



NO Change isn't Good Enough

George Marshall, CEO
Service Hospitality

2009 was arguably the worst year for health and safety in the history of the hotel industry in Saskatchewan. For the fourth straight year, injuries exceeded 580 and for the second straight year, direct costs of injuries exceeded \$2.8 million. In 2010, Service Hospitality issued a challenge to the hotel industry. We formed a best practice group for the hotel industry and 43 of the largest hotels in the province committed to implementing and improving their safety management systems. Although we helped to facilitate the process, you did the work. The results have been extraordinary.

Despite an increase in payroll of over 30% during that time, total injuries have decreased from 584 in 2009 to a projected 292 in 2019. That's right... a 50% reduction. Total costs have decreased from \$2.8 million in 2009 to a projected \$1.9 million in 2019. That is a savings of almost \$1 million in direct costs per year. What does that mean to your bottom line? Conservatively, research shows that indirect claims costs (overtime, hiring, HR, ...) exceeds direct costs by a factor of 4 to 20 times. In other words, the industry's savings for their efforts have been at least \$5 million per year.

Unfortunately, WCB premium rates have not kept pace with the hard work in industry. In 2009, industry paid 43% more in premiums than it accrued in direct costs. Over the last 10 years, the hotel industry has averaged paying 143% more in premiums than it accrued in direct costs. What does that mean to your bottom line? Well even though direct costs have decreased by almost \$1 million a year since 2009, the industry is paying a projected \$0.2 million more in premiums in 2019. This isn't a good thing, but to put it into perspective this change in premium only represents 4% of the total savings industry has received in investing in health and safety.

Last month, the Saskatchewan WCB announced its preliminary premium rates for 2020. The hotel industry is looking at a 0% increase maintaining the \$1.66 per \$100 of assessable payroll that was levied in 2019. Since WCB introduced its new rate-setting model (which introduced significant cross-subsidization of other industries costs), this is the first year that premium rates have not increased.

If you wish to impact your bottom line through health and safety and be a part of the \$5 million per year in total savings the industry is experiencing, please contact us at 306-552-4355.