Stakeholder Feedback

Online consultation on the topic below was posted from February 15 to June 20, 2022. The verbatim comments received by WCB-Alberta during online consultation are reproduced below.

Funding - Policy 01-01, Part I

Stakeholder	*Category*	*Comments*
Chemco Electrical Contractors Ltd.	Employer	Our organization totally agree to turn back to policy to allow for the distributing surplus funds to employers.
Action Roofing and Siding Ltd	Employer	Some funds should be placed in reserve in case of an economic slow down
Not identified	Employer	I would like to know what data is being used to predict a deficit in the long term 30 year injury/illness? What data is being used to model a 42% increase in premium rates? I need further explanation on how the system has been working fairly well and now there are going to be deficits and huge premium increases? I must be naïve to think that all the work that employers have been doing to make their workplaces a safer place in not helping. What incentive is their for employers to know that all the time and money being spent to make their workplaces safer are not making a difference, if there get hit with increasing premiums and no rebates. How will small employers stay afloat with all the current increases of doing business, and now a purposed 42% increase in WCB rates?
FivePoint Cannabis LTD	Employer	We support the changes.
Movac	Employer	In reviewing the funding policy consultation document I am concerned that WCB is proposing an over fund of 128% before refunding. If a range of 114% to 128% is believed to be the line for prolonged sustainability and the model showing 110% to 112% is posing too much risk.

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		Please explain why 121% (mean average of 114 & 128) is not the point at which an employer refund would be happening. We are in markets of extreme expenses and far smaller margins, 5% difference may relate to businesses being able to continued. I find many decisions being made by WCB do not take the employer (the people funding WCB) into consideration. WCB is not being run like an business, but many times like a Government fund charity. Please do the right thing and reexamine this policy and consider lowering the point at which refunds take place.
Energy Safety Canada	Employer Association	Thank you for the opportunity to provide feedback on the proposed amendments to the Workers' Compensation Board's Funding Policy. Energy Safety Canada is providing feedback from perspective of an industry funded safety association. We have also provided this feedback via the online submission tool. First and Foremost, Energy Safety Canada fully supports funds >128 per cent being allocated back to employers in the form of surplus distributions. Further, Energy Safety Canada would like to be considered, should a portion of the surplus be allocated to fund health, safety and disability initiatives, including allocation to industry safety association for the development of programs in support of provincial and industry-specific health and safety system priorities. We support all other recommended amendments to the Funding Policy. Thank you for the opportunity to provide input on the Workers' Compensation Funding Policy. We appreciate your continued engagement efforts with industry stakeholders.
ITF Association	Employer Association	On behalf of the ITF Association, thank you for the opportunities extended to our membership during this policy consultation process. The supplementary reports as well as the discussion during the information sessions contributed to a more meaningful consultation and was greatly appreciated. Review of Funding Policy Features The ITF Association supports removal of the current wording that directs a surplus distribution to pay for approved initiatives for the purpose of improving the health and safety of workers.

Stakeholder	Category	Comments
		However, in lieu of the proposed new language we believe WCB policy should be specific in stating that surpluses in the Accident Fund are recognized as employer funds. Language should be strengthened to require distribution to employers within a set period of time. The Ontario Regulation could be considered as a model. Ontario's Bill 27 amended the Workplace Safety and Insurance Act to require the WSIB to distribute surpluses to employers within certain parameters. A surplus distribution is mandatory when the funded ratio is 125% or higher. Under the Ontario model there are also specific timelines for the distribution to employers (within 30 or 90 days) depending on whether the distribution is discretionary or mandatory. ITF members support the proposal to lower the threshold to release surplus distributions from 1% of liabilities down to 0.5%. Review of policy language to ensure clarity of intent ITF members support the proposed change which clarifies that the claim benefit liabilities will continue to be calculated on a funding basis (defined as a stable long-term discount rate reflecting WCB's investment policy). Review of Funding Policy target range ITF Association members share the view that rate stability for employers is an important principle that must be supported by a sound funding policy. We also strongly support the principle that today's employer premiums cover the current and future costs of today's claims. However, we believe it is possible to establish a funding model and policies that accomplish this without requiring the current funding range of 114% to 128%. A range of 114% to 124% could be sufficient using a more realistic set of risk assumptions. We note LifeWorks commented on the merits of reviewing a funding policy in its entirety to minimize the risk of unintended consequences. We believe this is overdue and should be undertaken as part of the 2022 review. There are two specific areas we would like to see included in modeling that we believe would result in a balanced funding policy which smooths results and includes provisions for adjustments to premiums when the funding ratio is above or falls below the target range. The risk model used by the Board, as reviewed by Eckler and Lifeworks, indicates a funding ratio of 114% at the lower end is needed to produce an acceptable level of risk for employers to prevent the funded ratio dropping below 100%. We understand the premise underlying the risk evaluation in

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		the model is that no premium rate action would be taken until the funding ratio falls below 100%. We appreciate that in practice the Board has the ability to take action at different funding levels but using this premise for the risk modeling creates an artificially elevated level of risk. We question whether the actuarial calculations are realistic in terms of their risk assumptions. As part of a more comprehensive funding policy review we would like to see modeling based on assumptions that include the Board taking specific rate action at different levels between 114% and 100%. For example, modeling based on a risk assumption that specifies measures to be introduced at 110% or 105% to return the funding level back to 114% over a period of years. Incorporating measures such as this in the risk assumptions could preserve the same level of risk of the funding ratio ever falling to 100% while reducing the size of the funding range. We would also like to see modeling based on adopting a complete Smoothed Funding Sufficiency Valuation basis instead of the Audited Financial Statement basis. As noted in the policy consultation package the Board has already decided not to use the new IFRS accounting standard to determining liabilities. If the assets were also valued using smoothed realized investment returns, then the Board would have a complete smoothed solvency and funding sufficiency financial basis from which to operate. We acknowledge the response at the May 25th information session that this would not result in a dramatic change in risk due to the conservative investment policies of the Board. However, this model combined with stepped rate action would see the risk of the funding ratio falling to 100% reduced and the need for a target range as high and large as 114% to 128% would also be reduced. These changes do not place worker benefits at risk and sufficiency of the Accident Fund can be maintained. However, changing the underlying risk assumptions will accomplish the goal of minimizing the amount of money that is being held by the WCB rather than being available to Alberta employers. Although these changes will not affect WCB premium rates in the short term, having this employer money available for use in the Alberta economy gives employers the ability to use funds currently being held by the WCB to support job creation, and potentially also fund other human resource and OHS initiatives, employee salary increases, benefit enhancements, etc. As we have seen in prior years, there are also risks inherent in having surplus funds held by the WCB being subject to political rather than

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		evidence based decision making. This risk can be minimized if the Accident Fund has sufficient, but not excessive funds.
Canadian Federation of Independent Business (CFIB)	Employer Association	WCB Alberta funding policy and levels 2022 consultation: a small business perspective *[removed to protect the identity of the individual]* On behalf of 9,300 small and medium-sized businesses the Canadian Federation of Independent Business (CFIB) represents in Alberta, this submission presents the perspective of business owners on WCB Alberta (WCB) 2022 funding policy and levels consultation. The following includes data from our recent Workers' Compensation and Surplus Distributions: a Small Business Perspective report. Current State of Small Businesses CFIB's latest June survey results show small businesses have not fully recovered from the pandemic and face an uphill battle. According to our latest survey, two-thirds (66%) of Alberta businesses are still carrying pandemic related debt while only 60 per cent are making normal sales. Furthermore, 86 per cent say that they are finding it difficult to keep up with government costs such as WCB premiums and fees. Review of Funding Policy Features CFIB continues to call on the WCB to rebate surplus funds back to small business owners and not accumulate large surpluses as it deprives employers of crucial resources that could be re-invested into their business to meet current challenges or health and safety initiatives. CFIB agrees workers compensation systems need to be adequately resourced to continue the important work of supporting workers and making workplaces safer. But when you have funds reaching levels that are millions - in some cases billions - of dollars above even their upper targets, it's time to return that money to hard-working small business owners. WCB is proposing the following change: > The amount in excess of 128% may be paid out to employers in the form of a special surplus distribution. The speed at which the excess is paid out is determined by the Board of Directors. In all cases, decisions are made in the interests of the overall financial health of the Accident Fund. CFIB recommends the updated policy language be modified to include legislation that requires a distribution of surplus funds to employers once

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the funded target (128%) has been reached. This would bring WCB Alberta in line with the province of Ontario, that became the first province to transform its rebate policy into law, legislating a discretionary distribution at 115% and mandatory distribution at 125% (see Figure 1). We strongly encourage WCB to explore following Ontario's decision to legislate surplus distribution policies and implement mandatory distribution once over-funding reaches a certain level. Doing so would add predictability to the system and ensure that surpluses do not get out of control.

Figure 1

Surplus Distribution Policies, Workers' Compensation Boards, by Jurisdiction[1]

	YT	NT/NU[2]	BC[3]	AB	SK	MB	ON[4]	QC[5]	NB	NS[6]	PEI[7]	NL[8]
Rebate Policy exists — Yes/No	Yes	Yes	No	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes
Funding ratio for rebate %	Above 129%	Above 135%	Na	Above 128%	Above 122%	Above 130%	Above 114%	Na	Above 125%	Na	Above 140%	Above 140%

Source: Workers' compensation boards

Notes:

1. Boards can use their own discretion in deciding whether to issue a rebate, and its amount.
2. Discretionary rebate if funded ratio exceeds 135% for two successive years.
3. Excess funds are used to discount premium rates.
4. Discretionary rebate if funded ratio is equal to or above 115%, mandatory rebate if funded ratio is above 125%.
5. Excess funds are used to discount premium rates.
6. In 2020, the board eliminated the unfunded liability, going forward the aim is to develop funding parameters (i.e. upper and lower thresholds).
7. If funded ratio is between 125% and 140%, the board will adjust annual revenue requirements, based on assessment rate adjustments.
8. Premium rate reduction if funded ratio is greater than 120%, but less than 140%.

WCB is proposing the following change:

> The special surplus distribution must exceed a threshold amount of 0.5% of the claim benefit liabilities before it will be processed. The threshold is required because of the administrative costs involved in processing the special surplus distribution payments.

CFIB supports this policy update and recognizes WCB has found internal efficiencies that lead to this change. We also recommend WCB highlight more of its red tape reduction initiatives on its website and continue to find further internal efficiencies that reduce cost.

Review of Funding Policy target range

CFIB recognizes that workers compensation systems need to be adequately resourced to continue the important work of supporting workers and making workplaces safer. With this in mind, CFIB is recommending that the top end of the target funding range be reduced to 124% thus making the target funding range between 114% and 124%. Since 2009, WCB's funding position has been well within this proposed band and a range of 114% to 124% could be sufficient using a more realistic set of risk assumptions.

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		Additional Considerations Since 2015, the estimated average claim duration has almost doubled from 34 days in 2015 to 62.6 days according to WCB's 2021 annual report. According to CFIB's May Business barometer, 54% of businesses state that they are facing a shortage of skilled labour while 38% are finding it difficult to hire unskilled or semiskilled labour, both of which are directly impacting their ability to increase sales or production . CFIB calls on WCB to conduct an internal review on why the average claim duration has doubled. Lastly, with economic recovery not yet a reality for many businesses, coupled with rising costs and labour shortages, CFIB is calling on the WCB to not increase premium rates in the near future to ensure small businesses recover from the pandemic. Conclusion In summary CFIB recommends the following to WCB's funding policy and levels: 1. Funding policy: legislate surplus distribution policies and implement mandatory distribution once over-funding reaches a certain level. 2. Funding policy target range: the top end of the target funding range be reduced to 124% thus making the target funding range between 114% and 124%. 3. Funding policy features: lower the threshold to release surplus distributions from 1% of liabilities down to 0.5%
Alberta Construction Association (ACA)	Employer Association	Thank you for the opportunity to comment on these policies. Alberta Construction Association represents nearly 3000 member firms, comprising up to 25% of WCB premiums. Funding Policy Features Alberta Construction Association supports returning to the policy language in place prior to January 1, 2019, in which fund amounts above the upper limit of the approved Green Zone are paid out to employers in the form of surplus distributions. We continue to urge the Government of Alberta to enshrine in the Workers' Compensation Act that the Accident Funds are employers' money, and that surpluses in excess of that required to sustainably fund the system be returned to employers. ACA supports the WCB proposal to lower the threshold to release surplus distributions from 1% of liabilities to 0.5% of liabilities.

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		Funding Policy Target Range Despite the findings of the independent actuarial review undertaken for the WCB, ACA reserves support of the proposed no change to the current funding target range of 114-128%. While our member contractors place a high priority on premium stability to try and ensure the premiums actually paid match the rates assumed when they assemble their bid prices, Alberta has experienced decades in which additional levies were not required to make up shortfalls to the Accident Fund (ie. did not fall below the lower limit of the Green Zone). While it is true that the Fund has been used to offset increases in premium rates that would have otherwise occurred in the last several years, the increased draw on the Accident Fund has not arisen because of poor investment returns but primarily from higher benefits for injured workers stemming from the review of the Act by the previous Government and resultant higher claims costs. To determine the degree of rate volatility that our members could accept, ACA would welcome additional actuarial review. In particular, scenarios using alternate risk assumptions that examine reducing the upper end of the Green Zone, along with partial repayments over an extended time to fully rebuild the Accident Fund balance back to the lower limit of the Green Zone when it has been breached. The duration of the extended time frame should remain modest (say 3 years) to not stray too far from the principle that today's premiums pay for current and future costs of today's claims. Policy Language ACA does not have any concerns with the amendments to ensure language continues to reflect current practice in light of the adoption of new International Financial Reporting Accounting Standards effective January 1, 2023.
Alberta Roadbuilders & Heavy Construction Association (ARHCA)	Employer Association	. Many employers send their own workers to a client job site or work site controlled by a third party. These job or work sites may require compulsory vaccinations for Covid-19. The proposed language of the subject WCB policy would not allow for cost relief because the worker's own employer did not institute a compulsory Covid-19 vaccination policy but instead, the party in control of a job or work site instituted such mandatory vaccination policy. Our submission is that the language of the proposed policy should be amended to address any situation where a worker is required to obtain a Covid-19 vaccination as a condition of any

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		work undertaken. . It is not clear of what is meant by a "compulsory Covid-19 immunization" and clarification is requested. Is an employer required to implement a work policy or issue a directive that requires mandatory termination or suspension of employment if a worker is not willing to obtain a Covid-19 vaccination? Would this compulsory vaccination be required to apply to all workers of a specific employer or can it apply to certain divisions, work areas or other specific divisions of workers? . If a worker has a medical or other satisfactory reason for an exemption to obtaining such immunization, is the Employer still required to terminate or suspend the Worker and face a wrongful dismissal action in order to qualify for this cost relief provision? The proposed policy should allow for legitimate and legally recognized exemptions to a vaccination requirement and still allow for cost relief to be applied.. The proposed policy should allow for cost relief for any earnings loss arising as a result of a reaction to a vaccination where the vaccination is reasonably incidental to work duties and obligations. Many employers do not wish to implement compulsory Covid-19 vaccination requirements that result in the termination or suspension of workers for their refusal to obtain a vaccination and subject themselves to wrongful dismissal lawsuits and the loss of valued workers. This request would also require amendments to WCB Policy 03-01, Part II, Application 3, Question 4 and would better reflect the reality of both an employer's and a worker's vaccination-related decisions. . Review of Funding Policy Features The ITF Association supports removal of the current wording that directs a surplus distribution to pay for approved initiatives for the purpose of improving the health and safety of workers. However, in lieu of the proposed new language we believe WCB policy should be specific in stating that surpluses in the Accident Fund are recognized as employer funds. We would also like language strengthened to require distribution to employers within a set period of time. The Ontario Regulation could be considered as a model. Ontario's Bill 27 amended the Workplace Safety and Insurance Act to require the WSIB to distribute surpluses to employers within certain parameters. A surplus distribution is mandatory when the funded ratio is 125% or higher. Under the Ontario model there are also specific timelines for the distribution (within 30 or 90 days) depending on whether the distribution is discretionary or mandatory. ITF members support the proposal to lower the threshold to release

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		surplus distributions from 1% of liabilities down to 0.5%. . Review of policy language to ensure clarity of intent If there will be no change to the overall funding model assumptions arising from this policy consultation, ITF members support the proposed change to clarify that the claim benefit liabilities will continue to be calculated on a funding basis (defined as a stable long-term discount rate reflecting WCB's investment policy). . Review of Funding Policy target range ITF Association members share the view that rate stability for employers is an important principle that must be supported by a sound funding policy. We also strongly support the principle that today's employer premiums cover the current and future costs of today's claims. However, we believe it is possible to establish a funding model and policies that accomplishes this without requiring the current funding range of 114% to 128%. A range of 114% to 124% could be sufficient using a more realistic set of risk assumptions. We note LifeWorks commented on the merits of reviewing a funding policy in its entirety to minimize the risk of unintended consequences. We believe this is overdue and should be undertaken as part of this review. There are two specific areas that we would like to see included in modeling that we believe would result in a balanced funding policy which smooths results and includes provisions for adjustments to premiums when the funding ratio is above or falls below the target range. The risk model used by the Board, as reviewed by Eckler and Lifeworks, indicates a funding ratio of 114% at the lower end is needed to produce an acceptable level of risk for employers to prevent the funded ratio dropping below 100%. We understand the premise underlying the risk evaluation in the model is that no premium rate action would be taken until the funding ratio falls below 100%. We appreciate that in practice the Board has the ability to take action at different funding levels but using this premise for the risk modeling creates an artificially elevated level of risk. We question whether the actuarial calculations are realistic in terms of their risk assumptions. As part of a funding policy review we would like to see modeling based on assumptions that include the Board taking specific rate action at different levels between 114% and 100%. For example, modeling based on a risk assumption that measures would be introduced at 110% or 105% to return

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		the funding level back to 114% over a period of years. Incorporating measures such as this in the risk assumptions could preserve the same level of risk of the funding ratio ever falling to 100% while reducing the size of the funding range. We would also like to see modeling based on adopting a complete smoothed Funding Sufficiency Valuation Basis instead of the audited financial statement basis. As noted in the policy consultation package the Board has already decided not to use the new IFRS accounting standard to determining liabilities. If the assets were also valued using smoothed realized investment returns, then the Board would have a complete smoothed solvency and funding sufficiency financial basis from which to operate. We acknowledge the response at the May 25th information session that this would not result in a dramatic change in risk due to the investment policies of the Board. However, this model combined with stepped rate action would see the risk of the funding ratio falling to 100% reduced and the need for a target range as high and large as 114% to 128% would also be reduced. These changes do not place worker benefits at risk and sufficiency of the Accident Fund can be maintained. However, changing the underlying risk assumptions will accomplish the goal of minimizing the amount of money that is being held by the WCB rather than being available to Alberta employers. Although these changes will not affect premium rates in the short term, having this employer money invested productively in the economy gives employers the ability to use funds currently being held by the WCB to support job creation, and potentially also fund other human resource and OHS initiatives, employee salary increases, benefit enhancements, etc. As we have seen in prior years, there are also risks inherent in having surplus funds being held by the WCB being subject to political decision making.
Individual	Other	Rather than return surpluses back to employers, use the surplus to review and rehear long-standing claims that were inappropriately denied.
Individual	Other	Any surplus should go to the Alberta Government to reimburse the Government who are providing disability benefits to workers through Social Services when WCB is supposed to be the first payer.
Individual	Worker	Why is there any surplus in the first place, especially when injured workers are not getting the care they need or the funding? It's ridiculous that injured workers have to go into the publicly funded programs or food banks! I thought WCB was setup, so no injured worker would not have to

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		be a burden on public programs? How can there be a surplus when injured workers are receiving $0.51/liter for fuel? This mileage allowance has gone up a whopping $0.02 in more than 10 years? When an injured, who has lost a 6 figure career and is living below the poverty line because the pittance of money being received from WCB, how can there be a surplus? This surplus is from refusing INJURED WORKERS the money and care they should be receiving! I've been FIGHTING for my rightful benefits for more than 10 years, yet there's a surplus that's going back to employers? How about looking after injured workers in a meaningful and dignified manner!! Look after injured workers and not yours and employers finances so much!!
Individual	Worker	This policy changes are perfect.