

May 27, 2016

Mr. Gord Dobrowolsky, Chairperson
Saskatchewan Workers' Compensation Board
200-1881 Scarth Street
Regina, Saskatchewan S4P 4L1

Dear Mr. Dobrowolsky:

The Saskatchewan Chamber of Commerce is pleased to provide input on the WCB's 2015 excess surplus distribution. The workers' compensation system in Saskatchewan is entirely funded by employers, and while we applaud the WCB's successful management of this money, it ultimately belongs to employers. As such, we urge you to return the excess surplus of \$281.5 million within the next year to employers on a proportionate basis depending on the premium paid.

The provincial Chamber recognizes that generating the cash flow necessary to fund the excess surplus distribution might result in some losses on investments for the WCB, however our membership knows the time value of money. Promptly distributing the surplus to the entrepreneurs and investors that grow our province will generate returns of its own, perhaps through improved safety programs, or growing payrolls, which will offset any investment losses on a broader scale. The Chamber is also confident in the WCB's ability to minimize these losses over the next year.

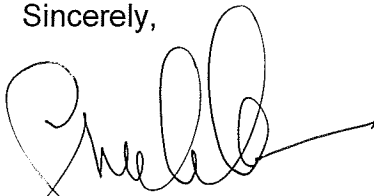
The Saskatchewan Chamber agrees with the WCB's current funding policy that only considers realized investment income. The organization does not believe any change should be made to incorporate unrealized investment income while calculating the WCB's funded position as market value fluctuations on investment assets are too unpredictable to ensure financial stability. It is the organization's position that this policy should remain in both years of surplus and years of loss.

Second only to affordability, the prevention of large WCB premium swings is a priority for the Chamber's membership. As such, the Saskatchewan Chamber of Commerce supports the establishment of a reserve to fund the upcoming changes in accounting and actuarial standards. Nevertheless, the Chamber recommends that this reserve be funded on a forward basis that is incorporated into the annual premium calculation with clear communications to employers with regards to what the funds are being collected for. To preserve the transparency and integrity of WCB, the Chamber urges you to refrain from stockpiling surplus revenues through the creation of new reserves as this can lead to broader perception issues. Once WCB has declared a surplus, our membership believes the WCB is responsible for returning that money to its original owners.

Going forward, the Chamber supports the WCB's decision to review its current funding range. Although our organization continues to support the 105%-120% as reasonable, we believe it should be evaluated. In conjunction to this, the Chamber considers the prompt and complete distribution of surpluses that exceed the upper range to be a necessity of the system and we urge the WCB to incorporate this into any future funding model revisions.

Thank you for the opportunity to provide our comments. For additional information on the Saskatchewan Chamber of Commerce's position on this topic, I have enclosed our organization's 2015 policy position "*Saskatchewan Workers' Compensation Board Rebate*." If you have any additional questions or concerns, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve McLellan', with a long horizontal flourish extending to the right.

Steve McLellan, CEO
Saskatchewan Chamber of Commerce