

MINISTRY OF LABOUR

INFORMATION NOTE

Cliff #: 61462

Date: May 12, 2021

PREPARED FOR: Honourable Harry Bains, Minister of Labour

ISSUE: WorkSafeBC has prepared its 2020 Annual Report and 2021-2023 Service Plan and submitted them to the Minister of Labour.

BACKGROUND:

The 2020 Annual Report provides information on the agency's operational highlights, financial context, and performance targets and results. Section 326 of the *Workers Compensation Act* provides that WorkSafeBC must submit its annual report to the Minister by April 30th of each year. Section 326 also provides that the Minister must then promptly table the report in the Legislative Assembly if it is in session, or file the report with the Clerk of the Legislative Assembly if the Legislative Assembly is not in session.

DISCUSSION:

In a process that occurs annually, WorkSafeBC submits its annual report on WorkSafeBC's operations for the preceding year to the Minister by April 30. Once the Minister has reviewed the annual report, and it has been tabled in the Legislative Assembly or filed with the Clerk of the Legislative Assembly, WorkSafeBC will make the report public.

The report notes that WorkSafeBC activated its Pandemic Response Team, and throughout the pandemic WorkSafeBC has been working closely with the Province, the Office of the Provincial Health Officer, the BC Centre for Disease Control, regional health authorities, and other stakeholder groups. Between March and December 2020, WorkSafeBC's prevention officers conducted more than 16,000 workplace inspections to ensure that COVID-19 safety plans and appropriate measures were in place. The Prevention Information Line answered more than 26,000 COVID-19-related calls in 2020. The report also notes that WorkSafeBC's funded position remained strong, at 153 percent, well above the WorkSafeBC Board of Directors set target funding level of no less than 130 percent.

CONCLUSION:

If the Minister has questions or requires a detailed briefing of the contents of the report and service plan prior to its filing with the Legislative Assembly or with the Clerk of the Legislative Assembly, ministry and/or WorkSafeBC staff are available to answer questions or to provide a detailed briefing. Once the report is tabled, WorkSafeBC can make it publicly available on its website.

ATTACHMENTS:

Appendix 1: Summary of Content and Performance Measures in the Annual Report
 Appendix 2: WorkSafeBC's Financial Position
 WorkSafeBC 2019 Annual Report and 2020-2022 Service Plan

NEXT STEPS:

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Appendix 1: Summary of Annual Report Content and Performance Measures

The message from Jeff Parr, Chair of WorkSafeBC, noted that in July 2020 the Board of Directors approved amendments to Schedule 1 of the *Workers Compensation Act* relating to infections caused by communicable viral pathogens, including COVID-19. This change provides a presumption for workers filing a claim for contracting COVID-19 through a workplace exposure. He also noted that the Board of Directors reviewed and approved a number of key decisions supporting strategic priorities policy changes as a result of amendments made through the *Workers Compensation Amendment Act* (Bill 23). In October 2020, the Board of Directors approved changes to 45 policies to align with the amendments.

The message from Anne Naser, President and CEO of WorkSafeBC, noted that WorkSafeBC has been working with government, the Office of the Provincial Health Officer, the BC Centre for Disease Control, regional health authorities, and other stakeholder groups to ensure the occupational health and safety of workers during the pandemic. As indicated in this Briefing Note, between March and December 2020, WorkSafeBC's prevention officers conducted more than 16,000 workplace inspections to ensure that COVID-19 safety plans and appropriate measures were in place, and the Prevention Information Line answered more than 26,000 COVID-19-related calls in 2020.

Anne Naser also noted that WorkSafeBC's funded position remains strong, at 153 percent. She noted that markets have rebounded and the pandemic's influence on WorkSafeBC's financial position was diminished. She also noted that WorkSafeBC kept the average base premium rate unchanged for the coming year and that the 2021 average base rate has been set at 1.55 percent and is below the expected average cost rate of 1.84 percent for the year. She indicated that keeping the average base rate unchanged for another year continues to limit premium rate volatility for employers.

On December 31, 2020, actual smoothed assets were 153 percent of smoothed liabilities, higher than WorkSafeBC's target. In 2020, WorkSafeBC's finances were affected by the global COVID-19 pandemic, but WorkSafeBC was able to maintain its funded position through the initial economic and investment market response to the pandemic. In the report, WorkSafeBC indicates that its surplus funding helped to cover costs related to operations and ongoing claims, as well as offset the reduction in premium income experienced during the year. WorkSafeBC also notes that financial markets recovered toward the end of 2020, and by year-end the global pandemic did not have a significant impact on the overall funded level, avoiding the potential for premium rate volatility.

WorkSafeBC's five-year strategic plan, *A Safe and Healthy Future for B.C. Workplaces*, outlines WorkSafeBC's strategic priorities for 2018–2022, as established by the Board

of Directors. WorkSafeBC uses a set of key performance indicators to track and benchmark WorkSafeBC's progress in meeting these strategic priorities.

| Performance Measures | Results |
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| Injuries and Serious Injuries | In 2020, the injury rate was 2.15 – a decrease of 0.05 from 2019. This decrease in the injury rate was primarily driven by a decrease in the number of time-loss claims. The serious injury rate, a subset of the provincial injury rate, was 0.270 in 2020, a decrease from 0.284 in 2019. In 2020, there were 151 work-related deaths, up from 140 in 2019. The number of work-related deaths resulting from traumatic injuries and motor vehicle accidents increased to 63 from 56. Of the 151 deaths, 88 resulted from occupational disease, which continues to be the single leading cause of work-related death in BC. Asbestos-related disease was the primary driver of occupational disease deaths. |
| Timeliness of initial short-term disability payments | In 2020, first payment timeliness was 17.8 days compared to 20.4 days in 2019. |
| Percentage of workers returning to work by 26 weeks | WorkSafeBC realized an annual return-to-work-by-26-weeks outcome of 77.3 percent - compared to 81.3 percent in 2019. WorkSafeBC notes that the COVID-19 pandemic challenged WorkSafeBC's ability to intervene earlier in the recovery and return-to-work process. The overall number of workers returning to work within 26 weeks was 41,295, 6,340 less than in 2019. |
| Return-to-work outcomes for workers in vocational rehabilitation | In 2020, WorkSafeBC's return-to-work success rate was 77.5 percent, compared with 83.5 percent in 2019. While proportionately lower than 2019, more than 2,380 workers participating in the vocational rehabilitation program did return to work during the year — similar to the 2019 result. |
| Worker and employer satisfaction and public confidence | In 2020, 82 percent of injured workers rated their overall experience with WorkSafeBC as good or very good – the same as in 2019. In 2020, 81 percent of employers rated their overall experience with us as good or very good, compared to 80 percent in 2019. At 92 percent positive, public trust and confidence in WorkSafeBC, WorkSafeBC exceeded its 90 percent target. |
| Maintain a smoothed funded level of no less than 130 percent | WorkSafeBC has significant fiduciary responsibilities including ensuring that the compensation system remains financially viable. At 2020 year-end, smoothed assets were 153 percent of the smoothed liabilities, higher than the target of 130 percent and slightly up from 152 percent in 2019. |
| Administration costs | In 2019, WorkSafeBC's administration costs per \$100 of assessable employer payroll was \$0.47, 0.02 percentage points higher than the 2019 result. |
| Improve decision making throughout WorkSafeBC, | The Review Division decided on 13,080 issues related to 10,516 WorkSafeBC decisions. WCAT decided on 2,930 issues related to 1,995 completed appeals of Review Division decisions in 2020. |

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| ensuring consistency with legislation and policy | |
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Appendix 2

WorkSafeBC's Financial Position

In 2020, the total comprehensive income was \$1,012 million, contributing to an increase in the Accident Fund. Total comprehensive income was higher by \$140 million, compared to 2019, because of lower claim costs in 2020, partially offset by reduced premium and investment income, and a higher other comprehensive loss.

WorkSafeBC's portfolio investment return, net of fees, was 10.5 percent compared to 12.5 percent in 2019. Claim costs were \$2.208 billion in 2020, a slight decrease from \$2.296 billion in 2019.

The report notes that WorkSafeBC has kept the average base premium rate unchanged for the coming 2021 year and that the 2021 average base rate has been set at 1.55 percent and is below the expected average cost rate of 1.84 percent for the year.

To ensure that WorkSafeBC has sufficient assets to make future payment for current claims, the Board of Directors sets a target funding level of assets over liabilities to be no less than 130 percent. At year-end 2020, actual smoothed assets were 153 percent of smoothed liabilities, higher than target.

As of December 31, 2020, WorkSafeBC's total funded position was \$8.3 billion compared to \$7.3 billion as of December 31, 2019.