

MEETING OF THE BOARD OF DIRECTORS

MINUTES

DATE: January 31, 2017

PLACE: The Workers' Compensation Board
12th Floor Board Room
Jarvis Building
9925 - 107 Street
Edmonton, Alberta

TIME: 10:35 a.m.

BOARD MEMBERS

James Kindrake, Chair
Guy Kerr, President & Chief Executive Officer **
Denis Herard, Member
Alex McPherson, Member
Fred Nowicki, Member

SECRETARIAT

William P. Ostapek, Secretary and General Counsel ♦*

ALSO PRESENT

Ron Helmhold, Chief Financial Officer ♦*
Wendy King, Vice President, Operations & Chief Information Officer ♦*
Pieter Lambooy, Vice President, Operations ♦*
Roxy Shulha-McKay, Vice President, Employee & Corporate Services *
Sheila Szabo, Executive and Board Liaison ♦*

- ♦ excused for item 10.6
- * excused for item 13
- ** excused for item 13 (part 2)

The Chair called the meeting to order at 10:35 a.m.

1.1 **Agenda**

The agenda as distributed was approved.

1.2 **Proposed Motions**

The list of approved motions was received for information.

2.1 **Minutes of the Meeting of November 29, 2016**

MOTION

2017/01/01 It was moved that,

"The minutes of the meeting of November 29, 2016 be hereby adopted." **CARRIED**

2.2 **Website Summary of the November 29, 2016 Meeting**

The website summary of the November 29, 2016 meeting was accepted as distributed.

2.3 **2017 Meetings and Activities Schedule**

The meetings and activities schedule was received for information.

3. **Business Arising from the Minutes of November 29, 2016**

There was no business arising from the minutes of the November 29, 2016 meeting.

4. **Report of the Chair**

The Chair reported on:

- meeting with the Minister of Labour,
- board recruitment,
- request from the Industry Task Force for more extensive minutes of board meetings, and
- questions from the WCB Review Panel.

5. **Report of the President**

The President reported on the following:

Board of Directors

- the annual general meeting will be on June 8, 2017 in Edmonton with a simulcast in Calgary,
- internal health and safety,
- operations update,
- legislative relations, and
- stakeholder relations.

COMMITTEE REPORTS

6. **Policy Committee**

The committee chair provided a report on the committee's recent meeting.

6.1 **Policy Project Plan 2016 Final Update**

The topic summary and attachment were received for information.

6.2 **2017 Policy Project Plan**

The topic summary and attachments were received for information.

6.3 **Policy 04-02, Part II, Addendum A, Allowance Rates**

The topic summary and attachment were received for information.

7. **Audit Committee**

The committee had nothing to report.

8. **Finance Committee**

The committee had nothing to report.

9. **Governance Committee**

9.1 **2016 Annual Board Evaluation**

As part of the Board of Directors' ongoing commitment to effective governance, and as stated in section 21 of the Corporate Governance Policy, the effectiveness of the Board of Directors as a whole is evaluated on an annual basis. This includes the overall Board Effectiveness Survey as well as individual, peer and Chair evaluations.

Ideally, the goal is to have full participation in the board and board member evaluation processes, which would provide feedback from all ten members of the Board of Directors. At the end of 2015, there were two vacancies on the Board of Directors and at the end of 2016; there were an additional four vacancies. Therefore, the current composition of the Board includes the Chair and three board members. It does not seem reasonable to evaluate the overall effectiveness and vitality of the Board of Directors, and the performance of individual board members, with feedback from one third of the legislated membership.

MOTION

2017/01/02

It was moved that,

"The Board of Directors approves the deferral of the annual board evaluation to 2017."

CARRIED

10. **Human Resource and Compensation Committee**

The committee chair provided a report on the committee's recent meeting.

10.1 **2016 Corporate Objectives and Performance Measures – Results**

WCB-Alberta delivered exceptional results for 2016 amid a continued economic downturn for the Alberta economy. Most notably the objectives around fairness and return to work were met and some of the highest customer satisfaction outcomes on record were achieved through a continued focus on decision fairness, communication and quality of decisions made.

MOTION

2017/01/03

It was moved that,

"The Board of Directors approves the 2016 corporate scorecard results as confirmation of the organization's achievement of the 2016 corporate objectives."

CARRIED

10.2 **2017 Corporate Objectives – Targets**

WCB-Alberta's corporate objectives have consistently provided the right focus for the organization's employees to deliver positive customer outcomes that uphold our absolute commitment to fairness.

The objectives selected each year place emphasis on key processes and are both meaningful to external stakeholders and to WCB-Alberta employees. Achievement in

our current economic setting is a challenge that requires commitment and innovation.

MOTION

2017/01/04 It was moved that,

"The Board of Directors approves the 2017 corporate objectives and targets."

CARRIED**10.3 Proposed Compensation Changes for Executive**

As part of an overall compensation review, and considering the reduced prevalence of such programs in similar public sector organizations, the Board of Directors has decided to eliminate the pay at risk program for the WCB executive. This program change was reviewed by both the independent external executive compensation consultant and external legal counsel.

MOTION

2017/01/05 It was moved that,

"The Board of Directors approves changes to the CEO and vice president compensation programs, including:

- elimination of the pay at risk program for fiscal year 2017 and beyond, and
- providing reduced compensation for the termination of the program in comparison to the period contemplated in Bill 19 – the first of these payments would be paid on January 29, 2018 at 80% of the pay at risk target (without modifier) and the second on January 29, 2019 at 70% of the pay at risk target (without modifier).

CARRIED**10.4 President & CEO 2017 Objectives**

In addition to the 2017 WCB Balanced Scorecard, corporate objectives of key strategic importance have been selected. These include: rebuilding stakeholder trust in the workers' compensation system; focusing on worker engagement; ensuring the overall financial health of the organization and achieving the critical path objectives of the technology road map. These goals are responsive to the ideas and concerns that stakeholders and government have identified through the WCB review panel interim report, clearly support the key themes of fairness and return to work and ensure the viability of the system today and well into the future.

MOTION

2017/01/06

It was moved that,

"The Board of Directors approves the 2017 President and CEO objectives."

CARRIED**10.5 Terms of Reference and Annual Plan –
Human Resource and Compensation Committee**

The Terms of Reference continue to be updated for minor changes based on current best practice research. These updates impacted 2.6, 2.7 and 2.15.

MOTION

2017/01/07

It was moved that,

"The Board of Directors approves the amended Human Resource and Compensation Committee's Terms of Reference and revised 2017 annual plan."

CARRIED

The Chair excused senior management, with the exception of the President and Chief Executive Officer and the Vice President, Employee and Corporate Services, from the meeting for item 10.6.

10.6 2016 President & CEO Objectives and Pay at Risk – Results

The committee confirmed the successful achievement of the two corporate pay at risk measures (Safe Return to Work and Decision Fairness - Correctness); the status of the Technology, Financial and Staff objectives (all achieved); as well as the Premium Rate Setting objective (not achieved). All CEO pay at risk measures were reviewed by Management Audit Services, who provided assurance that measures were fairly and reasonably represented.

MOTION

2017/01/08

It was moved that,

"The Board of Directors approves the 2016 pay at risk award for the President and CEO."

CARRIED**11. New Business**

There was no new business.

12. Meeting Evaluation

The members completed the meeting effectiveness self-assessment form.



13. In Camera

The Board of Directors held an *in camera* session in two parts. During the first part, all of senior management except the CEO were not present. During the second part, the CEO was also not present.

There being no further business, the meeting ended at 11:15 a.m.

CHAIR

SECRETARY

THE WORKERS' COMPENSATION BOARD

MEETING OF THE BOARD OF DIRECTORS

MINUTES OF EMAIL VOTE

DATE FOR REFERENCE: March 2, 2017

BOARD MEMBERS PARTICIPATING IN THE VOTE

James Kindrake, Chair
Denis Herard, Member
Alex McPherson, Member
Fred Nowicki, Member

SECRETARIAT

William P. Ostapek, Secretary and General Counsel

Reform of Agencies, Boards and Commissions Compensation Regulation ("RABCCR")

The framework set out under the *Reform of Agencies, Boards and Commissions Compensation Regulation* (the "Framework Regulation") comes into effect March 16, 2017 for full compliance by all Designated Executives on March 16, 2019, thereby providing a 24 month notice period. The Designated Executive for the WCB Alberta is the President and Chief Executive Officer ("CEO"). Thus, within the parameters the Government earlier imposed, the Board of Directors has until March 16, 2017 to finalize the Designated Compensation for the CEO, after which that compensation will be "locked in" for the two year notice period provided for in the Framework Regulation.

The January resolution that this motion amends was predicated on the assumption that, while pay at risk of any sort would be prescribed by regulation, base salaries would remain untouched. On February 24, 2017 we were informed that this was not the case and, in fact, the Framework Regulation is clear that, commencing on March 16, 2019, the CEO's base salary would be reduced by 16%. Given this new fact, the Board decided to re-examine the January resolution which materially reduced the CEO's pay at risk for 2017 and 2018.

MOTION

2017/02/09 It was moved that,

"The Board of Directors further amends the CEO's compensation program as currently provided for in the Resolution of January 31st, 2017 (the "January Resolution", motion 2017/01/05) as follows:

- The two payments designated in the January Resolution which were meant to assist in the transition resulting from the elimination of the pay at risk program, as outlined by the *RABCCR*, be amended as follows (collectively, the "Transition Payments"):
 - for fiscal year 2017, * (i.e., 100% of the pay at risk target be paid, as opposed to the 80% provided for in the January Resolution), such sum to be paid to the CEO on January 29, 2018; and
 - for fiscal year 2018, * (i.e., 100% of the pay at risk target be paid, as opposed to the 70% in the January Resolution), such sum to be paid on January 29, 2019."

CARRIED

*[personal information withheld]

CHAIR

SECRETARY

**THE WORKERS' COMPENSATION BOARD
MEETING OF THE BOARD OF DIRECTORS
MINUTES**

DATE: April 25, 2017
PLACE: The Workers' Compensation Board
12th Floor Board Room
Jarvis Building
9925 - 107 Street
Edmonton, Alberta
TIME: 9:00 a.m.

BOARD MEMBERS

James Kindrake, Chair
Guy Kerr, President & Chief Executive Officer **
Erna Ference, Member (by teleconference)
Alex McPherson, Member
Ivana Niblett, Member
Fred Nowicki, Member
Mary Phillips-Rickey, Member
Grace Thostenson, Member
Excused
Philip Hughes, Member

SECRETARIAT

William P. Ostapek, Secretary and General Counsel *

ALSO PRESENT

Ron Helmhold, Chief Financial Officer *
Wendy King, Vice President, Operations & Chief Information Officer *
Pieter Lambooy, Vice President, Operations *
Roxy Shulha-McKay, Vice President, Employee & Corporate Services *
Sheila Szabo, Executive and Board Liaison *
Laurent Charron, Corporate Controller, Financial Management (items 7 and 8)
Nadia Mursky, Manager, Financial Management (items 7 and 8)

* excused for item 13

** excused for item 13 (part 2)

The Chair called the meeting to order at 9:00 a.m. He welcomed new members Ivana Niblett and Mary Phillips-Rickey, as well as returning members Erna Ference, Philip Hughes and Grace Thostenson.

1.1 **Agenda**

The agenda as distributed was approved.

1.2 **Proposed Motions**

The list of approved motions was received for information.

2.1 **Minutes of the Meeting of January 31, 2017**

MOTION

2017/03/10

It was moved that,

"The minutes of the meeting of January 31, 2017 be approved."

CARRIED

2.2 **Minutes of the Meeting of March 2, 2017**

MOTION

2017/03/11

It was moved that,

"The minutes of the e-mail meeting of March 2, 2017 be approved."

CARRIED

2.3 **2017 Meetings and Activities Schedule**

The meetings and activities schedule was received for information.

3. **Business Arising from the Minutes of January 31, 2017 and March 2, 2017**

There was no business arising from the minutes of the January 31, 2017 and March 2, 2017 meetings.

4. **Report of the Chair**

The Chair reported on:

- board recruitment,
- communication with stakeholders, and
- WCB Review Panel.

5. **Report of the President**

The President reported on the following:

- internal health and safety,
- current issues,
- legislative relations, and
- stakeholder relations.

COMMITTEE REPORTS6. **Policy Committee**

The committee had nothing to report.

7. **Audit Committee**

The committee chair provided a report on the committee's recent meeting.

7.1 **Financial Statements – 2016**

The financial statements and accompanying notes, as recommended by the Audit Committee, reflect the financial position of the corporation as at December 31, 2016. The financial statements and notes have been prepared in accordance with International Financial Reporting Standards.

The financial statements do not include a provision for a 2016 surplus distribution, which is in alignment with the Board of Directors desire to defer a decision on the amount and timing of a 2016 distribution until after the WCB Review Panel report is released and the cost impact to the Accident Fund is fully understood. The rationale to defer a decision on the amount and timing of a 2016 surplus distribution is supported by expectations that the WCB Review Panel report will have material financial impacts to WCB funding levels, and that the report may make recommendations with respect to both funding levels and surplus distribution practices.

MOTION

2017/03/12

It was moved that,

"The Board of Directors approve the Corporation's consolidated financial statements and accompanying notes for the year ended December 31, 2016, and the Chair of the Board of Directors and the President and Chief Executive Officer be authorized to sign the Statement of Financial Position on its behalf for delivery to the Minister of Labour before May 31, 2017."

CARRIED

7.2 2017 Claim Benefit Liability Valuation – Reappointment of External Actuary

Section 93(6) of the *Workers' Compensation Act* requires the WCB to have an independent, duly qualified actuary certify the actuarial valuation of the WCB's claim benefit liability at least once every five years. Due to the significance of the claim benefit liability on the WCB's financial position, a higher standard is maintained requiring annual certification of the liability.

MOTION

2017/03/13

It was moved that,

"The Board of Directors approve Eckler Ltd. be reappointed as the WCB's external certifying actuary for the 2017 claim benefit liability valuation."

CARRIED**8. Finance Committee**

The committee chair provided a report on the committee's recent meeting.

9. Governance Committee

The committee chair provided a report on the committee's recent meeting.

10. Human Resource and Compensation Committee

The committee chair provided a report on recent activity.

11. New Business

There was no new business.

12. Meeting Evaluation

The members completed the meeting effectiveness self-assessment form.

13. In Camera

The Board of Directors held an *in camera* session in two parts. During the first part, all of senior management except the CEO were not present. During the second part, the CEO was also not present.

There being no further business, the meeting ended at 11:20 a.m.



Workers'
Compensation
Board

Board of Directors

Alberta

CHAIR

SECRETARY

**THE WORKERS' COMPENSATION BOARD
MEETING OF THE BOARD OF DIRECTORS
MINUTES**

DATE: May 16, 2017
PLACE: The Workers' Compensation Board
12th Floor Board Room
Jarvis Building
9925 - 107 Street
Edmonton, Alberta
TIME: 1:45 p.m.

BOARD MEMBERS

James Kindrake, Chair
Guy Kerr, President & Chief Executive Officer **
Erna Ference, Member
Philip Hughes, Member
Alex McPherson, Member
Ivana Niblett, Member
Fred Nowicki, Member
Grace Thostenson, Member
Excused
Mary Phillips-Rickey, Member

SECRETARIAT

William P. Ostapek, Secretary and General Counsel *

ALSO PRESENT

Ron Helmhold, Chief Financial Officer *
Wendy King, Vice President, Operations & Chief Information Officer *
Pieter Lambooy, Vice President, Operations *
Roxy Shulha-McKay, Vice President, Employee & Corporate Services *
Sheila Szabo, Executive and Board Liaison *

* excused for item 13

** excused for item 13 (part 2)

The Chair called the meeting to order at 1:45 p.m.

1.1 **Agenda**

The agenda as distributed was approved.

1.2 **Proposed Motions**

The list of proposed motions was received for information.

2.1 **Minutes of the Meeting of March 2, 2017**

MOTION

2017/04/14

It was moved that,

"Board of Directors resolution 2017/03/11 approving the minutes of the email meeting of March 2, 2017 be rescinded and that the revised minutes of the email meeting of March 2, 2017 be approved."

CARRIED

2.2 **Minutes of the Meeting of April 25, 2017**

MOTION

2017/04/15

It was moved that,

"The minutes of the meeting of April 25, 2017 be approved."

CARRIED

2.3 **2017 Meetings and Activities Schedule**

The meetings and activities schedule was received for information.

3. **Business Arising from the Minutes of April 25, 2017**

There was no business arising from the minutes of the April 25, 2017 meeting.

4. **Report of the Chair**

The Chair reported the WCB Review Panel has not yet issued its report.

5. **Report of the President**

The President reported on the following:

- internal health and safety,
- current issues,

- legislative relations, and
- stakeholder relations.

COMMITTEE REPORTS**6. Policy Committee**

The committee chair provided a report on the committee's recent meeting.

6.1 2017 Policy Plan – Spring Update

The topic summary and attachment were received for information.

6.2 Policy 04-02 and Policy 05-02, Concurrent Conditions

The current cost relief provision creates inequities as cost relief is only available for pre-existing concurrent conditions. However, for the employer, the circumstances are exactly the same, regardless of whether the concurrent condition pre- or post-dated the compensable injury as the disability and costs are extended due to a non-work-related medical condition. Does it matter if the concurrent condition arises before the accident or after? If it delays treatment or recovery, it should be considered equally.

A related issue is the interpretation of "concurrent condition". Policy 04-02 refers to underlying disease processes such as cancer and diabetes, and "conditions such as pregnancy". WCB-approved practice was to limit cost relief to conditions that are generally accepted as diseases, while requests for cost relief for personal risk factors such as obesity, smoking, and drug or alcohol use would not be accepted.

WCB amended its initial proposal in response to stakeholder consultation. Several respondents objected to the exclusion of cost relief for personal risks (obesity, smoking, alcohol or drug addiction). WCB understands their wish to obtain cost relief in all possible circumstances; however, there is a need to balance this with the principle of "taking the worker as you find him". After reviewing the responses, WCB recommended a change to the initial proposal, so that cost relief may be granted when the personal risk causes a delay by preventing the worker from participating in treatment or return-to-work services. Typical examples include a delay in required surgery until the worker stops smoking; a delay in treatment or surgery until the worker reduces his/her weight by a certain amount; a delay in return-to-work services while the worker undergoes treatment for an addiction. WCB will continue to exclude cost relief for circumstances where the personal risk does not result in a delay in treatment.

MOTION

2017/04/16 It was moved that,

"The Board of Directors approve the draft revisions to Policy 04-02 and Policy 05-02. The proposed revisions are:

1. An amendment to Policy 04-02, Part II, Application 1, Question 11, updating the definition of concurrent condition.
2. An amendment to Policy 05-02, Part II, Application 1, Question 2, adding a new Question 3 specifically addressing cost relief for concurrent conditions, so that cost relief is provided regardless of whether the condition pre- or post-dates the compensable injury.
3. Clarification within the new Question 3 that when a delay is caused by a personal risk such as obesity, smoking, and alcohol or drug addiction, cost relief is limited to situations where the personal risk causes a delay in the worker's participation in treatment or return-to-work services. However, cost relief may be provided when the concurrent condition is a disease resulting from the personal risk (for example, Type 2 diabetes, lung cancer, cirrhosis of the liver).

Effective Date: June 1, 2017, applying to all claims with a date of accident on or after that date."

CARRIED

6.3 **Policy 04-06, Part II, Application 4, Prescribed Opioid Analgesics**

On March 3, 2017, the Council of the College of Physicians and Surgeons of Alberta approved a new Standard of Practice for *Prescribing: Drugs with Potential for Misuse or Diversion*, with an effective date of April 1, 2017.

The Standard of Practice was developed after extensive consultation with physicians, patients, and stakeholder organizations and includes, but is not limited to, prescription opioids, benzodiazepines, sedatives, and stimulants.

The new standard is designed to put more checks and balances in place to improve prescribing and enhance patient safety. It reinforces the Council's 2016 decision to endorse the Center for Disease Control's Opioid Prescribing Guidelines as best practice.

The new standard does not prevent physicians from prescribing opioids when appropriate, nor does it prevent continuing opioid treatment for dependent patients.

MOTION

2017/04/17

It was moved that,

"The Board of Directors approve the draft revisions to Policy 04-06,

Part II, Application 4. It is recommended that the proposed changes go forward for approval without consultation. The policy revisions include:

- Amendments to reflect the new Standard of Practice on *Prescribing: Drugs with Potential for Misuse or Diversion*, including references to cautions and dosages.

Effective Date: April 1, 2017."

CARRIED

7. **Audit Committee**

The committee had nothing to report.

8. **Finance Committee**

The committee chair provided a report on the committee's recent meeting.

9. **Governance Committee**

The committee had nothing to report.

10. **Human Resource and Compensation Committee**

The committee had nothing to report.

11. **New Business**

There was no new business.

12. **Meeting Evaluation**

The members completed the meeting effectiveness self-assessment form.

13. **In Camera**

The Board of Directors held an *in camera* session in two parts. During the first part, all of senior management except the CEO were not present. During the second part, the CEO was also not present.

There being no further business, the meeting ended at 2:15 p.m.

**THE WORKERS' COMPENSATION BOARD
MEETING OF THE BOARD OF DIRECTORS
M I N U T E S**

DATE: June 27, 2017

PLACE: Teleconference

TIME: 9:00 a.m.

BOARD MEMBERS

James Kindrake, Chair
Guy Kerr, President & Chief Executive Officer **
Erna Ference, Member
Philip Hughes, Member
Alex McPherson, Member
Ivana Niblett, Member
Fred Nowicki, Member
Mary Phillips-Rickey, Member
Grace Thostenson, Member

SECRETARIAT

William P. Ostapek, Secretary and General Counsel *

ALSO PRESENT

Ron Helmhold, Chief Financial Officer *
Wendy King, Vice President, Operations & Chief Information Officer *
Pieter Lambooy, Vice President, Operations *
Roxy Shulha-McKay, Vice President, Employee & Corporate Services *
Sheila Szabo, Executive and Board Liaison *

* excused for item 14

** excused for item 14 (part 2)

The Chair called the meeting to order at 9:00 a.m.

1.1 **Agenda**

The agenda as distributed was approved.

1.2 **Proposed Motions**

The list of proposed motions was received for information.

2.1 **Minutes of the Meeting of May 16, 2017**

MOTION

2017/05/18

It was moved that,

"The minutes of the meeting of May 16, 2017 be approved, with amendment."

CARRIED

2.2 **2017 Meetings and Activities Schedule**

The meetings and activities schedule was received for information.

3. **Business Arising from the Minutes of May 16, 2017**

There was no business arising from the minutes of the May 16, 2017 meeting.

4. **Report of the Chair**

The Chair reported on:

- WCB Review Panel,
- appointments to the Board of Directors,
- Annual General Meeting, and
- Association of Workers' Compensation Boards of Canada meetings.

5. **Report of the President**

The President reported on the following:

- internal health and safety,
- current issues,
- legislative relations, and
- stakeholder relations.

COMMITTEE REPORTS

6. **Policy Committee**

The committee had nothing to report.

7. **Audit Committee**

The committee had nothing to report.

8. **Finance Committee**

The committee had nothing to report.

9. **Governance Committee**

The committee had nothing to report.

10. **Human Resource and Compensation Committee**

The committee had nothing to report.

11. **2018 Meeting Schedule**

MOTION

2017/05/19

It was moved that,

"The 2018 Board of Directors' meeting schedule be approved."

CARRIED

12. **New Business**

There was no new business.

13. **Meeting Evaluation**

The members completed the meeting effectiveness self-assessment form.

14. **In Camera**

The Board of Directors held an *in camera* session in two parts. During the first part, all of senior management except the CEO were not present. During the second part, the CEO was also not present.

There being no further business, the meeting ended at 10:00 a.m.

**THE WORKERS' COMPENSATION BOARD
MEETING OF THE BOARD OF DIRECTORS
MINUTES**

DATE: September 22, 2017

PLACE: The Workers' Compensation Board
12th Floor Board Room
Jarvis Building
9925 - 107 Street
Edmonton, Alberta

TIME: 9:00 a.m.

BOARD MEMBERS

James Kindrake, Chair
Guy Kerr, President & Chief Executive Officer **
Philip Hughes, Member
Alex McPherson, Member (teleconference)
Ivana Niblett, Member (teleconference)
Fred Nowicki, Member
Mary Phillips-Rickey, Member
Grace Thostenson, Member

Excused:

Erna Ference, Member

SECRETARIAT

William P. Ostapek, Secretary and General Counsel *

ALSO PRESENT

Ron Helmhold, Chief Financial Officer *
Wendy King, Vice President, Operations & Chief Information Officer *
Pieter Lambooy, Vice President, Operations *
Roxy Shulha-McKay, Vice President, Employee & Corporate Services *
Sheila Szabo, Executive and Board Liaison *

* excused for item 13

** excused for item 13 (part 2)

The Chair called the meeting to order at 9:00 a.m.

1.1 **Agenda**

The agenda as distributed was approved.

1.2 **Proposed Motions**

The list of proposed motions was received for information.

2.1 **Minutes of the Meeting of June 27, 2017**

MOTION

2017/06/20

It was moved that,

"The minutes of the meeting of June 27, 2017 be approved."

CARRIED

2.2 **2017 and 2018 Meetings and Activities Schedules**

The meetings and activities schedules were received for information.

3. **Business Arising from the Minutes of June 27, 2017**

There was no business arising from the minutes of the June 27, 2017 meeting.

4. **Report of the Chair**

The Chair reported on:

- a recent meeting with the Minister of Labour and her staff with regard to implementation of the Report and Recommendations of the WCB Review Panel, and
- recruitment for the current vacancies on the Board of Directors.

5. **Report of the President**

The President reported on the following:

- current operational and economic trends,
- legislative relations, including an update on the status of the Review Panel Report, and
- stakeholder relations.

The 2017 Balanced Scorecard Report and financial reporting were reviewed and discussed.

5.1 **2018 Update: 2014-2018 Strategy and Five-Year Business Plan**

The major focus of the final year of the strategic plan will be the implementation of the review recommendations contained in the “Working Together Review and Recommendation Report” released in July 2017. The report contains 60 recommendations for the entirety of the workers’ compensation system and will be the focus of WCB’s innovation for a number of years.

There are 18 recommended legislative changes to the workers’ compensation system, combined with the policy recommendations. There will be 25 policy changes going to committee for benefit/funding policy changes. In addition, there are governance-related recommendations impacting internal policy and procedures that will be implemented as well. Many of the recommendations enhance existing policies, practices and benefits, or enshrine current practice into legislation. A significant number of recommendations (8) deliver net-new benefits or completely new approaches to compensation in Alberta.

There is a great deal of work and opportunity ahead, and the organization is well prepared. Facing the challenges ahead with a strong financial position, a comprehensive picture of the risks, and the ability to be flexible in the face of significant business change will be the keys to success. Through thoughtful and strategic planning, WCB will continue to deliver on its commitments to all its partners.

MOTION

2017/06/21

It was moved that,

“The Board of Directors endorses the focus of the final year of the 2014-2018 Strategy and Five-Year Business Plan and specific initiatives for 2018.”

CARRIED

COMMITTEE REPORTS

6. **Policy Committee**

6.1 **Policy Development Plan Fall Update**

The topic summary and attachment were received for information.

7. **Audit Committee**

The committee chair provided a report on the committee’s recent meeting.

8. **Finance Committee**

The committee chair provided a report on the committee's recent meeting.

9. **Governance Committee**

The committee had nothing to report.

10. **Human Resource and Compensation Committee**

The committee chair provided a report on the committee's recent meeting.

10.1 **2017 President and CEO Evaluation**

Board members are asked to complete the evaluation form and submit it in confidence to the external consultant by October 16, 2017.

11. **New Business**

There was no new business.

12. **Meeting Evaluation**

The members completed the meeting effectiveness self-assessment form.

13. **In Camera**

The Board of Directors held an *in camera* session in two parts. During the first part, all of senior management except the CEO were not present. During the second part, the CEO was also not present.

There being no further business, the meeting ended at 10:30 a.m.

**THE WORKERS' COMPENSATION BOARD
MEETING OF THE BOARD OF DIRECTORS
MINUTES**

DATE: November 28, 2017

PLACE: The Workers' Compensation Board
12th Floor Board Room
Jarvis Building
9925 - 107 Street
Edmonton, Alberta

TIME: 9:00 a.m.

BOARD MEMBERS

James Kindrake, Chair
Guy Kerr, President & Chief Executive Officer **
Erna Ference, Member
Philip Hughes, Member
Alex McPherson, Member (by teleconference)
Ivana Niblett, Member
Fred Nowicki, Member
Mary Phillips-Rickey, Member
Grace Thostenson, Member

SECRETARIAT

William P. Ostapek, Secretary and General Counsel *

ALSO PRESENT

Ron Helmhold, Chief Financial Officer *
Wendy King, Vice President, Operations & Chief Information Officer *
Pieter Lambooy, Vice President, Operations *
Roxy Shulha-McKay, Vice President, Employee & Corporate Services *
Sheila Szabo, Executive and Board Liaison *

* excused for item 13

** excused for item 13 (part 2)

The Chair called the meeting to order at 9:00 a.m.

1.1 **Agenda**

The agenda as distributed was approved.

1.2 **Proposed Motions**

The list of proposed motions was received for information.

2.1 **Minutes of the Meeting of September 22, 2017**

MOTION

2017/07/22 It was moved that,

"The minutes of the meeting of September 22, 2017 be approved."

CARRIED

2.2 **2018 Meetings and Activities Schedule**

The meetings and activities schedule was received for information.

3. **Business Arising from the Minutes of September 22, 2017**

There was no business arising from the minutes of the September 22, 2017 meeting.

4. **Report of the Chair**

The Chair reported on:

- recruitment of new board members, and
- surplus distribution.

5. **Report of the President**

The President reported on the following:

- Alberta economy,
- current issues,
- legislative relations, and
- stakeholder relations,
- staff satisfaction.

COMMITTEE REPORTS**6. Policy Committee**

The committee chair provided a report on the committee's recent meeting.

6.1 Policy Plan Update

The policy plan update was received for information.

6.2 Policy Amendments effective January 1, 2018

The proposed revisions and highlights of each policy are noted below and are based on the recommendations from the Review Panel:

- Policy 04-01, Part II, Application 4, cost of living adjustment (COLA)
 - The 0.5% reduction has been removed from the formula effective January 1, 2018.
 - As the authority to use the new formula will be legislated, the existing Board Order 2012/08/25, dated November 27, 2012, concerning s.59 and the calculation of cost of living adjustments should be rescinded.
- Policy 04-04, Part I, and Application 1 have been amended to delete "permanent" from "permanent impairment of earning capacity". The change is consistent with the existing policy definition of permanent disability, and is more accurate as workers are often able to regain their pre-accident earning capacity despite their permanent work restrictions.
- Policy 04-04, Part II, Applications 3 and 4, Economic Loss Payment (ELP) Retirement Benefits (Application 3 details benefits for those whose date of accident is on or after January 1, 2018, and Application 4 details benefits for those whose date of accident falls between January 1, 1995, to December 31, 2017).

Retirement benefits speak to what a worker is eligible for if they have been receiving a monthly wage loss benefit from us for their permanent disability once they retire. This retirement benefit recognizes their loss of ability to contribute to a pension plan because of their reduced earnings capacity:

- A reference to temporary economic loss benefits (TEL) has been included in Application 3
- Normal retirement age is extended to age 65 or 5 years following the date of accident, whichever is later
- The ability to provide a lump sum to a worker no longer receiving their ELP benefit at retirement age due to regaining their earning capacity has been added
- To be eligible for an ELP retirement adjustment or lump sum retirement benefit, the worker must have been in receipt of ELP/TEL for a continuous 2-year period.

- Policy 04-06, Part II, Application 1, Health Care
 - Revision to ensure workers have their choice, providing WCB criteria are met, in selecting their health care provider. This change is based on Recommendation 15 in the WCB Review Panel Recommendations report, which concludes WCB should enable workers to choose their own health care professionals so long as those professionals meet criteria established by the WCB.
- Policy 04-08, Part II, Application 1, Lump Sum for Fatalities
 - Revisions to accommodate the introduction of a new lump sum in fatality cases. With these revisions, the dependants of anyone who passes away as a result of their work related injury will be entitled to a lump sum equivalent to the amount of a full “Non Economic Loss Payment” (NELP), less any NELP payment the worker would have received.
- G-2, The Review and Appeal Process
 - This General Information document has been updated to reflect the increase in the time to request an appeal from the Appeals Commission from one year to two years.

MOTION

2017/07/23

It was moved that,

"The Board of Directors approve the draft policies, which are contingent upon the passing of an omnibus bill impacting workers' compensation and occupational health and safety in Alberta. As part of the change to Policy 04-01, Part II, Application 4, Policy Committee recommends that the Board Order dated November 27, 2012, be rescinded effective December 31, 2017.

The final legislation was unavailable at the time of writing but due to the short turnaround times for implementation, we are bringing forward policies that reflect the changes recommended from the recent WCB review. Should further change occur, an update will be sent to the Board of Directors highlighting the differences from the approved preliminary policies to the final versions.

Effective Date: January 1, 2018, applying to all claims with a date of accident on or after that date or an alternative date as proclaimed by legislation."

CARRIED

7. **Audit Committee**

The committee chair provided a report on the committee's recent meeting.

8. Finance Committee

The committee chair provided a report on the committee's recent meeting.

8.1 Investment Management Strategic Plan

The Investment Strategic Plan allows the Board of Directors to approve the strategy for managing the investment portfolio from both a total portfolio and multi-year perspective. The plan emphasizes a continued focus on risk management and a portfolio strategy that is specifically tailored to the unique needs of WCB Alberta. The strategy is consistent with the achievement of the goals and objectives of the Investment Policy and is aligned with the risk tolerance of the Board of Directors. The Strategic Plan has been reviewed and endorsed by the Board's independent investment consultant, Aon Hewitt.

MOTION

2017/07/24 It was moved that,

"The Board of Directors approve the Investment Management Strategic Plan (2018-2020)."

CARRIED**8.2 Annual Investment Policy Review**

The WCB Investment Policy establishes the investment principles and broad guidelines for the prudent and effective management of the Accident Fund. As the portfolio management strategy is continually enhanced and new capital market opportunities arise, amendments to the policy are regularly considered at the time of the annual review. The 2017 review proposes one minor administrative amendment to Application 6, Monitoring and Controls. The response to the query about external auditing of the portfolio's recordkeeping and reporting has been updated to be less prescriptive as to which auditing standards would apply to the audit of internal controls as it can vary based on the domicile of the custodian's parent company. All changes were reviewed and endorsed by the Board's independent investment consultant Aon Hewitt.

MOTION

2017/07/25 It was moved that,

"The Board of Directors approve the Investment Policy amendments, effective January 1, 2018."

CARRIED**8.3 Cost of Living Adjustment**

In accordance with Application 4 of Policy 04-01, annual cost of living adjustments are based on 100% of the change in the average Alberta Consumer Price Index (ACPI) for the 12 months

ending September 30 of the year immediately prior to the adjustment, less 0.5%. The policy states the cost of living adjustments are applied on the 1st day of January of each year. It further goes on to say that the annual cost of living adjustment, arrived at through the formula, is to be ratified by the Board of Directors prior to its application.

In light of legislation that is expected to be passed prior to the end of 2017, it is recommended that board resolution 2012/08/25, concerning s. 59 and the calculation of cost of living adjustments, be rescinded. Policy 04-04, Part II, Application 4, will be amended to reflect the expected legislation.

The percentage change in the average ACPI for the 12 months ending September 30, 2017 totaled 1.20%. COLA has been calculated as 1.20% in accordance with the expected legislation.

MOTION

2017/07/26 It was moved that,

"The Board of Directors approve the cost of living adjustment of 1.20%, effective January 1, 2018."

CARRIED**8.4 2018 Maximum Insurable Earnings**

The WCB Review Panel proposed removing maximum insurable earnings (MIE) from the *Workers' Compensation Act*, which would effectively remove any maximum WCB has used in setting workers' compensation rates. On that basis, there will be no requirement for the Board of Directors to review MIE annually effective September 1, 2018 in relation to setting compensation rates. However, as the outcome of the legislation proposals is unknown at this time, it is necessary for the Board of Directors to approve an MIE for workers' compensation rates, as well as employer assessable earnings. Based on the current methodology, the recommendation is to keep MIE at \$98,700 for the period January 1, 2018 to August 31, 2018, followed by a removal of the cap for the remainder of 2018, contingent on the passing of the proposed legislation.

MOTION

2017/07/27 It was moved that,

"The Board of Directors approve maximum insurable earnings based on the current methodology for the period January 1, 2018 to August 31, 2018 of \$98,700, followed by removal of the cap for the remainder of 2018. Removal is contingent on the passing of legislation in relation to the WCB Review Panel recommendations by January 1, 2018."

CARRIED

8.5 2018 Financial Plan and Operating Budget**8.5.1 Surplus Distribution**

At the end of 2016, WCB's funded ratio was 133.8%, 5.8% above the top of the funding policy target range. Given the uncertainty of the Review Panel outcomes, and the potential impact on the funded ratio, it had previously been decided to defer the surplus distribution decision until there was greater certainty regarding the Review Panel outcomes and the resulting financial impacts.

After incorporating the estimated financial impacts from the Review Panel recommendations and considering best estimate financial forecasts to the end of 2017, the year end forecasted funded ratio is estimated at 132.4%. Management therefore recommends distributing the 2016 surplus of \$355.4 million.

MOTION

2017/07/28 It was moved that,

"The Board of Directors approve a surplus distribution in the amount of \$355.4 million representing the amount available for distribution as calculated based on fiscal 2016 audited financial results."

CARRIED**8.5.2 2018 Financial Plan and Operating Budget**

The WCB's budget is significantly influenced by key economic assumptions, such as insurable earnings, covered workers, claim duration and claim volume expectations that directly impact WCB operating activities and results. The 2018 budget planning outcomes are based on current key drivers and assumptions, which have been developed in the context of an Alberta economy that is expected to continue its recovery from a particularly deep recession.

Highlights of the 2018 budget are as follows:

- 2018 insurable earnings expectations are forecast to increase by 6.7% over 2017 forecast to \$108.3 billion.
- New lost-time claims volume for 2017 is forecast to be 25,700, exceeding budget expectations by 8.0%. In 2018, volume is budgeted at 26,700, 3.9% above 2017 forecast. Claim benefit expenses (current year injuries) forecast for 2017 are \$960.9 million, an increase of 4.8% from 2017 budget. In 2018, they are budgeted to grow slightly to \$968.0 million (0.7%).
- Total operating administrative expenses are expected to decline by 1.0% from the 2017 budget of \$164.7 million to \$163.1 million for 2018.

Board of Directors

- The average industry rate for 2018 will remain unchanged from the 2017 budget rate of \$1.02. However, the average required industry premium rate for 2018 has been calculated at \$1.04, which reflects the revenue required to fully fund the cost of 2018 injuries. This shortfall will be absorbed by the Accident Fund.
- Rate of return from the investment portfolio is forecast to be 4.9% for 2018 and the investment revenue forecast has been set at \$535.7 million.
- Based on budgeted outcomes from operations and asset liability management activities, the 2018 year end funded ratio is budgeted at 127.8%.

MOTION

2017/07/29 It was moved that,

"The Board of Directors approve the 2018 financial plan and operating budget."

CARRIED

9. **Governance Committee**

The committee chair provided a report on the committee's recent meeting.

9.1 **Corporate Governance Policy Manual Review**

Management has begun revisions to the Corporate Governance Policy Manual specific to recommendations that will be acted upon by the Board of Directors, irrespective of the government's acceptance of the recommendations, given that they include enhancing existing practice, increasing transparency and encouraging greater stakeholder engagement in their workers compensation system. These recommendations are from the Working Together report:

1. Recommendation #4 proposes three versus five standing board committees to ensure equal representation by each stakeholder group by committee. Given the recent implementation of the *Reform of Agencies, Boards and Commissions Compensation Act* regulation framework, it would be reasonable to merge the HR&C and Governance committees.
2. Recommendation #5 proposes removing the CEO from the Board of Directors. As the CEO is a non-voting member today, this change should not limit his interaction with the board.
3. Recommendation #10 proposes prohibiting the use of performance pay, pay-at-risk bonuses or other programs that tie compensation to performance measures. While the pay for performance program has already been formally rescinded, the recommendation requests that it be formally mandated. Changes to CEO compensation within the Corporate Governance Policy Manual reflect this as outlined within the *RABCCA* regulatory framework.

MOTION

2017/07/30

It was moved that,

" The Board of Directors approve:

- changes to sections 7 and 12 of the Corporate Governance Policy Manual to reflect governance recommendations contained in the WCB Review Panel Report – Working Together, and
- changes to sections 9 and 10 of the Corporate Governance Policy Manual to reflect the *Reform of Agencies, Boards and Commissions Compensation Act.*"

CARRIED**9.2 Committee Update**

Recommendation #4 of the Working Together Report and Recommendations of the WCB Review Panel contemplates a Board structure that includes three standing committees (vs. current five). The report states that on moving to such a structure, it is important that there is Board representation on each committee of one member representative of the interests of workers, one member representative of the interests of employers and one member representative of the interests of the general public. Within the text of the recommendation, the review panel explicitly states that the ultimate decision on committee structure should be deferred to the WCB and Minister of Labour who are in the best position to determine the optimal committee structure for effective governance at the WCB.

Discussion specific to combining the Audit and Finance Committees outlined in Recommendation #4 was scheduled to be on the agenda for the November 27, 2017 Finance Committee meeting, with a recommendation then being developed for review at the February 2018 Finance Committee meeting.

MOTION

2017/07/31

It was moved that,

"The Board of Directors approve:

- merging of the Governance and Human Resource and Compensation Committees into the Human Resource and Governance Committee, and
- the revised Terms of Reference and 2018 Annual Plan for the new Human Resource and Governance Committee."

CARRIED**10. Human Resource and Compensation Committee**

The committee chair provided a report.

Board of Directors

11. **New Business**

There was no new business.

12. **Meeting Evaluation**

The members completed the meeting effectiveness self-assessment form.

13. **In Camera**

The Board of Directors held an *in camera* session in two parts. During the first part, all of senior management except the CEO were not present. During the second part, the CEO was also not present.

There being no further business, the meeting ended at 11:15 a.m.

**THE WORKERS' COMPENSATION BOARD
MEETING OF THE BOARD OF DIRECTORS
MINUTES**

DATE FOR REFERENCE: December 22, 2017

BOARD MEMBERS PARTICIPATING IN THE VOTE

James Kindrake, Chair
Erna Ference, Member
Philip Hughes, Member
Alex McPherson, Member
Ivana Niblett, Member
Fred Nowicki, Member
Mary Phillips-Rickey, Member
Grace Thostenson, Member

SECRETARIAT

William P. Ostapek, Secretary and General Counsel

1. **Policy Amendments effective January 1, 2018**

Policy 04-04, Part II, Application 3, changes have been made to reflect the final legislation:

- The wording in Question 6 has been updated to reflect that the two-year requirement does not apply to ELP adjustments at retirement age.
- Question 11 has been updated to reflect that the two-year requirement applies only to lump sum retirement provisions for workers who recover earning capacity before retirement age and the change in the calculation formula.
- Question 15 has been amended to reflect the wording in the final legislation.
- Question 16 has been updated to reflect the change in the calculation formula.
- Proposed Question 17 has been deleted as the change in the calculation meant it is no longer necessary.

Policy 04-08, Part II, Application 1, Lump Sum for Fatalities:

- In Question 2, removed inserted references to new applications for the revised fatality benefit structure as the changes will come into effect on September 1, 2018, not January 1, 2018, as was originally anticipated.
- One of the examples in Question 3 has been amended to clarify that there is no NELP offset because this worker has not received NELP on any previous claims.

G-2, The Review and Appeal Process:

- No change in what was proposed, but the effective date for this revision was changed to September 1, 2018, so it will not be published on January 1, 2018.

There have been no changes in the remaining policies from what was distributed for discussion on November 28, 2017.

MOTION

2017/08/32

It was moved that,

"The Board of Directors approve the draft policies. These policies reflect changes in the legislation as approved in Bill 30, *An Act to Protect the Health and Well-being of Working Albertans*.

Provisional approval for these policies was given at the Board of Directors' meeting on November 28, 2017, and this update highlights the differences from the approved preliminary policies to the final versions.

Effective Date: January 1, 2018.

CARRIED