarial valuations were lower than plan as a result of higher discount rates used by our actuaries to value employee benefit liabilities (including employee long-term disability liability, pension, and long-service liabilities).
39. See [metrovanancouver.org/services/solid-waste/SolidWastePublications/ISWRMP.pdf](http://metrovanancouver.org/services/solid-waste/SolidWastePublications/ISWRMP.pdf).
40. Greenhouse gas building emissions for 2020 have been restated based on an updated emissions factor published after time of publishing the *2020 Annual Report and 2021–2023 Service Plan*.
41. Severity of winter weather is measured in Heating Degree Days (HDD). A degree day compares the mean (the average of the high and low) outdoor temperatures recorded for a location to a standard temperature (<https://www.eia.gov/energyexplained/units-and-calculators/degree-days.php>). WorkSafeBC office locations experienced an average year-on-year increase in HDD of 1.7 percent in 2021.
42. Under the smoothed accounting approach, the present value of claim benefit liabilities are calculated using a discount rate based on the assumed inflation rate plus 2.4 percent, WorkSafeBC's long-term expected rate of return. Smoothed accounting recognizes investment income at the required rate of return (based on the inflation rate plus the 2.4 percent real discount rate used to calculate liabilities) plus amortization — over a five-year period — of the difference between the actual and required return on investments. The smoothed accounting 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. Smoothed accounting also amortizes actuarial gains or losses relating to WorkSafeBC's employee benefit plan assets and liabilities on a straight-line basis over a five-year period. In addition, the benefit liability for long-latency occupational diseases (which may result in future claims) is not recognized under smoothed accounting.
43. See endnote 3.
44. Other comprehensive income reflects gains or losses on remeasurements as a result of changes in actuarial assumptions or valuations of employee benefit plan assets or liabilities (i.e., WorkSafeBC's employee pension plan and retiree medical benefit plan).
45. 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 indices (44 percent equity, 29 percent real assets, and 27 percent fixed income).
46. The projected actuarial losses for claim benefit liabilities in the 2021 financial plan were mainly the result of higher long-term disability reserves and higher health care and short-term disability payments projected for the year.
47. Our investments are expected to produce a long-term average real return of 2.4 percent (equal to the real discount rate we use to calculate liabilities) over and above the inflation rate, as measured by the annual increase in the consumer price index (CPI) — that is, the required return is CPI growth (planned at 1.5 percent and actual at 4.7 percent for 2021) plus 2.4 percent.
48. The 2021 investment income plan is based on the investment portfolio achieving a long-term average real return of 2.4 percent (equal to the real discount rate we used to calculate liabilities) over and above the inflation rate, as measured by the annual increase in the consumer price index (CPI) — that is, the expected net return was CPI growth (planned at 1.5 percent) plus 2.4 percent.



49. The actuarial valuations were lower than plan as a result of higher market-based discount rates used to value employee benefit liabilities (including employee long-term disability liability, pension, and long-service liabilities). The use of market-based discount rates is required by IFRS.
50. Secondary psychological injuries are defined as mental disorder injuries that develop as a result of a primary physical injury.
51. See endnote 47.
52. 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 in subsection 244(1) of the *Workers Compensation Act*.
53. A new investment policy was approved effective December 1, 2021. The policy's long-term allocation target for equity was decreased from 44 to 39 percent; for real assets was increased from 29 to 33 percent; and for fixed income was increased from 27 to 28 percent. As at December 31, 2021, the investment portfolio was in the process of transitioning to the new policy 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). Prior to December 2021, investment policy asset allocation targets were set at 44 percent equity (allowable range of 40 to 55 percent), 29 percent real assets (allowable range of 20 to 40 percent), and 27 percent fixed income (allowable range of 15 to 35 percent).
54. See endnote 45.
55. See endnote 47.
56. The net discount rates used to calculate various components of the benefit liabilities are based on the real discount rate of 2.4 percent (see endnote 5). The net discount rates are the differences between the assumed long-term investment return rate and the assumed growth rates of the specific factors driving benefit increases. See Note 10 of the consolidated financial statements for further detail.
57. 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 that are expected to manifest as claims in future years.
58. The discount rate refers to the interest rate used in determining the present value of future cash flows.
59. 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. The most recent change occurred in 2019. Prior to that, the long-term real discount rate was last changed in 2008.
60. The premium income shortfalls — or an insurance contract deficit, in other words — would be further compounded if the market-based discount rate is used to calculate the present value of claim benefit liabilities and is lower than the long-term discount rate. To determine the cost rates, WorkSafeBC has been projecting the new injury costs to be covered, specifically the claim benefit liabilities, using a long-term discount rate. However, IFRS 17 requires the use of market-based discount rates to value claim benefit liabilities. A lower market-based discount rate would result in a higher valuation of liabilities and claim costs, which would further compound the insurance contract deficit.
61. See endnote 5.
62. The Committee of Sponsoring Organizations of the Treadway Commission released its *Internal Control — Integrated Framework* originally in 1992, and updated it in 2011 and 2013. It is recognized as the leading framework for designing, implementing, and evaluating the effectiveness of internal controls and is widely used around the world.
63. Workers with accepted claims who have missed time at work (lost workdays) and received their first compensation payment during the year.
64. Payment timeliness can be affected by various factors, which can include delays in parties informing us about a workplace injury; delays in receiving necessary claim information from workers, employers, or health care providers; delays attributed to how long it takes to fully diagnose and investigate occupational diseases; claims undergoing appeal; and other unusual circumstances that may cause delays in the decision-making process. Claims with timeliness of more than 365 days are therefore excluded from this calculation; including them would have resulted in timeliness of 22.3 days in 2021.

# Executive

The members of our enterprise leadership team are responsible for implementing the strategic initiatives as outlined by our board of directors, and for managing our day-to-day operations.

**Anne Naser**

President and CEO

**Brian Erickson**

Head of Assessments, Finance, and Corporate Operations

**Kevin La Freniere**

Head of Stakeholder Experience, Marketing, and Corporate Communications

**Ian Shaw**

Head of Law and Policy

**Charmaine Chin**

Head of Executive Operations

**Al Johnson**

Head of Prevention Services

**Joe Pinto**

Head of Claims and Rehabilitation Services

**Wendy Strugnell**

Head of People and Culture

**Todd Yule**

Head of Innovation Services and Chief Digital Officer

## For more information

**Claims assistance**

For questions about the claim process or to register a claim, call 888.967.5377

**Health and safety assistance**

For help with workplace health and safety, call our Prevention Information Line, 888.621.7233

**Employer assistance**

For questions about an account or to register for coverage, call 888.922.2768

**Worksite emergency**

To report a serious incident, fatality, or unsafe working conditions, call 888.621.7233

## Feedback

To comment on WorkSafeBC's *2021 Annual Report and 2022-2024 Service Plan*, contact Terence Little, director, Stakeholder and Community Relations, at 604.276.7666 or email [terence.little@worksafebc.com](mailto:terence.little@worksafebc.com). For more information, visit us online at [worksafebc.com](https://worksafebc.com).





