

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

**DATE:** February 21, 2018

**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  
Erna Ference, Member  
Alex McPherson, Member (by teleconference)  
Ivana Niblett, Member  
Fred Nowicki, Member  
Mary Phillips-Rickey, Member  
Grace Thostenson, Member  
**Excused**  
Philip Hughes, Member

**EXECUTIVE**

Guy Kerr, President & Chief Executive Officer \*\*  
Ron Helmhold, Chief Financial Officer ♦\*  
Wendy King, Vice President, Operations & Chief Information Officer ♦\*  
Pieter Lambooy, Vice President, Operations ♦\*  
William P. Ostapek, Secretary and General Counsel ♦\*  
Roxy Shulha-McKay, Vice President, Employee & Corporate Services \*

**ALSO PRESENT**

Sheila Szabo, Executive and Board Liaison ♦\*

♦ excused for items 9.4, 9.5 and 9.6

\* excused for item 12

\*\* excused for item 12 (part 2)

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**Board of Directors**

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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 November 28, 2017**

**MOTION**

2018/01/01 It was moved that,

"The minutes of the meeting of November 28, 2017 be approved."

CARRIED

2.2 **Minutes of the Meeting of December 22, 2017**

**MOTION**

2018/01/02 It was moved that,

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

CARRIED

2.3 **2018 Meetings and Activities Schedule**

The meetings and activities schedule was received for information.

3. **Business Arising from the Minutes of the  
November 28, 2017 and December 22, 2017 Meetings**

There was no business arising from the minutes of the November 28, 2017 and December 22, 2017 meetings.

4. **Report of the Chair**

The Chair reported on:

- board recruitment, and
- correspondence with the Minister of Labour on various topics.

5. **Report of the President**

The President reported on the following:

- economic outlook,

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- implementation of WCB Review Panel recommendations,
- policy consultation with stakeholders,
- correspondence from the Minister of Labour with regard to policy initiatives,
- legislative relations, and
- worker and employer satisfaction surveys.

**COMMITTEE REPORTS****6. Policy Committee**

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

**6.1 Policy Project Plan 2017 Final Update**

The 2017 final update was received for information.

**6.2 2018 Policy Project Plan**

The WCB's policy process has three primary tasks: policy amendment, policy review and policy evaluation. Given the recent legislative changes, the focus of the 2018 plan is on policy changes that come into effect in 2018. The plan is flexible and emerging issues are incorporated as they arise. As the legislative changes are the predominant focus for 2018, the Review Roadmap is recommended for posting to the website as the 2018 policy project plan.

**6.3 Policy 01-03, Part I, Benefit of Doubt**

Bill 30, detailing changes to the *Workers' Compensation Act (WCA)*, received Royal Assent on December 15, 2017. It included an addition to s.17(4.1), which speaks to benefit of doubt going to the worker when evidence is approximately equal. The concept of benefit of doubt is a long-standing practice and is already reflected in Policy 01-03; however, the wording has been enhanced to better reflect the new legislation.

**MOTION**

2018/01/03

It was moved that,

"The Board of Directors approve the draft policy, which has been developed to reflect updates to the *WCA*. Although benefit of doubt is not a new concept, changes under Bill 30 have enshrined in in the *WCA* for the first time. The policy has been revised to reflect the wording in the legislation under s. 17(4.1).

**Effective Date:** January 1, 2018, applying to all claims with a date of accident on or after that date. "

CARRIED

#### 6.4 **Policy 04-02, Part II, Application 4, Employer Continues Health Benefits**

Bill 30 includes a new s. 88.2, which provides that employment health benefits must continue to be provided to injured workers in specific circumstances. The new legislation is prescriptive in nature and, as such, the specific requirements outlined in the legislation have been incorporated into the draft policy.

**MOTION**

2018/01/04

It was moved that,

"The Board of Directors approve the draft policy, which has been developed to reflect updates to the *WCA* that come into effect September 1, 2018. The policy revisions provide:

- Employment health benefits continue for up to one year while a worker is absent from work due to a work injury. This policy only applies to workers who were already covered under their employer's benefit plan when the accident occurred.
- Coverage also continues for spouses, adult interdependent partners and dependants who were already covered under the worker's benefit plan.
- Both employers and workers must continue to pay their required contributions during the worker's absence.
- Only health benefits continue. Other employment benefits, such as pensions and life insurance, are not included.
- If an employer fails to make contributions and the worker incurs expenses for health services that would have been covered by the plan, WCB will reimburse the worker and the employer is liable to reimburse WCB.
- If WCB determines the employer has not complied with an obligation to continue employment health benefits, the employer is subject to an administrative penalty under s.152.1 of the *WCA* in an amount not exceeding one year's contributions for health benefits. WCB may provide to the worker an amount equal to the penalty paid by the employer.

**Effective Date:** September 1, 2018, applying to all claims with a date of accident on or after that date."

CARRIED

#### 6.5 **Policy 04-08, Fatalities**

The recent legislation introduced new provisions for fatality benefits for spouses/partners and dependent children (benefits for “other dependants” were not changed). The proposed policy drafts reflect the new legislation and provide some additional detail where needed.

Despite the length of the policy document, the changes to the fatality benefit structure can be summarized in five key areas. These, together with the fatality lump sum benefit that came into effect on January 1, provide enhanced benefits for spouses/partners and dependent children:

1. The five-year reducing term pension is replaced with five years of full pension. This increases benefit security for all spouses and partners and reduces the financial pressure by ensuring they will receive five full years of pension before WCB reviews their vocational status and capability to see if they are eligible for additional benefits.
2. Today, full benefits are paid until the youngest child reaches 18. That age limit has been increased to 25 to allow time for those children to complete post-secondary school while their parent or guardian is still on full benefits.
3. Spouses and partners will now be eligible for a retirement benefit when and if their pension ends.
4. The retirement adjustment for spouses or partners not capable of gainful employment will be similar to the new ELP retirement provisions, and will reflect the worker and spouse/partner’s lost opportunity to contribute to retirement planning during the entire claim.
5. Minor wording and numbering changes to ensure the policy has a logical flow.

The new retirement lump sum benefit does not apply to spouses who are not capable of gainful employment and are receiving benefits under the new s.70(10) of the WCA. Instead, any retirement adjustment, including the calculation, is at WCB’s discretion.

The proposed calculation is similar to the retirement provisions for workers – that is, the annual retirement amount is 2% of the total periodic compensation paid through the entire claim, up to the retirement adjustment date. This includes both the worker’s periodic compensation and the spouse’s pension, and differs in this regard from the spousal lump sum retirement benefit paid to all other spouses at the conclusion of their pension. For those

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spouses, the legislative provision includes only the spousal pension, and does not include any periodic compensation paid to the worker before the worker's death. The reason for the difference is that spouses paid under s.70(10) are not capable of gainful employment and do not have the same opportunity to provide for their own retirement.

It is recommended that there be no consultation on the proposed changes as the legislation sets out the specific eligibility and application criteria.

**MOTION**

2018/01/05

It was moved that,

"The Board of Directors approve the following revisions to Policy 04-08:

1. Two new applications have been added to accommodate the new legislative provisions that come into effect on September 1, 2018, and Policy Applications 2 to 4 in Part II are renumbered:
  - Policy Application 2 is a new application that addresses the new provisions for dependent spouses and adult interdependent partners.
  - The previous Application 2 is now Application 4, for dependent spouses and adult interdependent partners with dates of accident from January 1, 1982, to August 31, 2018, inclusive.
  - Policy Application 3 is a new application that addresses the new provisions for dependent children and other dependants.
  - The previous Application 3 is now Application 5, for dependent children and other dependants with dates of accident from January 1, 1982, to August 31, 2018, inclusive.
2. The new provisions in Application 2 for dependent spouses include:
  - Eligibility for the pension continues until the last dependent child reaches age 25, provided he or she is enrolled in a post-secondary program.
  - The 5-year reducing pension is eliminated in favour of a full 5-year pension.
  - Provision for a lump sum retirement benefit payable when the spouse's pension ends is included and is consistent with lump sum retirement provisions for ELP/TEL recipients.

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3. The retirement provisions for spouses who are not capable of gainful employment and in receipt of benefits under s.70(10) [formerly s.70(12)] have been revised so that they are consistent with the calculation used for the ELP retirement adjustment.
4. Policy 04-08, Part II, Applications 3 & 5, Fatality Benefits for Dependent Children and Other Dependants (Application 3 deals with the new regime for dates of accident on or after September 1, 2018, and Application 5 deals with accidents on or after January 1, 1982 up to August 31, 2018):
  - In the new Application 3, eligibility for the pension has been extended to apply to age 25 if dependants are enrolled in a post-secondary program, and the 5-year reducing pension is now a full 5-year pension.
  - There is a minor wording change in both applications for clear consistency with s.71 of the *WCA* (benefits for children not living with the dependent spouse/partner).
5. Part I is amended to indicate the change in the definition of “dependent child” and the addition and renumbering of applications in Part II.
6. A number of inconsequential amendments have been made throughout the documents, updating legislative references and policy cross-references.

**Effective Date:** September 1, 2018, applying to all claims with a date of accident on or after that date."

CARRIED

#### 6.6 **Inconsequential Amendments: Policies 03-01, 04-05, 04-08, Appendix D and the Glossary**

The following inconsequential amendments have been approved (Board Resolution 94/02/09) to update references to the *WCA* and to Policy 04-04, *Permanent Disability*. The updates were necessary because of the legislative amendments that came into effect on January 1, 2018, and the resulting changes to Policy 04-04:

##### 1. **Policy 03-01, Part II, Application 3, Question 5**

The reference to Policy 04-04, Application 6, Enhancement Factor is updated to Application 7, to reflect the new numbering of the Policy 04-04 applications.

**2. Policy 04-05, Part II, Application 7, Question 5 and Glossary**

The word “Permanent” has been removed from the reference to Policy 04-04, Application 1, Determining Permanent Impairment of Earning Capacity, so that it is consistent with the renamed application. The entry in the Glossary for “Permanent Impairment of Earning Capacity” has also been updated by removing “Permanent” and moving the entry to the correct place in the alphabetical listing.

**3. Policy 04-08, Part II, Application 3, Questions 4 and 6**

The reference in Question 4 to Policy 04-04, Application 7 is updated to Application 8, to reflect the new numbering of the Policy 04-04 applications.

The inconsequential amendment in Question 6 does not flow from the new legislative provisions, but was identified while drafting policy for the new provisions. The change in the question clarifies that the provisions apply only when there is a dependent spouse or adult interdependent partner at the time of the worker’s death. As well, there is a minor change in the text for clear consistency with s.71 of the WCA (benefits for children not living with the dependent spouse/partner).

**4. Policy 04-08, Part II, Application 4, Question 9**

A note has been added to the side bar, to clarify application of s.75(4) following its repeal effective January 1, 2018.

**5. Appendix D – Introduction, page viii**

Two references to Policy 04-04, Application 4 on page viii are updated to Application 5, to reflect the new numbering of the Policy 04-04 applications.

The changes are inconsequential in nature and have no substantive effect on the rights and responsibilities of workers or employers.

**6.7 Policy 03-01, Part II, Application 4, Cardiac and Policy 03-01, Part II, Application 6, Psychiatric or Psychological Injury**

Bill 30 includes changes to sections 24.1 and 24.2.

Section 24.1 was amended to add presumptive coverage for myocardial infarction for paramedics. Policy 03-01, Part II, Application 4, has been amended to reflect this change.

Section 24.2 was amended:

- to include correctional officers and emergency dispatchers under the presumption for PTSD coverage; and



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- to add a presumption for all workers who have been exposed to a traumatic event or events during the course of their employment and who develop a psychological injury.

Policy 03-01, Part II, Application 6, has been amended to reflect these changes.

Public consultation is not recommended as the legislation is prescriptive and the policy amendments simply reflect the new legislative requirements.

**MOTION**

2018/01/06

It was moved that,

"The Board of Directors approve the attached draft policies, which have been revised to reflect updates to the *WCA* that come into effect April 1, 2018. The policy revisions provide:

- Amendments to Policy 03-01, Part II, Application 4, Cardiac, to reflect changes to section 24.1 of the *WCA*.
- Amendments to Policy 03-01, Part II, Application 6, Psychiatric or Psychological Injury, to reflect a number of changes to section 24.2 of the *WCA*.

**Effective Date:** April 1, 2018, applying to all claims with a date of accident on or after that date."

CARRIED

**6.8 Policy 07-03, Parts I and II, Application 1, Safety Associations**

Bill 30 included amendments to s.136 concerning grants to safety associations. Additional changes to the legislation are being reviewed for possible future changes. Public consultation is not recommended at this time as the policy amendments simply reflect the new legislative language.

**MOTION**

2018/01/07

It was moved that,

"The Board of Directors approve the draft policy, which has been developed to reflect amendments to s.136 of the *WCA*. The revisions focus on the need for organizations to meet criteria set out by the Minister responsible for the *Occupational Health & Safety Act*.

**Effective Date:** January 1, 2018."

CARRIED

### 6.9 Policy 04-01, Part II, Application 3, Young Workers

Bill 30 includes a new legislated provision that allows WCB to adjust gross annual earnings in certain circumstances for young workers under age 25, and also for other workers age 25 and older who, at the time of the accident, are enrolled in vocational or academic programs “approved by the Board”. The provisions come into force on September 1, 2018, and apply to those workers with permanent clinical impairments of 50% or greater whose earnings at the time of the accident are less than the Alberta average weekly earnings. In addition to the specific criteria set out in the legislation, the draft policy provides guidance on the following points:

- “Vocational or academic programs approved by the Board” are programs that would reasonably be expected to increase the worker’s earning capacity.
- The comparison between date-of-accident earnings and Alberta average weekly earnings is a comparison of the net earnings based on those amounts. This is consistent with s.68(1)(b) and s.68(2), when the subsections are read together. Section 68(1)(b) states that “the Alberta average weekly earnings exceed the worker’s actual net earnings . . . .”; however, s.68(2) states that “Alberta average weekly earnings is **an amount based on** the average weekly earnings for Alberta as published annually by Statistics Canada . . . .”, which implies that the gross amount published by Statistics Canada is the starting point, not the actual amount compared to the worker’s net earnings.
- The threshold of 50% permanent clinical impairment may be the result of one claim or the cumulative total of two or more claims that meet the eligibility criteria, as the impact on the worker is the same, regardless of whether it is a result of one or several claims.
- The policy clarifies that, when the worker is eligible for more than one adjustment (for example, the young worker was an apprentice), WCB may apply more than one adjustment and will always apply the adjustment that is most beneficial for the worker.
- The adjustment is made when permanent clinical impairment (PCI) is assessed or at 24 months, whichever is earlier. This means that, in some cases, WCB will be required to estimate PCI before the worker reaches maximum medical improvement. It is possible that a worker may be estimated at 50% or more, but the actual PCI assessment results in a PCI of less than 50%. The policy provides that the worker’s compensable earnings will revert to date-of-accident earnings, as the worker is not eligible for the adjustment; however, the change will not be retroactive.

It is recommended that there be no consultation on the proposed changes as the legislation sets out the specific eligibility and application criteria.

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**Board of Directors**

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**MOTION**

2018/01/08

It was moved that,

" The Board of Directors approve the following revisions to Policy 04-01, Part II, Application 3:

1. A new Question 3 that provides details of the new legislated benefit adjustment for young workers and workers enrolled in vocational or academic programs.
2. Deletion of the previous Question 3 on adjustments for workers under age 18, as the authorizing section of the *WCA* (s.68) is repealed and replaced with the new provisions set out in the new Question 3.
3. A revision to Question 1 to reflect the legislative amendment. In addition, the list is expanded to include existing provisions for seasonal or casual workers, and trades persons working outside the trade.

**Effective Date:** September 1, 2018, applying to all claims with a date of accident on or after that date."

**CARRIED****6.10 In-person Policy Consultation, Q1 2018**

A number of legislative changes introduced through Bill 30 provide opportunity for policy consultation. Four policies were posted online January 2, 2018 for province-wide feedback:

- Code of Rights and Conduct,
- obligation to return injured workers to work,
- estimating earning capacity and making reasonable efforts to support a job search, and
- interim relief.

This feedback will ensure policy development and policy updates reflect a shared understanding of what related legislative changes mean for stakeholders. To augment the feedback received online, three in-person consultation meetings are planned with stakeholders in February 2018. Meeting participants will also have the opportunity to provide feedback through the online consultation process.

**7. Audit Committee**

The committee had nothing to report.

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**8. Finance Committee**

The committee reported on its recent meeting.

**9. Human Resource and Governance Committee**

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

**9.1 2017 Balanced Scorecard**

WCB-Alberta continued to achieve exceptional results for 2017 while facing significant external change and challenges. The two biggest external factors were continued volatility related to the economy and the rollout of recommendations from the WCB Review Panel. By staying true to the strategic goals that helped WCB reach strong results for its clients, all but two measures on the balanced scorecard were achieved.

**MOTION**

2018/01/09

It was moved that,

"The Board of Directors approves the 2017 balanced scorecard results as confirmation of the organization's achievement of annual corporate objectives."

**CARRIED****9.2 2018 Balanced Scorecard**

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

The objectives selected each year place emphasis on key processes and are both meaningful to external stakeholders and to WCB employees. Achievement in our current economic setting is a challenge that requires commitment and innovation.

**MOTION**

2018/01/10

It was moved that,

"The Board of Directors approves the 2018 corporate objectives."

**CARRIED**

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**Board of Directors**

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**9.3 2017 Employer of Choice Report**

The topic summary and attachment were received for information.

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 items 9.4, 9.5 and 9.6.

**9.4 2017 President & CEO Objectives**

The 2017 scorecard results confirms the President & CEO objectives have been met as the WCB continued to achieve exceptional results, despite facing economic challenges. All four of the President & CEO objectives selected were achieved in 2017 and included:

- **Rebuilding stakeholder trust in the workers' compensation system** by ensuring an implementation plan was developed for enactment of Bill 30, *An Act to Protect the Health and Well Being of Working Albertans*, which included an assessment of all recommendations and an assessment of all systems. Impacts on policy were identified and policy then developed and approved by the Board of Directors for three benefit changes that took effect on January 1, 2018. While many of the legislative changes contained in Bill 30 are prescriptive, four were identified for stakeholder consultation and work was done to prepare these issues for online consultation. Planning also began later in 2017 to hold in-person consultation sessions on these issues in Edmonton and Calgary in February 2018.
- **Focus on worker engagement** with a continued focus on delivering great customer service through timely and respectful communication, combined with effective collaboration with injured workers with return to work plans, generated great results in 2017. As a measure of success with worker engagement, a question was included in the independent satisfaction survey. The target for 2017 was 83.7%, which was surpassed with a result of 86.1% achieved.
- **Ensure the overall financial health of the organization** by ensuring the organization remained above the 114% minimum funding ratio target, which was achieved at year end with a 127.8% funding ratio. This allowed for a rate credit of \$355.0 million to employers in January 2018.
- **Achieve the critical path objectives on the technology road map** by successfully implementing PAM release 2 and Release 1 on code modernization from COBOL to .NET. Both projects were completed on time and within the overall allocated capital budget.

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**Board of Directors**

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**MOTION**

2018/01/11

It was moved that,

"The Board of Directors approves the President and CEO's objectives achieved in 2017."

CARRIED

**9.5 2018 President & CEO Objectives**

The CEO's primary focus should be to drive organizational results and, in doing so, align personal objectives with corporate objectives so that WCB achieves long-term success. The balanced scorecard is the ultimate barometer of WCB's annual success and progress and, therefore, forms the foundation of measuring the CEO's success. The balanced scorecard is reported on regularly to the Board of Directors.

For 2018, the following individual objectives were chosen based on key organizational priorities, changes to the *Workers' Compensation Act (WCA)* and analysis of stakeholder priorities:

1. Lead the organization to successfully implement all benefit, policy and operational changes driven by the WCB Review Panel recommendations and recent changes to the WCA.
2. Focus on enhancing worker-centric services.
3. Safeguard the overall financial health of the workers' compensation system for workers and employers, and develop a plan for a new surplus model.
4. Achieve critical path objectives for technology.

**MOTION**

2018/01/12

It was moved that,

"The Board of Directors approves the President and CEO's 2018 objectives."

CARRIED

**9.6 2017 Annual Board Evaluation**

As part of the Board of Directors' ongoing commitment to effective governance, the annual evaluation of board performance has been completed. The board evaluation was sent to each board member in January with an electronic link to complete the survey anonymously. The results reflect 87.5% (7/8) participation, with **an overall average of 94.4%** compared to an overall average of 86.2% in 2015. *Note: this evaluation was not completed in 2016 since the Board was in a transition period with very few board members.*

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**Board of Directors**

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**10. New Business**

There was no new business.

**11. Meeting Evaluation**

The members completed the meeting effectiveness self-assessment form.

**12. 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 11:00 a.m.

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**CHAIR**

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**SECRETARY**

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

**DATE:** April 17, 2018

**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  
Erna Ference, Member  
Philip Hughes, Member  
Ivana Niblett, Member  
Mary Phillips-Rickey, Member  
Grace Thostenson, Member

**EXECUTIVE**

Guy Kerr, President & Chief Executive Officer \*\*  
Ron Helmhold, Chief Financial Officer ♦\*  
Wendy King, Vice President, Operations & Chief Information Officer ♦\*  
Pieter Lambooy, Vice President, Operations ♦\*  
William P. Ostapek, Secretary and General Counsel ♦\*  
Roxy Shulha-McKay, Vice President, Employee & Corporate Services \*

**ALSO PRESENT**

Sheila Szabo, Executive and Board Liaison ♦\*  
Hon. Christina Gray, Minister, Alberta Labour ♦  
Lenore Neudorf, Assistant Deputy Minister, Alberta Labour ♦  
Mustafa Farooq, Ministerial Assistant, Alberta Labour ♦

♦ attended for presentation on Implementation of WCB Review Panel Recommendations

\* excused for item 12

\*\* excused for item 12 (part 2)



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**Board of Directors**

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The Chair called the meeting to order at 9:00 a.m. and welcomed the Minister of Labour, the Assistant Deputy Minister of Labour and the Ministerial Assistant to the meeting.

**Presentation**

The Chairs of the Board Committees made a presentation with regard to the corporation's progress in the implementation of WCB Review Panel recommendations and responded to questions from the Minister of Labour.

**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 February 21, 2018****MOTION**

2018/02/13

It was moved that,

"The minutes of the meeting of February 21, 2018 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 February 21, 2018**

There was no business arising from the minutes of the February 21, 2018 meeting.

**4. Report of the Chair**

The Chair reported on recruitment for Board of Directors' vacancies.

**5. Report of the President**

The President reported on the following:

- structure of Strategic Management Council,
- economic forecast,
- internal health and safety,
- stakeholder relations, and
- Board of Directors' retreat.

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**Board of Directors**

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**COMMITTEE REPORTS****6. Policy Committee**

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

**6.1 Policy 04-04, Part II, Application 1,  
Determining Impairment of Earning Capacity**

Stakeholders did not comment on the policy wording necessitated by the legislative change. Stakeholders did provide a tremendous amount of feedback on the criteria for job search extension, however that information will be included in procedure, not policy.

Adding a reference to job leads was explored, recognizing that viable job leads are an important part of the process in determining reasonable effort. However, upon review, it was determined that they are better left as procedural criteria for extending the job search, rather than as a determining factor for estimating earnings. Keeping the policy at a higher level better recognizes the many individual factors that are considered as part of the effort to support a worker's search for reasonable employment.

One area of feedback not accepted was the suggestion that we consider a vocational rehabilitation payout in lieu of vocational services and wage loss be considered. The *Workers' Compensation Act* does not support a payment in lieu of services and support to workers.

**Cost Impact:** Job search support is paid at amounts equivalent to full total disability benefits. Preliminary estimates show an impact of up to \$18 million per year.

**MOTION**

2018/02/14 It was moved that,

"The Board of Directors approve the draft revisions to Policy 04-04, Part II, Application 1, which includes revisions as a result of stakeholder consultation. The proposed revisions:

1. Amend Policy 04-04, Part II, Application 1, Q4 to reflect new, legislated wording directing WCB to estimate earnings capacity only after WCB has made every reasonable effort to support the worker in his/her job search.
2. Amend Policy 04-04, Part II, Application 1, Q5 (new) to clarify which elements of vocational rehabilitation WCB will use to ensure all reasonable efforts to support the job search are made.
3. Amend Policy 04-04, Part II, Application 1, Q5c to remove reference to personal employability factors.

**Effective date:** September 1, 2018."

**CARRIED**

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**Board of Directors**

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**6.2 Policy 04-05, Return-to-Work Services, Part II, Applications 2 and 3**

In January 2018, the draft policies for the new legislated obligation to reinstate and duty to accommodate were posted online for consultation for 60 days, from January 2 to March 6, 2018. In addition, in-person consultations were held with stakeholders in February in Edmonton and Calgary. Stakeholders raised a number of questions through both online and in-person consultations. These questions led to several changes being made to the initial draft.

These requests are reflected in the updated policy application drafts:

- Stakeholders expressed concern that WCB is taking on activities that have traditionally been the role of the Human Rights Commission. This concern has been addressed directly in the policy updates.
- Stakeholders raised questions about the timelines for offering and accepting accommodation in the consultation draft. In addition, the policy draft had been silent on the issue of union participation in return-to-work discussions. This has been clarified and examples have been added to illustrate the cooperation process.
- Employers requested clarification to address overall concerns about how and when an employer would have to rehire someone and into what type of role.
- Stakeholders requested clarification of how federally regulated employers would be treated differently than those who fall under provincial human rights legislation.
- Stakeholders requested explanation of circumstances where WCB would consider paying the employer's penalty to the worker (the explanation has been added).

Requested changes or comments not incorporated in the proposed policy draft:

- **Terminations:** It was suggested that the policy should state that progressive discipline needs to be demonstrated; others thought that they wouldn't be able to terminate with cause because of the work injury. These are concerns that can be addressed through process design, ensuring adjudication is balanced, fair, clear and evidence-based. Key resources, like checklists and decision scenarios, will be provided to assist with the application of the policy.
- **Worker advantage:** Some stakeholders felt the policy could be seen as giving injured workers an advantage over other employees in rehiring scenarios (like seasonal employment). This *could* occur, though this is not a new challenge as it reflects what is in human rights legislation today. Process design will ensure decision-makers focus on aspects of the human rights legislation that speak to the impact of accommodation on other employees.
- **Safety:** Some stakeholders felt the policy suggested they would be required to rehire an injured worker, even if it was unsafe due to their work restrictions. This is something that is currently addressed when work restrictions are confirmed; this can be reiterated in training. Safety is also one of the key considerations under undue hardship within the policy and reference material will be provided to ensure due diligence in assessing safety concerns.
- **Undue hardship:** One stakeholder wanted a formula to verify if financial hardship had been met. The test cannot be reduced to a formula, as individual circumstances must be

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## Board of Directors

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considered in each case. However, more specific information and scenarios can be covered in the process design (currently under development), as well as through training and in the decision letter templates.

**Cost impact:** Costs are not anticipated to exceed \$1 million per year. Return-to-work services costs will increase; however, these costs would be offset by an anticipated reduction in costs for temporary total disability, vocational rehabilitation and economic loss payment benefits.

**MOTION**

2018/02/15

It was moved that,

"The Board of Directors approve the draft policy applications: Policy 04-05, Part II, Application 2 – Responsibilities Of Employers And Workers In Return To Work and Application 3 – Accommodation And Undue Hardship, incorporating the new obligation under the *Workers' Compensation Act* to reinstate and accommodate injured workers. These drafts include revisions made following stakeholder consultation. Proposed revisions:

1. A new Application 2, addressing the duties and obligations for cooperation and reinstatement.
2. A new Application 3, addressing accommodation and the determination of undue hardship.
3. The current Applications 2 – 7 will be renumbered to Applications 4 – 9.
4. Amendment to Application 2: A new question (Q1) was added at the beginning of the application to explain why WCB has jurisdiction to administer the obligation to reinstate and the duty to accommodate, including undue hardship.
5. Amendment to Application 2 and Application 3: A new question (Q7, Application 2 and Q11, Application 3) was added to each to explain when WCB would consider paying the employer's penalty to the worker.
6. Amendments to Application 2: Changes were made to the definitions for 'continuous employment' (Q10) and 'mediation' (Q24) as well as when an employer would be required to rehire a seasonal worker (Q15).
7. Amendment to Application 2: Changes were made to Q18 to add context on timelines to offer and accept return-to-work duties, and to provide more information about the case manager's role in the process.
8. Amendment to Application 3: Change was made to the definition of 'essential duties' (Q4).
9. Amendment to Application 3: A reference was added (Q2) so that, when a dispute occurs with a federally regulated employer, WCB and the Appeals Commission will notify

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the Canadian Human Rights Commission instead of the Alberta Human Rights Commission.

10. Amendments to Application 3: Minor changes were made to two of the elements of undue hardship (Q7, points 3 and 7).

**Effective date:** September 1, 2018."

**CARRIED**

**6.3 Policy 01-10, Interim Relief**

The initial draft policy was open for online consultation for 60 days, from January 2, 2018, to March 6, 2018. A total of 30 submissions were received. In addition to the online consultation, two stakeholder feedback sessions were held in late February, as well as a special pre-consultation session attended by self-selected members of Labour Coalition and Industry Task Force.

Following consultation, most of the suggestions were implemented and the draft policy was updated to (among other things):

- Clarify the adjudicative criteria for determining eligibility for interim relief to focus more on financial need.
- Eliminate the time limit to hold a hearing.
- Provide more consistency in the relative requirements for workers and employers to demonstrate hardship.

Some employers also felt that if the issue under review or appeal relates to a lost-time claim, that claim should not appear on their record until the decision is finalized. WCB could not support this suggestion as the panel recommendation is focused solely on direct financial hardship during the appeal process, not on the many potential impacts following a decision change.

**Cost Impact:** Costs are difficult to forecast as this is a new policy. Based on historical overturn rates and appeal cycle times, the total impact is not expected to exceed \$1.0 million per year.

**MOTION**

2018/02/16

It was moved that,

"The Board of Directors approve draft Policy 01-10, Part I, and Policy 01-10, Part II, Application 1, which reflect revisions as a result of stakeholder consultation.

1. This is a new policy in response to the Bill 30 requirement that workers and employers be provided with interim financial relief during review or appeal, if in serious financial need.
2. The draft policy provides for interim relief to be available in unusual circumstances where a worker or employer is

placed in *necessitous circumstances* while waiting for a decision on their review or appeal.

3. Workers and employers are required to apply for interim relief and to demonstrate clearly the financial hardship that would occur without relief.
4. Relief can be provided by WCB (at the Dispute Resolution and Decision Review Body) or the Appeals Commission. Both bodies are required to ensure sufficient facts of an arguable case are provided to support the review or appeal.
5. If a worker review or appeal is unsuccessful, the employer's account is not charged with the costs of interim relief.
6. Interim relief for workers is based on minimum wage for full-time earnings (about \$28,000/yr. for 2018) or their actual annual gross earnings, whichever is lower. Interim relief for employers is provided by suspending invoices pertaining to the disputed amounts.

**Effective date:** September 1, 2018, applying to all *requests for review or applications for appeal* on or after that date."

CARRIED

6.4 **Policy 04-02, Part II, Application 4, Continuation of Employment Health Benefits and Policy 05-01, Part II, Compensation Overpayments, Application 1, General**

Bill 30, detailing changes to the *Workers' Compensation Act*, received Royal Assent on December 15, 2017. It includes a new section, 88.2, which provides that employment health benefits must continue to be provided to injured workers in specific circumstances.

On February 21, 2018, the Board of Directors approved a new draft application (Application 4: Continuation of Employment Health Benefits) under Policy 04-02. As implementation plans were being developed, questions arose that prompted revisions to Policy 04-02, Part II, Application 4 and revisions to Policy 05-01, Part II, Application 1.

**MOTION**

2018/02/17

It was moved that,

"The Board of Directors approve the revisions to Policy 04-02, Part II, Application 4 and approve the attached revisions to Policy 05-01, Part II, Application 1. The policy revisions provide:

- Health benefits only continue *while the worker is absent from work because of the injury*.
- Only the date-of-accident employer is obligated to continue providing health benefits.

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- If the worker is absent because of a work injury, any health benefits that would normally end under the employer's plan because of an extended absence will continue while the worker is absent because of the work injury.
- Health benefits do not include wellness plans.
- In general, health benefits do not continue for seasonal workers if the worker is fit for work but there is no work because of regular seasonal fluctuations. Exceptions to this are: (a) if there was an agreement to the contrary or (b) if the worker is unable to work in other employment due to the work injury.
- Overpayments to the worker for reimbursements of expenses incurred for health services will be treated as overpayments under Policy 05-01, Compensation Overpayments. Policy 05-01 has been updated in the attached draft.
- If an employer fails to make required contributions for the health benefit plan, the worker's obligation to make contributions also ends.
- WCB takes into account other health benefit plans the worker is eligible for before reimbursing the worker for out-of-pocket expenses. Workers shouldn't be in a position to receive more health benefits than they were eligible for at the time of the accident.
- The employer must make the worker aware of any contribution amounts due by the worker, and provide a process for the worker to make those payments.

**Effective Date:** September 1, 2018, applying to all claims with a date of accident on or after that date.

CARRIED

6.5 **Maximum Insurable Earnings (Policies 04-01, 04-02, 04-04, 04-07, 04-09, 05-02, 06-01, 06-02, 06-03, 07-02, Appendix F, Glossary)**

Bill 30, detailing changes to the *Workers' Compensation Act*, received Royal Assent on December 15, 2017. The Bill includes the repeal of section 56(4), which currently prescribes a maximum compensable earnings amount, and the repeal of section 104, which prescribes a maximum assessable earnings amount. These changes come into effect on September 1, 2018.

**MOTION**

2018/02/18

It was moved that,

"The Board of Directors approve the proposed changes outlined below, including the draft policies, which have been developed to reflect the legislative amendment removing the cap on insurable

earnings effective September 1, 2018.

***Note: not all affected policies are included. Only policies with significant changes requiring additional consideration have been included. Providing the proposed changes are approved, remaining updates will be made as inconsequential amendments.***

The policy revisions provide:

### **1. Cost Relief**

Issue: Cost relief for cardiac claims and back injuries is tied to maximum insurable earnings (MIE). Currently costs are relieved when they exceed eight times the weekly maximum compensation rate (based on MIE).

Recommendation: The cost relief threshold will be set at eight times the worker's actual earnings.

Related policies:

- 05-02, Part II, Application 2: Occupational Disease
- 05-02, Part II, Application 3: Back Injuries
- 05-02, Addendum A: Eight Times the Weekly Maximum Compensation Rate

### **2. Experience Rating: MPIC**

Issue: Current policy outlines that the Maximum Per Incident Cost (MPIC) is set at twice the MIE for a rate year. Policy is silent on how Maximum Per Claim Cost (MPCC) is set.

Recommendation: Remove any references to how MPIC is calculated (similar to how there is no mention in policy to how MPCC is set).

Related policies:

- 07-02, Part II, Application 2: Experience Rating
- 07-02, Part II, Application 3: PIR

### **3. Maximum Compensable Earnings**

Issue: References to MIE that are related to compensation (as opposed to assessment) need to be updated as there will be no maximum compensable earnings as of September 1, 2018.

Recommendation: These types of references will be changed to "any maximum compensable earnings in effect at the date of the accident".

Related policies:

- Principles document – bullet 12, Retrospective Earnings
- 04-01, Part I, 1.0, Compensation for Earnings Loss
- 04-01, Part II, Application 1: General
- 04-01, Part II, Application 2: Special Circumstances
- 04-01, Part II, Application 4: Cost-of-Living Adjustments



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- 04-01, Part II, Addendum A: Maximum Annual Insurable Earnings
- 04-02, Part II, Application 2, Allowances
- 04-04, Part II, Application 5, Injuries prior to January 1, 1995
  
- 04-04, Part II, Application 10, Permanent Injury Award (1985-1994)
- 04-07, Part II, Application 4: Self-Care
- Appendix F
- Glossary

#### **4. Maximum Assessable Earnings**

Issue: References to MIE that are related to assessment need to be updated.

Recommendation: These types of references will be changed to “any maximum assessable earnings in effect for the year of assessment.” This phrasing works whether or not the cap on assessments remains.

Related policies:

- 06-03, Part I
- 06-03, Part II, Application 4: Insurable Earnings
- 06-03, Part II, Application 5: Reporting Requirements
- Appendix F
- Glossary

#### **5. “Insurable Earnings”**

Issue: Throughout policy there are references to “insurable earnings”, which is used to refer to both “compensable earnings” and “assessable earnings”.

Recommendation: For clarity, all references to “insurable earnings” will be changed to either “compensable earnings” or “assessable earnings” depending on the context.

Related Policies:

- **Compensable Earnings:**
  - 04-05, Part I
  - Glossary
- **Assessable Earnings:**
  - 06-01, Part II, Application 3: Workers
  - 06-01, Part II, Application 5: Coverage Outside of Alberta
  - 06-03, Part I
  - 06-03, Part II, Application 1: Accounts
  - 06-03, Part II, Application 2: Premium Payments
  - 06-03, Part II, Application 4: Insurable Earnings

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- 06-03, Part II, Application 5: Reporting Requirements
- 06-03, Part II, Application 6: Audits
- 07-01, Part I
- 07-01, Part II, Application 2: Employers Operating in More Than One Industry
- 07-02, Part I
  
- 07-02, Part II, Application 2: Experience Rating
- 07-02, Part II, Application 3: Partnerships in Injury Reduction (PIR)
- 07-02, Part II, Application 4: Combining Experience
- 07-02, Part II, Application 7: Industry Custom Pricing (ICP)
- Glossary
- Index

**6. Glossary**

Issue and Recommendation: Recommended changes above require corresponding updates to the Glossary (for example, some glossary items have been divided into “assessable” and “compensable” and redefined).

**7. Appendix F**

Issue and Recommendation: Recommended changes above require corresponding updates to Appendix F (for example, Appendix F has been reformatted to divide out the “Maximum Insurable Earnings” column into “Maximum Assessable Earnings” and “Maximum Compensable Earnings”).

**Effective Date:** September 1, 2018."

**CARRIED**

**6.6 Code of Rights and Conduct**

The draft Code was open for online consultation for approximately 60 days, from January 2 to March 6, 2018. We received 26 responses online. In addition to the online consultation, three face-to-face meetings were held: a preliminary meeting in Edmonton on February 13, and larger sessions in Edmonton on February 22 and Calgary on February 23, 2018.

There was support in principle for the proposed Code; however, a number of issues were raised and WCB has revised the draft Code to address many, though not all, of the concerns. In accordance with Section 9.2, the revised draft was provided to the Appeals Commission, which did not express any concerns.

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**Issues:** One of the main issues was a concern that the Code may change the current process for review of adjudicative and employer account decisions. The document has been revised to make it clear that the new process applies only to service issues. Similarly, the document has been revised to make it clear that financial remedies will not be part of the resolution process for service issues.

Several stakeholders felt it was important that WCB report on its analysis and monitoring of issues and this is reflected in the revised Code. The reporting will be on issues that go to the Fair Practices Office.

Plain language was the focus for some stakeholders and the document has been revised in both tone and language to reflect this concern.

There were a number of concerns with the process WCB will follow in dealing with services issues. The process has been revised accordingly. Additional updates are expected when the Fair Practices Office is up and running.

**Cost impact:** These policy changes will have no impact on overall costs.

**MOTION**

2018/02/19

It was moved that,

"The Board of Directors approve the *Code of Rights and Conduct* (the Code), which includes revisions as a result of stakeholder consultation. This is a new document that was developed in response to changes in the legislation that were introduced in Bill 30. Section 9.2 requires that WCB:

...in consultation with workers, employers, the Appeals Commission and the Fair Practices Office, establish a Code of Rights and Conduct that sets out the rights of workers and employers in their interaction with the Board and describes how the Board operates in recognition of those rights.

**Effective date:** September 1, 2018."

**CARRIED**

6.7 **Post-consultation Policy Summary**

The topic summary and attachments were received for information.

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

The topic summary and attachment were received for information.

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**Board of Directors**

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**7. Audit Committee**

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

**7.1 Financial Statements – 2017**

The financial statements and accompanying notes, as recommended by the Audit Committee, reflect the financial position of the corporation as at December 31, 2017. The financial statements and notes have been prepared in accordance with International Financial Reporting Standards.

**MOTION**

2018/02/20

It was moved that,

"The Board of Directors approve the corporation's consolidated financial statements and accompanying notes for the year ended December 31, 2017, 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, 2018."

CARRIED

**7.2 2018 Claim Benefit Liability Valuation  
– Appointment of External Actuary**

Section 93(6) of the *Workers' Compensation Act* requires WCB to have an independent actuary certify the actuarial evaluation of the WCB's claim benefit liabilities at least once every five years. Commencing with the 2013 valuation, the WCB appointed Eckler Ltd. (Eckler) to a five year term expiring April 30, 2018.

Management is satisfied with the quality of work performed by Eckler in the certification of the 2017 claim benefit liabilities, as well as the working relationship that Eckler has established with internal actuarial staff. Accordingly, management supports the appointment of Eckler for the 2018 claim benefit liability valuation under the first year of a new five year contract.

**MOTION**

2018/02/21

It was moved that,

"The Board of Directors appoint Eckler Ltd. as the WCB's external certifying actuary for the 2018 claim benefit liability valuation under a five year term that is subject to annual review and reappointment."

CARRIED

**8. Finance Committee**

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

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## Board of Directors

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### 9. Human Resource and Governance Committee

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

#### 9.1 Board Skills Profile and Composition Matrix

In its final report, the WCB-Alberta Review Panel included the following recommendation (#7) for the Board of Directors:

The WCB Board of Directors, in consultation with the Minister of Labour and stakeholders, review the competency matrix that is applied when recruiting board members.

While the Board of Directors reviews its skills profile and competency matrix during its nominating process, the Panel's recommendation suggests there is opportunity to enhance transparency and consultation within this process, particularly with the Ministry and stakeholders.

#### **Competency Additions**

Within recommendation #7, the Panel provided commentary around a number of competencies the Board of Directors should consider in its recruitment process. Several of these competencies are included already as part of the WCB Board Member Profiles, Skills and Competencies document, while two in particular are not: health and community/stakeholder relations. These competencies are reasonable additions to the existing competency matrix and help reflect the Board of Directors' commitment to the overall spirit of the Panel's report.

Using the Government of Alberta's Public Agencies Board Profile and Competency Matrix Tool as a guide, the following additions have been made to the Board Skills Profile and Competency Matrix:

- **Health** – an overall understanding of the health care industry, including an understanding of services, trends, challenges and opportunities within the health care system.
- **Communication and Stakeholder Engagement** – an overall understanding of the communities WCB serves, including the stakeholder landscape affecting the workers' compensation system; experience communicating and fostering trusting relationships with stakeholders.

#### **Corporate Governance Policy Manual Update**

Presently, the Corporate Governance Policy Manual is silent on the Board of Directors' process of using and reviewing a competency matrix when putting forward nominations for new members; the policy manual is also silent on consultation related to desired board member competencies. In order to address these opportunities and support implementation of the recommendation, management recommends the Board Member Profile, Skills and Competencies be added as an appendix to the policy manual and the following addition be made to section 23 'Nominations':

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- (b) Nominations will consider a prospective board members' ability to contribute to the overall complement of skills, experience and attributes considered to be ideal for the Board of Directors (included in the Board Member Profile, Skills and Competencies attached hereto as Appendix H). Board member competencies used for recruiting new members will be reviewed by the Board of Directors, in consultation with the Minister of Labour and stakeholders, on a biannual basis.

Conducting the review process on a biannual basis is recommended to best match the cycle of board member nominations, while also allowing for timely adjustments based on evolving governance best practices.

**MOTION**

2018/02/22

It was moved that,

"The Board of Directors approves:

- The changes to the Board Profile, Skills and Competencies document (and corresponding Composition Matrix) to reflect two new areas of experience: health and communication/stakeholder relations.
- The addition to Section 23 (nominations) of the Corporate Governance Policy Manual to indicate its intent to review the Board Profiles, Skills and Competencies document (and corresponding Composition Matrix) with the Minister of Labour and stakeholders on a biannual basis."

**CARRIED**

10. **New Business**

There was no new business.

11. **Meeting Evaluation**

The members completed the meeting effectiveness self-assessment form.

12. **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 11:50 a.m.

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

**DATE:** May 29, 2018

**PLACE:** University of Alberta Alumni House  
11515 Saskatchewan Drive  
Edmonton, Alberta

**TIME:** 11:35 a.m.

**BOARD MEMBERS**

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

**EXECUTIVE**

Guy Kerr, President & Chief Executive Officer  
Ron Helmhold, Chief Financial Officer  
Wendy King, Chief Operating Officer  
Marcela Matthew, Vice President, Worker Health & Wellness  
William P. Ostapek, Secretary and General Counsel  
Roxy Shulha-McKay, Vice President, Employee & Corporate Services

**ALSO PRESENT**

Sheila Szabo, Executive and Board Liaison

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**Board of Directors**

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The Chair called the meeting to order at 11:35 a.m.

1. **Agenda**

The agenda as distributed was approved.

2.1 **Minutes of the Meeting of April 17, 2018**

**MOTION**

2018/03/23 It was moved that,

"The minutes of the meeting of April 17, 2018 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 April 17, 2018**

There was no business arising from the minutes of the April 17, 2018 meeting.

4. **Report of the Chair**

The Chair had nothing to report.

5. **Report of the President**

The President reported on the following:

- balanced scorecard report,
- current issues,
- stakeholder relations, and
- recent decision by the Supreme Court of Canada in *West Fraser Mills v. British Columbia (Workers' Compensation Appeal Tribunal)*.

**COMMITTEE REPORTS**

6. **Policy Committee**

The committee had nothing to report.

7. **Audit Committee**

The committee had nothing to report.

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**8. Finance Committee**

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

**9. Human Resource and Governance Committee**

The committee chair provided a report.

**10. New Business**

There was no new business.

**11. Meeting Evaluation**

The members completed the meeting effectiveness self-assessment form.

**12. In Camera**

The Board of Directors did not hold an *in camera* session.

There being no further business, the meeting ended at 12:00 p.m.

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

**DATE:** June 26, 2018

**PLACE:** Teleconference

**TIME:** 9:00 a.m.

**BOARD MEMBERS**

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

**EXECUTIVE**

Guy Kerr, President & Chief Executive Officer \*\*  
Ron Helmhold, Chief Financial Officer \*  
Wendy King, Chief Operating Officer \*  
Marcela Matthew, Vice President, Worker Health & Wellness \*  
William P. Ostapek, Secretary and General Counsel \*  
Roxy Shulha-McKay, Vice President, Employee & Corporate Services \*

**ALSO PRESENT**

Sheila Szabo, Executive and Board Liaison \*

\* excused for item 13

\*\* excused for item 13 (part 2)

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**Board of Directors**

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

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 29, 2018**

**MOTION**

2018/04/24 It was moved that,

"The minutes of the meeting of May 29, 2018 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 May 29, 2018**

There was no business arising from the minutes of the May 29, 2018 meeting.

4. **Report of the Chair**

The Chair reported on:

- Governance meeting of the Association of Workers' Compensation Boards of Canada, and
- the Chair and President's recent meeting with the Minister of Labour.

5. **Report of the President**

The President reported on the following:

- annual general meeting,
- meeting with the Minister of Labour,
- current issues,
- legislative relations, and
- stakeholder relations.

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**Board of Directors**

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**COMMITTEE REPORTS****6. Policy Committee**

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

**6.1 Policy 04-05, Return to Work Services**

The recommended policy revisions reflect the legislative changes that come into effect on September 1, 2018, and the two policy applications (Applications 2 and 3) that were approved by the Board of Directors on April 17, 2018, following online and face-to-face consultation.

**MOTION**

2018/04/25

It was moved that,

"The Board of Directors approve amendments to Policy 04-05 to incorporate the new obligation to reinstate injured workers that comes into effect on September 1, 2018. These amendments are in addition to the new Application 2: Responsibilities of Employers and Workers in Return to Work, and Application 3: Duty to Accommodate and Undue Hardship, that the Board of Directors approved at its April 17, 2018, meeting, and include:

1. In Part I, revisions to the policy statement and the section on duty to accommodate that reflect the new reinstatement and accommodation provisions of s.88.1 of the *Workers' Compensation Act (WCA)*.
2. In Part II, Application 1, revisions to Question 1 to explain differences in WCB's role in return-to-work services when the employer has an obligation under s.88.1 to reinstate the injured worker.
3. In Application 4 (formerly Application 2) – Temporary Modified Work, a revision to Question 8, to incorporate the new s.56(14) of the *WCA*, that addresses worker benefits when an employer terminates the worker's employment or withdraws the modified work.
4. The current Applications 2 – 7 are renumbered to Applications 4 – 9.
5. In addition to the specific revisions listed above, there are minor revisions throughout all parts of Policy 04-05, including updated cross references and minor wording changes to integrate the new provisions and the two new Applications 2 and 3.

**Effective Date:** September 1, 2018."**CARRIED**

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## Board of Directors

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### 6.2 **Maximum Insurable Earnings-related Inconsequential Amendments: Policies 04-01, 04-02, 04-07, 04-09, 06-01, 06-03, 07-07 and 07-02**

As a result of the legislative amendments in Bill 30 that will come into effect on September 1, 2018, including the repeal of section 56(4) and section 104 of the *WCA*, the following inconsequential amendments (Board Resolution 94/02/2009) will be made to update references to the *WCA* and remove references to “maximum insurable earnings” and “insurable earnings”. These policy revisions are in addition to the maximum insurable earnings policies that the Board of Directors approved at its April 17, 2018, meeting.

The policy revisions provide:

1. Unless otherwise noted below, references to “maximum insurable earnings” are updated to:
  - a. “any maximum compensable earnings in effect at the date of the accident”, if the reference relates to compensation; and
  - b. “any maximum assessable earnings amount in effect for the year of assessment”, if the reference relates to assessments.
2. Unless otherwise noted below, references to “insurable earnings” are updated to:
  - a. “compensable earnings”, if related to compensation; and
  - b. “assessable earnings”, if related to assessment.
3. Legislative references are updated to reflect revised numbering in the *WCA*. References to repealed sections of the *WCA* are removed.
4. In Policy 04-01, Part II, Application 2, Question 13, the reference to rate adjustments when students reach the age of 18 is updated to reflect the new young worker provisions in Bill 30.
5. The reference to maximum insurable earnings in Policy 04-01, Part II, Application 4, Question 3, relates to cost-of-living adjustments. As such, the change is to “any maximum compensable earnings in effect on the *date of the adjustment*” instead of the *date of accident*.
6. Policy 04-01, Part II, Addendum A is updated to indicate there is no maximum compensable earnings amount in effect from September 1, 2018 onwards. In addition, the title of Addendum A is changed from “Maximum Annual Insurable Earnings” to “Maximum Annual Compensable Earnings”.
7. In Policy 04-02, Part II, Application 2, Question 3, for wage loss allowances, a reference is added to “any maximum compensable earnings in effect on the *date the wage loss occurred*.”
8. A note has been added to the side bar in Policy 04-07, Part II, Application 4, that the repeal of s.58 does not affect special needs allowance calculations.

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9. Policy 06-03, Part II, Application 4 is renamed from “Insurable Earnings” to “Assessable Earnings”. In Questions 6 and 7, a reference is added to maximum assessable earnings, to make it clear that these earnings are subject to any maximum in effect at the time.
10. In Policy 06-03, Part II, Application 5, the inconsequential amendment in Question 4 does not flow from Bill 30, but was identified while drafting policy for the new provisions. Question 4 contained an outdated reference to grain farming as an exempt industry. The example in Question 4 is updated to include golf courses as the exempt industry instead of grain farms.
11. In Policy 06-03, Part II, Application 6, Question 2, regarding premium audits, the reference to an injured worker’s “insurable earnings” is updated to “earnings.”

These changes are effective September 1, 2018.

**6.3 Policy 03-01, Part II, Application 6,  
Psychiatric or Psychological Injury**

**MOTION**

2018/04/26

It was moved that,

"The Board of Directors approve the revisions to Policy 03-01, Part II, Application 6, Psychiatric or Psychological Injury, as follows:

1. Additions have been made to Question 8 and a new Question 9 has been added to clarify presumptive coverage for traumatic onset psychological injury. Cross-references have been added or updated as appropriate.
2. Question 10 (formerly Question 9), has been amended to clarify coverage for correctional officers.

**Effective Date:** The effective date is unchanged at April 1, 2018, applying to all claims with a date of accident on or after that date."

**CARRIED**

**6.4 Bill 30, Inconsequential Changes to Policies and Appendices**

A number of inconsequential amendments (Board Resolution 94/02/09) have been made to the WCB Policies and Information Manual. The amendments update the attached policies and appendices in keeping with the changes resulting from Bill 30. These amendments are minor in nature and are in addition to changes previously approved by the Board of Directors. They include:

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1. Policy 01-08, Part II, Application 1 – changes to reflect the increased time (two years) allowed for submitting an appeal to the Appeals Commission.
2. Policy 03-01, Part II, Application 1 – addition of the new provision that workers may, in some circumstances, apply to the Appeals Commission for a medical panel.
3. Policy 03-01, Part II, Application 3 – changes to Questions 1 and 2, to reflect the Occupational Disease and Injury Advisory Committee's role in defining occupational diseases.
4. Policy 04-03, Part II, Application 1 – in addition to updated references flowing from Bill 30, a change to Question 4 that clarifies that recurrence rates established under s.61 may apply to permanent as well as temporary wage loss benefits.
5. In addition to the specific revisions listed above, there are minor revisions in the above policies and Policies 03-01, 03-02, 04-02, 04-04, 04-06, 04-08, and 05-02; Appendix H; the Alberta Permanent Clinical Impairment Guide; and the Glossary, as attached. These include updated legislative references, updated cross references to other policies, and minor wording changes to integrate the new provisions of Bill 30.

These changes are effective September 1, 2018, except for Policy 03-01, Part II, Application 3, which is effective April 1, 2018, and Policy 03-01, Part I and Part II, Application 1, which are effective June 1, 2018.

With one exception, the recommended policy revisions are reflecting the legislative changes of Bill 30, as they come into effect throughout the year. The exception is the change to Question 4 of Policy 04-03, Part II, Application 1. The revision clarifies the intent and practice of applying recurrence rates established under s.61 to permanent as well as temporary wage loss benefits. Although the intent was shown through the examples (ELP, ELS) used of benefits to which the recurrence rate could apply, the preceding text was not clear and appeared to contradict the intent of the policy.

## **6.5 Inconsequential Amendments, Principles of Workers' Compensation**

On September 1, 2018, the Principles of Alberta Workers' Compensation document will be updated to reflect the removal of the cap on maximum compensable earnings. This change was approved by the Board of Directors on April 17, 2018.

In addition to this consequential change, the following inconsequential amendments (Board Resolution 94/02/09) will be made to the Principles document when the document is published in September:

- The BoD Resolution number will be moved into the header of the document and the list of prior resolution numbers at the bottom of the document will be removed. Prior resolution numbers are already captured in previous versions of the Principles document.
- For easier readability, the content of the note regarding adult interdependent partners at the bottom of the document will be incorporated directly into the Principles document under survivor benefits and the note will be removed.
- Item 7, "Leveraging Prevention", will be renamed "Promoting Prevention".

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**Board of Directors**

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The changes are inconsequential in nature and have no substantive effect on the rights and responsibilities of workers or employers.

**6.6 Policy Plan Spring Update**

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. Human Resource and Governance Committee**

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

**9.1 Mandate and Roles**

In its final report, the WCB Review Panel included the following recommendation (#3) for the Board of Directors:

*The Government of Alberta, through the Minister of Labour, should establish expectations for the WCB Board of Directors through a robust Mandate and Roles document.*

In compliance with *Alberta Public Agencies Governance Act*, the Board of Directors has an existing Mandate and Roles document from 2014, which was signed by the Minister responsible for the *Workers' Compensation Act (WCA)* and the Board Chair at that time. While this document addresses many of the items referenced in the Panel's comments related to their recommendation, there are some items that were missing or that could be made clearer. Of note, the Panel suggested that the document should:

- address the Board of Directors' role in setting performance measures that help drive the culture shift the Panel called for,
- provide for regular and meaningful reporting that is public, and
- provide that the minutes of the Board of Directors' meetings are thorough and clearly reflect decision making.

To support this recommendation, management has proposed an updated Mandate and Roles document. This document includes a number of administrative updates throughout to reflect current legislation, strategic priorities and Corporate Governance Policy references. There are also several new additions that have been made to the document to address the recommendations of the Panel, including the following sections:

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## Board of Directors

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### Performance goals and reporting

- WCB's Board of Directors is responsible for setting WCB's strategic direction and monitoring the organization's performance. This includes ensuring the organization's strategic plans and annual performance measures appropriately aim to achieve WCB's vision and mission by fully reflecting the commitments put forward in WCB's strategic priorities and Code of Rights and Conduct. Further, the Board of Directors is responsible to ensure these elements are consistent with the Meredith Principles.
- WCB provides regular and complete reporting of its annual performance measures through its Annual Report, which is provided to the Minister responsible for WCA by May 31 each year, in accordance with section 93 of the WCA, and published on WCB's website. Performance results are also presented at WCB's Annual General Meeting in accordance with section 5 of the WCA.

### Minutes of the Board of Directors' meetings

- Minutes of the Board of Directors' meetings are recorded and published on WCB's website for all stakeholders to access. The Board of Directors is committed to sharing minutes that are thorough and clear in nature, and that provide stakeholders with a clear idea of how Board decisions were reached.

### Code of Rights and Conduct

- In order to demonstrate the Board of Directors' commitment to fairness and transparency in the overall experience of workers and employers, a section has also been added to include the recently approved Code of Rights and Conduct.

These enhancements represent the recommendations that are recommended to the WCB Board of Directors for 2018.

#### MOTION

2018/04/27 It was moved that,

"The Board of Directors approve the updated Mandate and Roles document for submission to the Minister of Labour."

**CARRIED**

## 10. 2019 Meeting Schedule

#### MOTION

2018/04/28 It was moved that,

"The 2019 Board of Directors' meeting schedule be approved."

**CARRIED**

## 11. New Business

There was no new business.

## 12. Meeting Evaluation

The members completed the meeting effectiveness self-assessment form.

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

**DATE:** September 10, 2018

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

**TIME:** 11:00 a.m.

**BOARD MEMBERS**

James Kindrake, Chair  
Erna Ference, Member  
William Hnydyk, Member  
Philip Hughes, Member  
Ivana Niblett, Member  
Mary Phillips-Rickey, Member  
Grace Thostenson, Member

**EXECUTIVE**

Guy Kerr, President & Chief Executive Officer  
Wendy King, Chief Operating Officer  
Roxy Shulha-McKay, Vice President, Employee & Corporate Services

**ALSO PRESENT**

Patrice Gelinias, Partner & CEO, Hexarem Inc.

The Chair called the meeting to order at 11:00 a.m. and the Board of Directors held an *in camera* session.

The President & CEO, the Vice President, Employee & Corporate Services, and Patrice Gelinias, Partner & CEO, Hexarem Inc. joined the meeting at 12:00 p.m.

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## **Board of Directors**

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### 1. **Agenda**

The agenda as distributed was approved.

### 2. **Human Resource and Governance Committee**

#### 2.1 **CEO Competency Model**

Patrice Gelinas, Partner & CEO, Hexarem Inc., was asked to review the materials he compiled concerning the CEO Competency Model. He reviewed the competency model, and noted the benefits of using such a model for the CEO recruitment process, and specifically as a guide to develop interview questions. Questions were addressed.

#### 2.2 **Candidate Listing for CEO**

Patrice Gelinas reviewed the attachment titled *Independent Talent Market Assessment*. He also explained Hexarem's approach to searching out potential candidates. Questions were addressed.

The Board of Directors discussed the next steps in the recruitment process, and asked Patrice Gelinas about conducting a more exhaustive search specific to the Alberta market. It was determined that this would best be carried out by a local search firm. The Board of Directors requested that the Vice President, Employee & Corporate Services, engage a search firm to conduct the next phase of the CEO recruitment, which is to reach out to potential candidates in the Alberta market (government and private sector) and workers' compensation nationally to develop a more robust selection of external candidates.

#### 2.3 **Interview Panel**

Discussion deferred.

#### 2.4 **Update on Reform of Agencies, Boards and Commissions Compensation Act (RABCCA)**

The Vice President, Employee & Corporate Services provided the Board of Directors with an update on RABCCA and the new approval requirements that would need to be put in place for the CEO offer. There was discussion about timing, and it was agreed that the recommendation and approval of the new CEO will likely be brought forward to the November 2018 Board of Directors' meeting.

### 3. **New Business**

There was no new business.

The President & CEO, the Vice President, Employee & Corporate Services and Patrice Gelinas, Partner & CEO, Hexarem Inc., were excused from the meeting 1:00 p.m.

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**Board of Directors**

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The Board of Directors met *in camera*.

There being no further business, the meeting ended at 1:15 p.m.

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**CHAIR**

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**SECRETARY**

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**Board of Directors**

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

**DATE:** September 25, 2018

**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  
Erna Ference, Member  
William Hnydyk, Member  
Philip Hughes, Member  
Ivana Niblett, Member  
Mary Phillips-Rickey, Member  
Grace Thostenson, Member

**EXECUTIVE**

Guy Kerr, President & Chief Executive Officer \*\*\*  
Ron Helmhold, Chief Financial Officer \*  
Wendy King, Chief Operating Officer \*  
Marcela Matthew, Vice President, Worker Health & Wellness \*  
William P. Ostapek, Secretary and General Counsel \*  
Roxy Shulha-McKay, Vice President, Employee & Corporate Services \*\*

**ALSO PRESENT**

Sheila Szabo, Executive and Board Liaison \*  
Jennifer Ward, Partner, Odgers Berndtson [item 9, Report of Chair, Human Resource & Governance Committee]

\* excused for items 9 and 13

\*\* excused for item 13

\*\*\* excused for items 9 and 13 (part 2)

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**Board of Directors**

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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 26, 2018**

**MOTION**

2018/06/29

It was moved that,

"The minutes of the meeting of June 26, 2018 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 June 26, 2018**

There was no business arising from the minutes of the June 26, 2018 meeting.

4. **Report of the Chair**

The Chair reported on:

- selection of chair of Board of Directors,
- recruitment for President, and
- board vacancies

5. **Report of the President**

The President reported on the following:

- economic review,
- premium rate setting, and
- legislative amendments.

The Chief Financial Officer provided an overview of the financial status to date and 2019 premium rate setting.

The Vice President, Worker Health & Wellness, reviewed the vocational services presentation.

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**Board of Directors**

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**COMMITTEE REPORTS****6. Policy Committee****6.1 2018 Policy Plan Summer Update**

The summer update was received for information.

**7. Audit Committee**

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

**8. Finance Committee**

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

**9. Human Resource and Governance Committee**

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

**9.1 2018 Executive Compensation Peer Group**

The peer group to be used for the annual executive compensation exercise is recommended by the Human Resource and Governance Committee to the Board of Directors for approval.

With the enactment of the *Reform of Agencies, Boards and Commissions Compensation Act (RABCCA)*, a new peer group has been developed and will be implemented for the CEO effective March 15, 2019.

Hexarem Inc., the independent executive compensation consultant, therefore is recommending that it is now time to use the new peer group defined under *RABCCA* as a guide moving forward for vice president compensation. This means replacing the current model of 29 organizations (benchmarking against Canadian organizations that met two of the criteria of public sector, Alberta based, or the financial services industry) with that of a database consisting of broad Canadian public sector organizations sorted to reflect the scope and complexity of WCB Alberta in terms of annual budget/revenue; assets under management; and/or number of employees.

**MOTION**

2018/06/30

It was moved that,

"The Board of Directors approve the peer group to be used for the 2018 executive compensation review."

**CARRIED**

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**Board of Directors**

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**10. 2019 Meeting Schedule****MOTION**

2018/06/31

It was moved that,

"The 2019 Board of Directors' meeting schedule be approved as amended."

**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 11:45 a.m.

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**CHAIR**

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**SECRETARY**



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**Board of Directors**

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

**DATE:** November 27, 2018

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

**TIME:** 8:00 a.m.

**BOARD MEMBERS**

Grace Thostenson, Chair  
Erna Ference, Member  
William Hnydyk, Member  
Philip Hughes, Member  
Ivana Niblett, Member  
Mary Phillips-Rickey, Member

**EXECUTIVE**

Guy Kerr, President & Chief Executive Officer \*  
Ron Helmhold, Chief Financial Officer \*  
Wendy King, Chief Operating Officer \*  
Marcela Matthew, Vice President, Worker Health & Wellness \*  
William P. Ostapek, Secretary and General Counsel \*  
Roxy Shulha-McKay, Vice President, Employee & Corporate Services \*

**ALSO PRESENT**

Sheila Szabo, Executive and Board Liaison \*

\* excused for items 9.9 to 12

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**Board of Directors**

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The Chair called the meeting to order at 8:00 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 10, 2018**

**MOTION**

2018/07/32 It was moved that,

"The minutes of the meeting of September 10, 2018 be approved."

**CARRIED**

2.2 **Minutes of the Meeting of September 25, 2018**

**MOTION**

2018/07/33 It was moved that,

"The minutes of the meeting of September 25, 2018 be approved."

**CARRIED**

3. **Business Arising from the Minutes of  
September 20 and September 25, 2018 Meetings**

There was no business arising from the minutes of the September 10 and September 25, 2018 meetings.

4. **Report of the Chair**

The Chair provided an update on board appointments and the Fair Practices Office.

5. **Report of the President**

The President reported on the following:

- rate setting strategy and the economy,
- implementation of the WCB Review Panel recommendations,
- staff satisfaction survey, and
- WCB has been named as one of the top Alberta employers.

**2019 Meeting Schedule**

**MOTION**

2018/07/34 It was moved that,

"The 2019 Board of Directors' meeting schedule be approved as amended."

**CARRIED**

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**Board of Directors**

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**COMMITTEE REPORTS****6. Policy Committee**

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

**6.1 Bill 30 – Additional Inconsequential Changes to Policies and Appendices**

The Board of Directors received the topic summary and attachments for information.

**6.2 Policy Consultation Advisory Committee**

In its final report, the WCB-Alberta Review Panel included a recommendation for the Board of Directors to establish a committee composed of representatives from WCB and the stakeholder community to provide input into policy development. Within this recommendation, the panel suggested modeling the committee after British Columbia's Policy and Practice Consultative Committee.

The Board of Directors of WCB will always remain responsible for the creation of workers' compensation policy in Alberta. However, it is believed there is great value in enhancing the role of stakeholders in the policy consultation process by including them in the decisions on how to gather important stakeholder input and what priorities are emerging in their communities.

**MOTION**

2018/07/35 It was moved that,

"The Board of Directors approve the proposed structure of the Policy Consultation Advisory Committee and endorse a one year pilot commencing January 1, 2019 to ensure the advisory body is structured in the most effective manner."

**CARRIED**

**6.3 Inconsequential Amendment – Code of Rights and Conduct**

The Board of Directors received the topic summary and attachment for information.

**6.4 Publishing Policy Consultation Feedback**

In order to foster stakeholder engagement and promote transparency, WCB-Alberta is proposing publishing consultation feedback. At this time, WCB-Alberta does not publish stakeholder feedback submitted during online policy consultations; however, there are some jurisdictions that do.

Ontario posts each submission received during consultations. For individuals, the website lists these as "Individual Worker" and removes personal identifiers from the posted submission.

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## Board of Directors

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For organizations, the website lists the organization's name and posts the correspondence as received (including letterhead, submitter's name, email address, phone, etc.). British Columbia posts a summary table of stakeholder feedback that includes:

- organization name (unless the submission is from an individual, then the organization name is listed as "individual" without personal identifiers);
- perspective (e.g. employer, worker, etc.); and
- verbatim comments

At least one jurisdiction (Nova Scotia) posts a summarized overview of the feedback it receives (in bullet point form, not verbatim). Other jurisdictions that collect online feedback do not have any stakeholder feedback posted on their websites (similar to Alberta's current process).

### **MOTION**

2018/07/36 It was moved that,

"The Board of Directors approve publishing policy consultation feedback and share the proposed method with the Policy Consultation Advisory Committee to determine whether and how to consult with stakeholders on the issue."

**CARRIED**

### 6.5 **2019 Policy Project Plan**

The Board of Directors received the topic summary and attachments for information.

### 6.6 **Policy Committee Terms of Reference**

The Terms of Reference for the Policy Committee are reviewed annually in order to assess adequacy, consider industry best practices, contemplate the committee's self-assessment results and address any new regulatory and legal requirements. This year, with the WCB Review Panel Report and subsequent passage of Bill 30 legislation in the fall of 2017, several changes to the Terms of Reference have been made. With these changes, the Terms of Reference continue to meet governance best practice.

### **MOTION**

2018/07/37 It was moved that,

"The Board of Directors approve the Policy Committee's revised Terms of Reference."

**CARRIED**

### 6.7 **2018 Policy Plan Fall Update**

The Board of Directors received the topic summary and attachment for information.

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**Board of Directors**

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**7. Audit Committee**

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

**7.1 Audit Committee Terms of Reference**

The Terms of Reference for the Audit Committee are reviewed annually in order to assess adequacy, consider industry best practices, contemplate the committee's self-assessment results and address any new regulatory and legal requirements. This year, with the WCB Review Panel Report and subsequent passage of Bill 30 legislation in the fall of 2017, several changes to the Terms of Reference have been made. With these changes, the Terms of Reference continue to meet governance best practice.

**MOTION**

2018/07/38 It was moved that,

"The Board of Directors approve the Audit Committee Terms of Reference as amended."

**CARRIED**

**8. Finance Committee**

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

**8.1 2019 Financial Plan and Operating Budget**

The WCB's budget is significantly influenced by operating and economic assumptions such as assessable earnings, covered workers, claim duration, and claim volume expectations that directly impact WCB operating activities and results. The 2019 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 a gradual and fragile recovery from the recession that began in 2015.

Highlights of the 2019 budget are as follows:

- 2019 assessable earnings expectations are forecast to increase by 4.5% over 2018 forecast to \$107.6 billion.
- New lost-time claims volume for 2018 is forecast to be 29,000, exceeding budget expectations by 8.6%. For 2019, 30,000 new lost-time claims are expected; 3.4% above 2018 forecast, reflecting a moderate expansion of the workforce. Claim benefit expenses (current year injuries) for 2018 are forecast at \$1.12 billion, an increase of 5.6% from 2018 budget. In 2019, they are expected to grow by 8.8% to \$1.22 billion.
- Total operating administrative expenses are expected to remain essentially flat to 2018 budget in 2019 for a total of \$165.4 million. Higher expenditures due to additional staffing requirements are offset by the transfer of the Office of the Appeals Advisors to the Fair Practices Office.
- The average required industry premium rate for 2019 has been calculated at \$1.29 which reflects the revenue required to fully fund the cost of 2019 injuries. This required rate is \$0.04 greater than the required rate in 2018. The average collected rate for 2019 will increase by \$0.04 from the 2018 collected rate of \$1.04 to \$1.08. This \$0.21 shortfall

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## Board of Directors

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between the required rate and the collected rate remains consistent between 2018 and 2019, and will be absorbed by the accident fund.

- The rate of return from the investment portfolio is predicted to be 5.0% for 2019 and the investment revenue forecast has been set at \$572.0 million.
- Based on budgeted outcomes from operations and asset liability management activities, the 2019 year end funded ratio comes to 120.6%.

### **MOTION**

2018/07/39 It was moved that,

"The Board of Directors approve the 2019 financial plan and operating budget."

**CARRIED**

## 8.2 **Funding Policy**

At the May 28, 2018, Finance Committee meeting, the Committee approved the posting of a draft revised Funding Policy for public consultation. The main drivers of the funding policy changes arose as a result of both legislative changes and correspondence from the Minister of Labour and are summarized as follows:

1. Legislative changes: Bill 30 reinforced the overall intent behind the creation of the Accident Fund – that the system exists for the benefit of workers and employers, and
2. Correspondence from the Minister of Labour: A mandate letter was received from the Minister of Labour on February 7, 2018, which included a request that WCB design a new policy for the use of excess funds that reflects the overall intent of the system.

WCB supported two of the most consistent pieces of stakeholder feedback:

- to revert back to referencing only one fund, the *Accident Fund*, and not create two separate components (the *Worker Benefit Fund* and the *Safer Workplaces Development Fund*);
- to include that stakeholders will be consulted prior to approving initiatives (grants) for improving the health and safety of workers.

There was considerable feedback received, both in person and online, regarding the feasibility and effectiveness of deploying grants for improving the health and safety of workers. This concern was addressed by including a mechanism for stakeholder feedback when approving these grants. Further, the intent is that these grants would be awarded to organizations that meet qualifying criteria (e.g. supports the Accident Fund's objective, good governance and ability to deliver, etc.). Qualifying criteria will be included in administrative procedures.

### **MOTION**

2018/07/40 It was moved that,

"The Board of Directors approve Policy 01-01, Part I and Part II, Application 1, which incorporates revisions as a result of stakeholder consultation. Effective date: January 1, 2019."

**CARRIED**

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**Board of Directors**

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**8.3 Investment Management Strategic Plan**

The Investment Management Strategic Plan allows the Board of Directors to approve the strategy for managing the Accident Fund from a multi-year perspective.

The Strategic Plan depicts a continued focus on effective risk management and a portfolio strategy that is specifically tailored to the unique needs of WCB-Alberta. The strategy is consistent with achievement of the goals and objectives of the Investment Policy and is aligned with the risk tolerance of executive management and the Board of Directors. The Strategic Plan has been reviewed by the Board's independent investment consultant, Aon Hewitt.

**MOTION**

2018/07/41 It was moved that,

"The Board of Directors approve the Investment Management Strategic Plan (2019-2021)."

**CARRIED**

**8.4 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. As a result of the 2018 annual review, there are no material changes to the Investment Policy. However, the review has identified two minor administrative amendments that are required as follows:

- The wording has been updated to reflect the corporate goal of maintaining financial sustainability.
- The index benchmarks for fixed income have been updated to reflect the change in corporate branding from FTSE TMX to FTSE.

**MOTION**

2018/07/42 It was moved that,

"The Board of Directors approve the investment policy amendments effective January 1, 2019."

**CARRIED**

**8.5 Finance Committee Terms of Reference**

The Terms of Reference for the Finance Committee are reviewed annually in order to assess adequacy, consider industry best practices, contemplate the committee's self-assessment results and address any new regulatory and legal requirements. This year, with the WCB Review Panel Report and subsequent passage of Bill 30 legislation in the fall of 2017, several changes to the Terms of Reference have been made. With these changes, the Terms of Reference continue to meet governance best practice.

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**Board of Directors**

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**MOTION**

2018/07/43 It was moved that,

"The Board of Directors approve the Finance Committee Terms of Reference, as amended."

**CARRIED**

9. **Human Resource and Governance Committee**

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

9.1 **Board of Directors' Secretariat**

The Board of Directors' Secretariat is comprised of external and internal experts who support the Board of Directors in fulfilling its strategic direction-setting duties in the areas of finance, audit, human resources, governance and policy. Specifically, within these areas the work done by the Secretariat will support the Board by:

- providing regular review and analysis of current practices and processes for the areas noted above, and
- conducting proactive best practice research and investigation on behalf of the committees to help the Board of Directors identify opportunities to enhance or create policies and practices.

Responsibility for the overall function of the Secretariat resides with the Human Resources & Governance (HR&G) Committee (as outlined in the HR&G terms of reference). The Secretariat lead is accountable to the HR&G Committee Chair, providing assurance regarding the Secretariat's functioning, and reports to the CEO for day-to-day responsibilities. Experts within the Secretariat have a dotted-line reporting relationship with the committee they support and are directly responsible to the respective Committee Chair.

**MOTION**

2018/07/44 It was moved that,

"The Board of Directors establish a Secretariat that is dedicated to supporting the Board of Directors when it requires independent data, research or expertise to support it in its deliberations."

**CARRIED**

9.2 **Board of Directors' Competency Matrix**

In April 2018, the Board of Directors approved the addition of the areas of health and communication / stake holder engagement to the matrix. Since that time, changes were also made to titles of the competencies to more accurately reflect their focus:

- from Health to Worker Health & Wellness;
- from Policy to Benefit and Assessment Policy;
- from Insurance to Benefit Costing and Underwriting;
- from Finance to Finance & Risk Management;



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**Board of Directors**

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- from Investment & Portfolio Management to Investment Governance & Portfolio Management.

With those labelling changes; feedback received from the Minister of Labour specific to including experience specific to working with vulnerable individuals; as well as adding a gender inclusive change to the diversity section, the matrix went to a 60 day on-line consultation. Overall, there was agreement and support for the competencies with some suggestions and clarification required to the worker health and wellness competency. The matrix was subsequently updated to ensure feedback obtained from the review panel, the Minister of Labour and consultation was considered.

**MOTION**

2018/07/45 It was moved that,

"The Board of Directors approve the Board Matrix (and corresponding Board Member Profile and Competencies document), which have been updated to reflect enhancements based on feedback received from the Minister of Labour and stakeholders."

**CARRIED**

**9.3 Corporate Governance Policy Manual Review**

The following updates to the Corporate Governance Policy Manual serve to reflect the Board of Directors' commitment to the recommendations of the WCB Review Panel, as well as reflecting the board's commitment to engaging meaningfully and transparently with its stakeholders:

- Update Sections 5(c), 18(f), 36(c) to replacing remaining "Governance Committee" and "Human Resource & Compensation" references with Human Resource & Governance Committee.
- Modify Section 12(b)(i) (Role of Committees) to combine the Audit and Finance Committees and descriptions.
- Modify Section 12(g) (Role of Committees) to strengthen the language and commitment of committees to undertake consultation with stakeholders.
- Add Section 12(h) (Role of Committees) to include reference to the Secretariat.
- Add Section 23(b) (Nominations) to include reference to the Board Competency Matrix and the Board of Directors' commitment to biannual consultation with the Minister of Labour and stakeholders.

**MOTION**

2018/07/46 It was moved that,

"The Board of Directors approve updates to sections 5, 12, 18, 23 and 36 of the Corporate Governance Policy Manual to reflect recommendations 4, 6 and 7 in the WCB-Alberta Review Panel's final report."

**CARRIED**

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**Board of Directors**

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**9.4 Board Evaluations**

During the Human Resource & Governance (HR&G) best practice scan in early 2018, management identified an opportunity for the Board of Directors to review its current evaluations. The impetus for this review was twofold: first, it is timely since the board effectiveness and individual board member evaluations were last reviewed and revised in 2015. Second, during the Board of Directors' discussion following the evaluations conducted in early 2018, the board reflected a desire to review the evaluations – particularly the board effectiveness survey – for opportunities to simplify where possible. With this in mind, management has undertaken a review of the evaluations and made suggestions to streamline and update questions while ensuring the evaluations remain in line with best practices in corporate governance as well as expectations outlined in the Board and director evaluation section on the Government of Alberta's website.

**MOTION**

2018/07/47 It was moved that,

"The Board of Directors approve:

- implementation of updates to the board effectiveness survey, and
- implementation of updates to the individual board member evaluations."

**CARRIED**

**9.5 Human Resources and Governance Committee Terms of Reference**

The Terms of Reference for the Human Resources and Governance Committee are reviewed annually in order to assess adequacy, consider industry best practices, contemplate the committee's self-assessment results and address any new regulatory and legal requirements. This year, with the WCB Review Panel Report and subsequent passage of Bill 30 legislation in the fall of 2017, several changes to the Terms of Reference have been made. With these changes, the Terms of Reference continue to meet governance best practice.

**MOTION**

2018/07/48 It was moved that,

"The Board of Directors approve the amended Human Resources and Governance Committee's Terms of Reference."

**CARRIED**

**9.6 Human Resource Management Philosophy**

The Human Resource Management Philosophy provides the organization with a framework to ensure attraction and retention of the human resources required to achieve the vision, mission and corporate objectives of WCB-Alberta. The Human Resources Management Philosophy is reviewed annually to confirm that it continues to fulfill its mandate. This philosophy was developed to serve as a solid overarching statement to the Human Resource

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## Board of Directors

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guidelines. The guidelines continue to be reviewed and updated regularly. The guidelines apply to all WCB employees, with the exclusion of those employees covered by the Health Sciences Association of Alberta collective agreement.

The Human Resource Management Philosophy has been reviewed to reassess adequacy, consider industry best practices and address new regulatory and legal requirements. The philosophy continues to meet objectives set out as related to the obligations of the HR&G Committee.

### **MOTION**

2018/07/49 It was moved that,

"The Board of Directors approve the Human Resource Management Philosophy."

**CARRIED**

## 9.7 **Executive Compensation Annual Review Process**

The Institute of Corporate Directors' Blue Ribbon Commission final report on the Governance of Executive Compensation in Canada outlines the need for organizations to provide transparency and independence regarding executive compensation. In response, WCB–Alberta undertook an extensive review of its executive compensation processes to confirm alignment with governance best practice and to ensure transparency. To this end, the Executive Compensation Annual Review Process was put in place.

While the annual review process previously established remains best practice, much has changed since the establishment of this document including the Government of Alberta's enactment of the *Reform of Agencies, Boards and Commissions Compensation Act (RABCCA)* and subsequent regulatory framework. These documents provide specific direction to the Board of Directors on the compensation for the CEO who is the sole designated officer of the WCB under *RABCCA*.

The Executive Compensation Annual Review Process has been amended specific to the regulatory changes and continues to reflect the Board of Directors' commitment to transparency of the process and commitment to best practice governance processes.

### **MOTION**

2018/07/50 It was moved that,

"The Board of Directors approve the executive compensation annual review process."

**CARRIED**

## 9.8 **Compensation and Benefits – Current President and CEO**

*RABCCA* outlines compensation and benefits for the CEO position as a Designated Senior Officer under the *Conflicts of Interest Act*. An employment contract with a specified term is required for Guy Kerr, the current President and CEO due to the requirements specified in *RABCCA* and the associated regulation.

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**MOTION**

2018/08/51 It was moved that,

"The Board of Directors approve the employment letter and contract effective March 16, 2019 for the current WCB President and CEO in accordance with the *Reform of Agencies, Board and Commissions Compensation Act* and the associated regulation."

**CARRIED**

The Chair excused senior management and the Executive & Board Liaison from the remainder of the meeting.

9.9 **President and CEO Appointment and Compensation**

The Board of Directors discussed the appointment of a new President and CEO. It was decided to adjourn the discussion to the January 2019 Board of Directors' meeting.

10. **New Business**

There was no new business.

11. **Meeting Evaluation**

The members completed the meeting effectiveness self-assessment form.

12. **In Camera**

The Board of Directors held an *in camera* session.

There being no further business, the meeting ended at 1:00 p.m.

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**CHAIR**

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**SECRETARY**