

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

MINUTES

DATE: November 29, 2022

TIME: 8:30 a.m. to 12:15 p.m.

PLACE: 12th Floor WCB Board Room, 9925 - 107 Street, Edmonton, Alberta

BOARD MEMBERS

Erna Ference, Chair
Ray Block, Member
Mike Boyle, Member
Brian Frank, Member
Brian McConkey, Member
Shawna Miller, Member
Mary Phillips-Rickey, Member

EXECUTIVE

Trevor Alexander, President & Chief Executive Officer **
Tarick Ahmad, Chief Technology Officer *
Ron Helmhold, Chief Financial Officer *
Wendy King, Senior Vice President, Operations & Innovation *
Marcela Matthew, Vice President, Millard Health & Special Care Services *
William P. Ostapek, Secretary and General Counsel *
Roxy Shulha-McKay, Vice President, Employee & Corporate Services *

ALSO PRESENT

Leslie Henkel, Board of Directors' Secretariat *
Laurent Charron, Corporate Controller, Financial Management (items 9 and 10)
Nadia Mursky, Senior Manager, Financial Management (items 9 and 10)
Bill Xu, Chief Actuary, Actuarial Services (items 9 and 10)

* excused for item 15

** excused for item 15 (part 2)

10.4 **Funding Policy: Policy 01-01, Part I and Part II**

Finance Committee approved the posting of a draft revised funding policy for public consultation at its January 31, 2022 meeting. The funding policy review and consultation included an extensive review of the reasonableness of the target funding range. Independent expert consultants from Eckler and Lifeworks were engaged to assist in the review, which focused on three main areas:

1. *Review of the target funding range including detailed stochastic modelling of funding probabilities associated with alternative funding ranges.*

The extensive analysis conducted by both Eckler and Lifeworks has concluded that the current funding range remains appropriate in terms of balancing all the financial risks within the workers compensation system. Both firms recommended leaving the target range at 114-128% and suggested that WCB conduct further comprehensive reviews within the next several years. A full review of stakeholder consultation responses was reviewed in the deliberation of this aspect of the funding policy and duly considered in the recommendation to maintain the existing funding range with no changes.

2. *Review of the funding policy features related to mechanisms for calculating surplus distributions, scope of eligible organizations, and minimum thresholds.*

WCB conducted an extensive review of the various features of the funding policy related to surplus distribution triggers and the minimum threshold for distributions. The aspects of this review included a review of WCB peer organizations. It was noted that reverting the funding policy language back to pre-2019 text supports the government's Red Tape Reduction initiatives, adds clarity and simplicity to the funding policy, and is strongly supported by stakeholder consultation.

3. *Review of all aspects of the funding policy from a grammatical and clarity of intent perspective with specific focus on addressing the implications arising from the adoption of new International Financial Reporting Standards effective January 1, 2023.*

WCB conducted an extensive review of all aspects of the funding policy from a grammatical and clarity of intent perspective. As a result of this review, several inconsequential amendments were identified related to providing clarity on the calculation of the actuarial required rate of return which is a key component of system funding. These additions will become important with the adoption of the new International Financial Reporting Standards effective January 1, 2023. Stakeholder consultation identified no concerns with the policy language changes proposed.

Board of Directors

MOTION
2022/06/19

It was moved that,

The Board of Directors approve the draft Policy 01-01,
Part I and Part II.

CARRIED