

**YUKON WORKERS' COMPENSATION  
HEALTH AND SAFETY BOARD**

ANNUAL INFORMATION MEETING

HELD MAY 20, 2010

At the Yukon Workers' Compensation Health and Safety Board  
Training Room

WHITEHORSE, YUKON

**Verbatim Transcript**

Vicki Hancock, Alternate Chair

Barbara Evans, Representative of Workers

Don Austin, Representative of Workers

Gary Annau, Representative of Employers

Tamara Goepfel, Representative of Employers

Valerie Royle President/CEO, YWCHSB

Reporter:

Beyond Words Business Services

1                   *(Meeting commenced at 3:00 p.m.)*

2   **MS. HANCOCK:**   Thank you very much for attending our Annual Information  
3                   Meeting. I am Vicki Hancock, the Alternate Chair of the Board of Directors.  
4                   Unfortunately, our Chair, Craig Tuton, can't be with us today but we have  
5                   some other board members here. In attendance is Barb Evans, Don  
6                   Austin, representing workers, and Gary Annau, representing employers.  
7                   Sitting beside me is Val Royle, the president and CEO. Also with us is  
8                   Conrad Ferguson from our actuarial firm, Morneau Sobeco.

9                   Print versions of the 2009 Annual Report are available for those  
10                  who wish a copy, and reminder that the report is also available on our  
11                  website. Valerie and I will be presenting some of the highlights of the  
12                  organization's activities in 2009 and results contained in the Annual  
13                  Report.

14                 We're happy to respond to any questions and comments at the end  
15                 of our presentation. As per our normal practice, we are recording these  
16                 proceedings. Both the summary of the comments as well as a verbatim  
17                 transcript will be posted on our website.

18                 The 2009 Annual Report was tabled in the Legislature on May 6  
19                 and has been available on our website since that date. The time difference  
20                 between the report being available to the public and this meeting was in  
21                 response to stakeholder requests. People wanted to have time to review  
22                 the annual report and prepare their questions and comments before  
23                 coming to this meeting.

24                 As you might have heard already in the media, the compensation  
25                 system faired well in 2009, but before we get into the details, I'd like to  
26                 take this time to announce some more good news.

27                 Our 2009 results showed positive returns on investments, lower  
28                 claims costs, and improved administrative efficiencies. The Board

1 discussed these and other elements with our actuaries and we completed  
2 an analysis for setting the average assessment rate for 2011. Based on  
3 this analysis, the Board is pleased to announce that the average  
4 assessment rate in 2011 will be \$2.49. This is a 15.6-percent decrease or  
5 46 cents less than our 2010 average assessment rate of \$2.95. The Board  
6 is pleased to report that Yukon will no longer have the highest average  
7 assessment rate in Canada.

8 For industries that are showing continual improvement in workplace  
9 safety, return-to-work outcomes and decreasing claims costs, this could  
10 mean a lower assessment rate for next year. However, for those industries  
11 who continue to show high injury rates and growing claims costs, it's  
12 unlikely that they will receive any rate decreases. It's only fair that good  
13 performing industries are rewarded while poor performers are held  
14 accountable for their lack of due diligence in improving safety.

15 The Board will be announcing specific assessment rates for all  
16 industries in the fall of this year. It has taken five years of hard work by the  
17 Board and its stakeholder partners to accomplish this goal.

18 Now I'll call on Conrad to take us through the details on how we  
19 were able to accomplish this goal.

20 **MR. FERGUSON:** Well, good afternoon everyone. It's a pleasure to be here to  
21 participate at your annual meeting. As introduced, I'm Conrad Ferguson.  
22 I'm a partner with the firm of Morneau Sobeco. We've been retained by  
23 the Board to provide actuarial and consulting advice. I have over 30 years  
24 of experience in the pension and insurance business and I've worked with  
25 seven different boards across the country over the years. My role today is  
26 to present information around the 2011 assessment rate decision and to  
27 report on some of the progress made on some of the key indicators that  
28 the Board uses.

1           Before getting into that, it's good to go back a little bit in history. In  
2 2005 the Board developed a strategic plan for five years with a focus to  
3 work with employers and workers to improve prevention and return-to-  
4 work outcomes. Prior to this, the costs of the system in the Yukon were  
5 high. The assessment rates were low and did not cover the cost of the  
6 system. In fact, in the early 2000s, Yukon had the highest cost in the  
7 country and the lowest rates.

8           The reason the rates were low was the Board had accumulated  
9 substantial investment surpluses in prior years and employers were being  
10 refunded those surpluses through their assessment rate. When those  
11 surpluses were used up, there was a need to increase the assessment  
12 rate very rapidly. Faced with this situation, action was required to address  
13 the main cost drivers in the system, being the cost of the claims. Much  
14 progress has been achieved toward that goal over the years, thanks to the  
15 efforts of the Board's stakeholder partners, the employers, the workers,  
16 the Board of Directors and Board staff.

17           The Board, as the Chair just said, has approved a 15.6-percent  
18 reduction in the average assessment rate. That is done without  
19 compromising the security of benefits to injured workers. The system is in  
20 a solid financial position and can afford those rate reductions.

21           Now what I'll cover with you today is the approved average rate,  
22 which Vicki has already covered, and I'll explain the components of that  
23 rate, what makes up that \$2.49. I'll then go over a few facts to explain how  
24 this reduction was made possible. I'll also answer the question: Well, if it's  
25 a big decrease like that, why didn't it occur earlier? I'll address that  
26 through my presentation.

1 I'll also talk about how lower assessment rates can be achieved in  
2 the future and leave you with a few key issues that I think are important  
3 going forward.

4 So, as announced, a 15.6-percent reduction means 46 cents, and  
5 in dollar terms, it means a \$4.25-million reduction in the assessments  
6 collected by the reward based on projected payrolls for next year. As  
7 mentioned, the detailed rates per rate group will come in the fall, and not  
8 everyone can expect a rate reduction. Those industries with high costs will  
9 not necessarily get a reduction. They may also get an increase.

10 Now, what makes up an assessment rate? Well, the first line and  
11 most important line is what we call "new injury costs". New injury costs are  
12 the costs, the payments on all benefits paid to injured workers who are  
13 injured in the year for which the rates are set. So when you see \$1.66 for  
14 2010, it means we estimated that the cost for all workers who will be  
15 injured during 2010 will amount to \$1.66 per \$100 of payroll. The revised  
16 projection for 2011 is \$1.39, and I'll explain why that has changed so  
17 much from one year to the next.

18 The administration costs — that includes the internal costs of the  
19 Board to administer the system plus other programs like occupational  
20 health and safety, prevention, worker advocate and external education  
21 courses — amounted to \$1.15 last year. It's \$1.10 for 2011, so a slight  
22 reduction there. In total, the insurance costs last year, which is the sum of  
23 the injury and administration costs, were \$2.81, and they're estimated to  
24 drop to \$2.49.

25 There's another adjustment to rates which is particularly important  
26 here given the history. The Board maintains reserves over and above the  
27 amount required to cover the liabilities for injured workers. That is there to  
28 cover adverse events like the market crash of 2008 or unusual or

1 catastrophic events. In 2010 when rates were set, the reserves were not  
2 full and there was a need to replenish those reserves. That's why there  
3 was a 14-cent adjustment in the rate to get to \$2.95. The expectation is  
4 that by the end of 2010, the reserves will be fully replenished so there is  
5 no need for a funding policy adjustment to the rates for 2011.

6 Now let's look at what made this reduction possible. I won't cover  
7 all of the indicators but some of the important ones. This one is critical. It's  
8 the percentage of wage-loss claims off compensation at different days  
9 following injury. So it's measured at 30, 60, 90, 120, 180 and 360 days.  
10 With these numbers, a high number is good; a low number is not so good.

11 In 2005, Yukon had a return or a claims-off-compensation ratio of  
12 65.8 percent at 30 days, ranging up to 92.8 percent at 360 days. That was  
13 close to the national average at the time. I mean these numbers were a  
14 little better than national and these were a little worse than national  
15 average in 2005. In 2008, there was a very important improvement in the  
16 return-to-work results or outcomes. I mean that 65 percent had jumped to  
17 almost 75 percent and the 92 percent, which is perhaps the most  
18 important one there, had jumped to 98.8 percent. So that means that a  
19 year after injury, less than two percent of injured workers were still on  
20 compensation — 1.2 percent to be exact.

21 Now, the national average in 2008 ranged from 62 percent to 92.5  
22 percent. Overall in Canada, the percent changes are so small, I wouldn't  
23 say there has been improvement or deterioration. It's about the same. So,  
24 very good improvement here for the system and improvement here means  
25 lower costs and better outcome for injured workers because they're back  
26 at work earning their salary.

27 Now, the 2009 return-to-work outcomes continue to track with the  
28 2008. We can't show you the rest of Canada because these results will

1 only be available later this year. The early 2010 results continue to be in  
2 line with the 2008 results.

3 Now, new injury costs — the costs of those new claims in the year  
4 — have been tracking at about the same level since 2008. We know when  
5 you're working toward — injury costs fluctuate from year to year in  
6 workers' comp. It's never a stable number. They can go up and down for a  
7 variety of reasons.

8 Normally a Board would not decide to lower rates at the first sign  
9 that costs have come down. Usually we look at a two- or three- or even  
10 five-year average before a decision like that is made. But the evidence  
11 now is sufficient to support lower cost expectation. There's enough  
12 traction in those results to believe that they can continue. It's not just a  
13 one-year aberration. It has been consistent.

14 In addition to that, there have been substantial savings realized  
15 through return-to-work outcomes from prior-year injuries. Our estimates of  
16 how much claims would cost a few years ago were higher than they are  
17 actually turning out to be because return to work has been better. There is  
18 also increased vigilance in terms of investigations that have led to cost  
19 savings.

20 I want to compare a little bit of history here in terms of what rates  
21 were and costs were going back to the early 2000s, so I've used the  
22 average from 2002 to 2004. Back then, the new injury costs amounted to  
23 \$1.84 per \$100 of payroll. Our anticipation is \$1.39, so a reduction of 45  
24 cents over the six years or so. The general administration costs, and here  
25 I've split general administration and other programs because there is an  
26 important distinction here. General administration costs have reduced  
27 from 97 cents to 81 cents per \$100 of payroll, or a 16-cent difference. But  
28 the investment in prevention and occupational health and safety have led

1 to an increase in those costs from 10 cents to 29 cents, so a difference of  
2 19.

3 So in total, insurance costs in the early 2000s ranged at about  
4 \$2.91 and our estimation is they're going to be \$2.49 next year, for a  
5 difference of 42 cents — a very important improvement. What made a  
6 difference here is, back in 2002, 2004, there was a rebate in the rate of  
7 \$1.51, to refund employers for those accumulated surpluses from prior  
8 years. That meant that the rate actually charged and published was \$1.40  
9 when the costs to the system were \$2.91. The Board was using up  
10 accumulated surpluses by way of rate reductions.

11 So we have a situation where there's an improved cost outcome of  
12 42 cents per \$100 of payroll but the rate is \$1.09 higher than it was back  
13 then because of this funding policy adjustment that was there.

14 I've also shown the 2000 to 2009 history here and the yellow bar is  
15 the estimate of the cost of new injuries at year-end, as published in the  
16 financial statements and annual report. What you see is in 2000, the costs  
17 were close to \$2.50 per \$100 of payroll, about more than a dollar more  
18 than we anticipate for next year.

19 Now, 2000 was an unusual year. If I had shown you something  
20 before, it would have been lower. But if you look at 2001 to 2006, other  
21 than 2003, which was a good year, costs were in the \$1.80 to \$2.00 per  
22 \$100 of payroll. The white line here that you see running across is what  
23 we estimate for 2011. In fact, our estimate for 2011 is about on line with  
24 what actually happened in 2009.

25 The other thing is, the red dots here are the rates that were being  
26 charged. As a said in my introduction, the rates were below cost in the  
27 early 2000s and when the surpluses were depleted around 2005, the  
28 Board had to adjust the rates quickly to avoid undermining the security of

1 the benefits to injured workers. The funding status would have declined  
2 and worker benefits would not have been as secure because the assets  
3 would not have been there. That's why you see this big jump.

4 So, at a time when the costs were high, rates were low, and now  
5 the rates have been better aligned to the true cost of the system, but the  
6 improvements that were achieved in the previous five years allowed for  
7 the rate reduction that was just announced.

8 I've also compared the Yukon results with the rest of the country.  
9 Now, the yellow bars are every jurisdiction across the country in  
10 alphabetical order. What I have here is the cost of new injuries per \$100 of  
11 payroll in each. So Alberta is \$1, Newfoundland and Labrador is like  
12 \$1.80, thereabouts — \$1.86. So the red bar at the top is where the Yukon  
13 was in 2002, 2004. I said earlier, near the highest in the country.

14 The light blue bar is where the Yukon is expected to be in 2011,  
15 which I call it around the second tier of Boards across the country.  
16 Manitoba, New Brunswick, Quebec are all around that \$1.39 range. The  
17 next tier is B.C., Northwest Territories and Nunavut, and Saskatchewan  
18 that are right on the \$1.25, so about a 14-cent difference. I think this is  
19 achievable with continued success in return to work. Whether you can  
20 achieve the dollar that's in Ontario and Alberta is much more  
21 questionable. That's a long ways to go from \$1.39.

22 The Board embarked on this plan five years ago and it was  
23 designed to improve prevention and return to work. There were changes  
24 in the act that were part of the plan. There were increased investigations  
25 and employers were told that if we're successful in achieving these cost  
26 savings, rates will be lower. The results after five years: all claims  
27 outcome indicators have improved. Return to work to long-term cases, to

1 medical costs — I mean you go down the line — they've all been  
2 improving.

3 The changes to the act that were made in 2008 reduced the cost of  
4 claims by 13 cents per \$100 of payroll. That was already included in the  
5 rates for 2009 and 2010. Investigations led to one-time estimated savings  
6 of \$6 million — \$2 million in 2008 and \$4 million in 2009. That means  
7 there are more assets available to cover benefit liabilities.

8 The prudent fiscal management of the Board allowed the system to  
9 weather the 2008 recession very well. The reserves that the Board holds  
10 over and above the benefits were designed to deal with situations like  
11 2008. The reserves before 2008 were nearly fully funded. The Board was  
12 at a reasonable funding position with respect to its reserves. But the crash  
13 used up about 75 percent of the reserves that were available. But the  
14 rebound in the market in 2009, the lower claims cost, the one-time savings  
15 and on the liabilities mean that in your financial statement this year, the  
16 reserves are about 90-percent funded. Because claims costs are still at  
17 the lower level of 2009, there's enough in the assessment rate for 2010 to  
18 bring those reserves back up to fully funded by the end of 2010. That's  
19 why we don't need a funding policy adjustment for 2011, because there's  
20 enough in the system to cover that.

21 Now you might say: Well, why such a big decrease all of sudden?  
22 Why not having considered a reduction last year, given the  
23 improvements?

24 Well, there are several factors that are important and prudent fiscal  
25 management is important in systems like this, not to have rates go up and  
26 down too often. When the rates were set last year for 2010, we had just  
27 gone through the worst market correction in 70 years. The reserve funds  
28 were depleted. The decision was made in the spring of 2009. At that time,

1 there was still a lot of uncertainty around the funding status of the  
2 reserves. Would they be recaptured by a market rebound or not? Was the  
3 economy going to go back to a better rate of growth than it was in 2008?  
4 Also, the Board was in year 4 of its five-year plan, so looking at that at the  
5 time — in hindsight you might say, “Yes, there could have been a rate  
6 reduction,” but looking at it at the time, that was the prudent decision to  
7 make.

8 But today, we have a combination of a much-improved balance  
9 sheet — 90 percent of the reserves are covered and all of the liabilities.  
10 We have consistently lower costs of newer injuries. That’s been the case  
11 since early 2008. We have a strong commitment from all players —  
12 workers, employers, the Board — to helping injured workers to return to  
13 work as early and as safely as possible. There is a prevention focus and  
14 assessable payrolls are still growing at a reasonable rate. Put all of those  
15 together and the Board is in a position to reduce rates by 46 cents without  
16 compromising the security of benefits to injured workers.

17 Now, how can the system achieve a lower rate? The first and most  
18 important one is the sustainable net savings in the system arise from  
19 fewer injuries and lower costs per injury, so workers who return to work  
20 sooner. That’s achieved by prevention — you can’t say that enough about  
21 prevention — and effective return-to-work strategies. The road to injury  
22 cost savings includes and requires collaboration between the workers and  
23 the employers. It doesn’t happen by itself. Everybody has to work at it  
24 every day.

25 Other sources of potential reduction: of course, there could be  
26 reductions in benefits under the act. That’s not a decision that the Board  
27 can make. It’s a Legislative Assembly decision and it has to be a change  
28 to the act. It cannot be made administratively. Now, if you lower benefits,

1 of course it impacts employers positively through lower rates and workers  
2 negatively because of lower benefits.

3 The other place where improvements could be achieved is through  
4 administration efficiencies. I have to remind you that there is a need for a  
5 certain minimum to operate a system like this effectively. It's a complex  
6 system and it requires a lot of attention to make it work properly. I would  
7 caution that it's potentially more expensive to put too much attention on  
8 administrative cost savings because it can result in inadequate claims  
9 management and longer lasting claims and higher costs in the long term.  
10 It also means that injured workers and employers may not get the support  
11 they need when they need it.

12 So, yes, there are efficiencies possible but be careful how you  
13 manage these efficiencies because you could pay for it in spades when  
14 claims costs come in if you don't have enough staff and tools to address  
15 the needs of injured workers and employers.

16 Just a summary of key issues: a lot of work has been done by the  
17 Board's partners, the employers, the workers, the Board of Directors,  
18 Board staff to improve outcomes and it has worked. New injury costs are  
19 24-percent lower than they were six or seven years ago. About two-thirds  
20 of that is improved outcomes, one-third of that is the changes to the act.

21 In 2009, the internal indicators are still solid: 88 percent of injured  
22 workers return to work within 90 days, 96 percent were back at work within  
23 365 days. There is no doubt when I look at the financial statements — and  
24 we've been involved with the Board for almost three years now; two and a  
25 half years — there has been significant improvements over the experience  
26 that was there before.

27 I think it is important going forward to focus on the sustainability of  
28 these achievements and to get new improvements wherever possible. It's

1 a never-ending process. You have to work at it every day all year and it  
2 continues.

3 Another couple of key issues: general administration costs have  
4 come down since the early 2000s, but again — and I'm repeating myself I  
5 know — there needs to be a certain minimum to operate the system  
6 effectively. The key challenge here in the Yukon is economies of scale.  
7 There is not a large payroll base to spread the administration costs, the  
8 base costs, here. So if you compare administration costs in the Yukon to  
9 other boards like the larger boards, it's going to look worse because the  
10 payroll base is a fraction of the payroll base that you'll see in the larger  
11 jurisdictions. But focusing too much on administration cost savings could  
12 lead to increased total costs if there's not enough attention put to the  
13 assistance of injured workers. I'm only talking about workers' comp costs.  
14 There's also individual costs [indiscernible] who didn't returned to work  
15 and ends up with a disability.

16 Funding of other programs has increased. They have more than  
17 doubled since the early 2000s. That's consistent with the strategy that the  
18 Board embarked upon five years ago to increase awareness of  
19 occupational health and safety and prevention and external courses —  
20 safety courses and so on.

21 Finally, the funding policy is still there. There's still a need to  
22 maintain those reserves and from time to time, there will be positive and  
23 negative adjustments to the rates to keep those reserves at their desired  
24 level but the return of these excess investment returns from the late 1990s  
25 early 2000s, by way of reducing the average assessment rate created the  
26 illusion that the costs in the system were low when in reality they were  
27 quite high.

1           So in conclusion, much has been accomplished over the past five  
2 years. Going forward, it's important to stay focused on what has worked,  
3 to improve what has not worked so well and to see further improvements  
4 wherever possible. That is how lower assessment rates are achieved.

5           In summary, substantial progress has been achieved over five  
6 years. The system is well-funded, as you'll see in the financial statements  
7 — among the best in the countries when you look at the balance sheet.  
8 The Board was actually in a position to reduce the assessment rates  
9 substantially for 2011.

10           I thank you for your attention and I'll turn it back to the Chair who  
11 will continue with the meeting. Thank you.

12 **MS. HANCOCK:**    I have to turn it over to Val. She will take us through the  
13 annual report. Frank has a hand-out for everybody related to Conrad's  
14 presentation.

15 **MS. ROYLE:**        I'll just wait for Frank to distribute that. There are a couple of  
16 key points I just wanted to highlight for you in that information. Thanks  
17 Frank.

18           So the first page, you have our press release which is really a  
19 summary. Inside on the back, you have those key statistical measures that  
20 Conrad referenced. Remember, he showed in his presentation the Yukon  
21 return-to-work indicators compared to the national average. So we just  
22 pulled off that full indicator for you, off the AWCBC website — the  
23 Association of Workers' Compensation Boards of Canada. So you can see  
24 not only are we higher than the Canadian average, we are the Canadian  
25 benchmark to meet on every measure of injured worker claim duration in  
26 Canada by far, at every measuring point on return to work. So that's that  
27 page.

1           Also, we provide the slide which showed the components of the  
2 rate between 2010 and 2011 that Conrad had in his presentation. We  
3 thought that might be useful to you, just to see how that rate breaks down,  
4 in case you were writing vigorously trying to capture that one.

5           Finally, the national comparison of the new injury costs — that  
6 chart. So these are charts that Conrad had in his presentation but we  
7 thought that you might want to have the actual data there just in case you  
8 were trying to write it down and didn't get a chance to do it. It's showing  
9 the comparison of new injury costs and where we now stand in Canada,  
10 which is probably the middle of the pack, but certainly looking to be —  
11 think we can certainly do a little bit better and hit the next group of boards  
12 like Manitoba, Northwest Territories, Nunavut and Saskatchewan would  
13 be our next target. So that's just what's in that hand-out.

14           All right, do you want to do a Q&A before we get into the annual  
15 report on any of that?

16 **DAVE CROFT:**     Sure. Do you have any examples of industries that will  
17 maybe see a rate increase as opposed to a decrease?

18 **MS. ROYLE:**       I think if you looked at the rates from last year, we had rates  
19 that were transitioning over two years. So the ones that were moving up  
20 would probably be the ones that may, but we haven't done any of that  
21 work yet.

22 **MR. CROFT:**       For the coming year?

23 **MS. ROYLE:**       Yeah, for the coming year.

24 **MR. CROFT:**       Sorry, are we now the third highest?

25 **MS. ROYLE:**       We are, based on 2010 rates. The other boards haven't  
26 announced their 2011 rates.

27 **MR. CROFT:**       All right.

28 **MS. ROYLE:**       We're the first out this year.

1 **MR. CROFT:** Okay.

2 **MS. ROYLE:** I would suspect that we will probably — that our position  
3 may improve as other boards release their rates, but until they do, yeah,  
4 we don't —

5 **MR. CROFT:** Okay.

6 **MS. ROYLE:** Other questions on the rate?

7 **ALEX BOURGEOIS:** This isn't about the rate, but in the slides there it  
8 showed basic cost savings due to investigations. I was curious what that  
9 exactly meant. Is that like —

10 **MS. ROYLE:** Okay, that's a really good question. Where that shows up in  
11 our financial statements, if you go to page 22.

12 **MR. BOURGEOIS:** Yeah.

13 **MS. ROYLE:** All right, and you look under liabilities, you'll see our benefits  
14 liability.

15 **MR. BOURGEOIS:** Okay, yeah.

16 **MS. ROYLE:** All right. So that is the future cost of all the claims that we  
17 currently have on the system form all years. So you would see savings in  
18 there from the investigations. We expect that to grow every year with  
19 inflation.

20 **MR. BOURGEOIS:** Right.

21 **MS. ROYLE:** But instead it decreased. So the investigators were working  
22 on prior-year claims. So they were working on old claims and that would  
23 be seen in a reduction of that benefit liability. That number doesn't go  
24 down. It always goes up. The fact that that went down is quite significant  
25 and is directly attributable to the work of the investigators and the fact that  
26 we're not putting the same rate of people onto long-term liability because  
27 they're going back to work. So that's where you'd see that piece in there.

1 **MR. CROFT:** I guess you sort of mentioned the carrot that they could get  
2 lower rates in their industries if they have a better record. Was also there  
3 kind of a stick that you mentioned the last time around, about maybe there  
4 will be more publicity for people who aren't complying?

5 **MS. ROYLE:** That's right. At our last press conference, we talked about —  
6 when we released the annual report on May 6, we did talk about  
7 increasing the fines for certain OH&S infractions and we also will be  
8 publishing the names of those fined. That's right. And we'll be starting that  
9 in June.

10 **MR. CROFT:** If everybody in the industry suffers with higher rates because  
11 of — there's — could there be one or two employers within that industry  
12 who then are doing their best but they're suffering because of their  
13 competitors?

14 **MS. ROYLE:** We did look at that in looking at the rates. We have two  
15 things to address. One is our CHOICES program where employers who  
16 are doing the right things can get a rebate of their assessment rates, so  
17 we certainly encourage employers to participate in that program. The  
18 other piece in there — we did a review on the whole concept of super-  
19 assessment and we had Conrad and his team look at outlying employers.  
20 Are there those employers in industries who are really driving the costs?  
21 And what we found was very surprising in that there weren't these big  
22 mysterious companies driving the costs in each rate. The cost drivers  
23 were tending to be small business who had one or two large claims and,  
24 of course, proportionate to their payroll, they would stick out like a sore  
25 thumb. But does that mean they're an unsafe workplace because they  
26 happened to have — they have \$100,000 in payroll and they had one  
27 injury there? So, yeah, it just wasn't there when we did the analysis.

1 **MR. CROFT:** So it's unlikely one company is responsible say for  
2 construction or something being higher than the others?

3 **MS. ROYLE:** Yeah, no. And we'll keep looking at that every year as we  
4 run our numbers to see if there is something anomalous but when we ran  
5 them last year, there was really nothing that stuck out. I think that might  
6 have been different if we had done it five years ago, but today, there aren't  
7 these mysterious drivers. It's everybody every day working toward safety.

8 **MR. CROFT:** When will the individual employers find out what their rates  
9 are going to be in 2011?

10 **MS. ROYLE:** We start that process tomorrow trying to work through that  
11 analysis. We are aiming for late September, early October, but it really  
12 depends on the amount of work and whether we have to change  
13 industries and classifications and stuff. But we're hoping to hit late  
14 September, early October with those.

15 **TIM KUCHARUK:** I guess, this being the end of the five-year plan and then  
16 seeing the way the rates are, just a general reaction — obviously pretty  
17 pleased that you can have these rates come down, considering there have  
18 been some talk about the rates being a little high.

19 **MS. HANCOCK:** We are very pleased. We're ecstatic, and it is because of all  
20 the hard work. It has been a tough job. People have done it and they've —  
21 Val and her team have just been phenomenal. They have truly embraced  
22 the fact that they've got to manage every one of those claims and manage  
23 them tightly. The investigators — that proved out. We'll work on our next  
24 strategic plan and it will stay the course, keep working to bring the rates  
25 down, but working very, very hard with all the stakeholders to get the  
26 [indiscernible] places safe. We'll just — we can't have, you know, deaths.

27 **MR. CROFT:** Do you know yet what the range will be? Is it just a 15-  
28 percent average that's just a — you don't know, is there going to be

1            maybe this 10 percent more expensive or 30 percent — what the range  
2            is? Like, what's the most you think some industries might be?

3    **MS. ROYLE:**            We don't know. We haven't even started that yet. The first  
4            step in rate-setting is to figure out your average. So what we have to do in  
5            that is figure out how much money do we think we need for next year to  
6            operate the system and to cover the cost of all 2011 claims in 2011 and  
7            into the future. So that's the first step, and that's what we've done.  
8            Normally we don't announce that first step. We would wait and do it all in  
9            the fall. But we certainly — when you have good news, you want to get it  
10           out there to take some of the — I think there is a lot of concern about  
11           where the rate was going and we had a five-cent decrease last year which  
12           we felt was a signal that, you know, we're getting there. But it wasn't  
13           enough, it really just wasn't enough, and now we have these fabulous  
14           results and we wanted to be — we could get it out there earlier. I think that  
15           will likely be our practice in the future if we can do it.

16    **MR. CROFT:**            For the businesses who don't get the decrease or they're  
17           actually even paying more, how easy will it be to find out why and what  
18           they can do to change that? I mean is this stuff put out in lay language?

19    **MS. ROYLE:**            Well, we're certainly trying. I mean I think Conrad does a  
20           really good job of explaining it out and breaking the rate down to its  
21           various components so that we all can have a good understanding of what  
22           the parts are. We met with several industry groups after we announced  
23           last year's rates and went through their particular situation and showed  
24           them where we thought they were going and what we thought they could  
25           do. So that was quite successful. When we came out of that we felt very  
26           positively, because for some, it was just they were — you know, you  
27           needed one more year of really good experience to — because we use a  
28           10-year average, so just showed, hey, the 10th year is going to drop off

1 next year which is going to make difference. Keep doing what you're  
2 doing.

3 And once they saw that, that was quite relieving I think for some  
4 industries; whereas others it was more, how are we going to get you  
5 together to focus on safety? In some cases, where there were a lot of  
6 small businesses, we had small employers who volunteered to be an  
7 accommodation employer for their industry. So if a worker was hurt, they  
8 could take them back if their own employer couldn't, which makes a huge  
9 difference. So we saw some positive — that was maybe four industries we  
10 met with. We've got 69. So there's lots more dialogue to happen.

11 **DOUGLAS RODY:** Valerie, I wonder if you could comment on the graph on  
12 page 16, because although we're lower than we've ever been in recent  
13 years — time-loss rate — it's still, for 17 years there's a range there of 2.3  
14 to 3.3, and it seems to me that having squeezed savings out of  
15 administrative efficiency and return to work, how much room is there left to  
16 squeeze there? This is where the real savings over the next few years  
17 lies, and I mean what are our chances, particularly when people keep  
18 referring to them as "accidents" and not "injuries"?

19 **MS. ROYLE:** Well, that's a good question. Our target — our interim target  
20 is one. That's our target for our time-loss rate. Is it achievable? I think it is.  
21 Have we even scratched the surface of getting close to where we want to  
22 be on it? No. But the investment is there. We've invested the money in  
23 prevention and OH&S. I think the last five years have really focused on  
24 collaboration and cooperation and that has worked to this extent. But the  
25 Board has made the conscious decision that we need to take out the stick  
26 and it is the final resort, but we will be publishing the names of those who  
27 are fined for OH&S infractions. We have increased the dollar amounts of  
28 fines for those who violate the OH&S act. We just saw three prosecutions

1           come through last week regarding infractions of the OH&S act. You know,  
2           we still offer the services of consultation and education and we will work  
3           collaboratively but for those who don't, the only way to get that 2.3 down is  
4           to use the resources that we have and that's enforcing the OH&S act to a  
5           greater extent than we've done. You know, we waited five years to do it, to  
6           try to do what we could using a much softer approach.

7           **MR. RODY:**           How does the 2.3 compare with other jurisdictions?

8           **MS. ROYLE:**           It compares favourably, actually. We're probably in the lower  
9           half, but there is room to improve. Certainly, there are the boards below  
10          too. It doesn't compare favourably with the private industry. There are  
11          some large employers who employ more people than the entire Yukon  
12          Territory has, who have a loss-time injury rate of one. That's why we feel  
13          that's a reasonable target to try to get to one. If some of these large  
14          companies can do it, well then certainly we can do it. What's really  
15          concerning to me personally, and I think I speak for the Board — I don't  
16          really, but I'm just saying I do — is within that time-loss rate, there are four  
17          fatalities, which is horrific given the size of our workforce. So those  
18          numbers don't jump out a time-loss injury rate but they certainly jump out  
19          at us and they are an indicator that we have certainly not done as much as  
20          we can in the area of occupational health and safety.

21                 So, you know, we continue to invest. You see 29 cents of our rate  
22          is in that area of prevention. That's what we're going to continue to do and  
23          use the resources that we have. For those who are working with us, they  
24          don't need to worry about larger fines because they're not going to get  
25          them. For those who are concerned about safety, their names will be  
26          published in the paper. But for those who don't, I guess the gloves are off  
27          because that's the only way to get that down further. Does that answer  
28          your question?

1 **MR. RODY:** Yeah.

2 **MS. ROYLE:** Okay. Other questions on the rates?

3 **MS. HANCOCK:** Can you take us through the annual report?

4 **MS. ROYLE:** Okay. Just a couple of notes on the annual report. You'll  
5 notice that there are fewer charts and graphs in this report than in prior  
6 years. What had happened was we had to redo this and then we had to do  
7 another one in the fall for the national workers' compensation boards. We  
8 found we were duplicating our effort. We were putting a lot of money into  
9 duplicate statistics. So we will publish a statistical supplement in the fall,  
10 basically along the lines with our report into the AWCBC, so we won't end  
11 up duplicating what we're doing. You'll see that.

12 We have also eliminated the reported incidents category because  
13 what we see now — well, what we've always had is that, incidents that  
14 don't have medical or time-loss costs are not claims for compensation. I  
15 mean they don't meet the legal definition so we have changed that. So  
16 what you see on the sign are claims. Because there was a lot of confusion  
17 over what does that mean, you know, is that a cut finger? Is that a paper  
18 cut? Is that because someone had a headache? Well, those aren't on  
19 there any more. Basically, it makes — because we've made that change  
20 in response to the feedback we have gotten on those numbers, I mean the  
21 comparisons just can't be made to prior years any more. You can  
22 compare loss-time rate, you can compare total accepted claims, those  
23 types of things but just not some of the statistics that we've had.

24 Some key points — you'll see that we have an operating surplus. If  
25 you want to follow with me on page 23, in our compensation fund  
26 statement of operations and comprehensive income, there's a 14-percent  
27 return on investments. You can see the difference from 2008 when we  
28 had an \$18.3-million operating loss to a \$20.3-million operating surplus,

1 which is certainly a significant swing. A lot of that was from the market  
2 adjustments, the changes in the markets but within that, if you look under  
3 expenses — this is where you'll see our claims expenses have decreased  
4 by 43 percent between 2008 and 2009. So that's not because of any  
5 market adjustment or anything that happened externally. That is injured  
6 workers and employers working every day to lower the injury rate and to  
7 reduce the costs. You'll also see in that, our investigation — impacts on  
8 the benefit liability will be calculated in there as well. So that's huge.

9 Our administration costs did increase and that is directly  
10 attributable to a couple of items: (1) we increased our investigators. We  
11 added a second investigator and there's certainly a strong business case  
12 for that. When we had one investigator we saw \$2 million in savings.  
13 When we had two, we saw \$4 million. So clearly, we know the pace —  
14 one investigator \$2 million in savings. Pretty good return on investment.  
15 So it made sense. People have asked: Should we have three and get \$6  
16 million next year. I don't think \$6 million — there's not another \$6 million in  
17 fraud readily available in the system. As they go through — they started  
18 with the larger claims and the ones with the highest dollar potential. So  
19 they're going to have to do a lot more investigations to get \$4 million next  
20 time. So we started with the biggest cost claims and we have been moving  
21 down. But we certainly unfortunately have a full plate for them for this year  
22 and probably next year. So those two are working away on those.

23 You see the increase in OH&S, and we were fully staffed for most  
24 of last year, so that's why you would see a difference there. Yeah, the  
25 appeal tribunal is down but that's directly proportionate to the number of  
26 appeals. They have some fixed costs but the majority of their costs are  
27 variable with the number of appeals. So as the appeals go down, their  
28 number goes down, and if the appeals go up, their number will go up. The

1 Workers' Advocate office costs were significantly lower in 2009 than 2008  
2 as well.

3 Assessments were higher, you can see in that front line. Even  
4 though the assessment rate was the same between 2008 and 2009, it was  
5 held, remember, at \$3 for those two years. But we did increase the  
6 maximum assessable earnings and payroll was growing, so you'll see that  
7 in our assessment revenue. Obviously, the investment income was not so  
8 great in 2008 but we recovered pretty much all of it in 2009, which was a  
9 very good place to be right now.

10 Does anybody have any questions on any of those items here? All  
11 right. Some of the big highlighted things — like the funding position is  
12 really important on the next page because this is what we talk about when  
13 you go down to the bottom, the reserves balance. This is over and above  
14 — when we talk about 100-percent funded, that means we have enough  
15 to pay all the benefit liabilities. We hold reserves to protect against 2008's  
16 market reduction. So we had the worst market situation but we still could  
17 lower our rate by five cents because we had those reserves and we knew  
18 where claims costs were going.

19 So those reserves are back up to a healthier level, which is a lot  
20 more comfortable. If our CFO Jim Stephens was here, he would have told  
21 you he hauled out pretty much what was left of his hair when our reserves  
22 were so low, because then you have no buffer. In fact, at one point in  
23 2009, we were below 100-percent funded for about a week, which was  
24 pretty nerve-wracking actually. But then we were able — the markets  
25 rebounded.

26 So the reserves saved us and they will save us from, god-forbid, a  
27 catastrophic event on the claims side. You look at what happened in  
28 Newfoundland last year with the Cougar helicopter crash and the number

1 of people who died in that situation, lots with young families. If we had  
2 something like that, our rate system couldn't handle it but our reserves  
3 could. That's why we need to hold the reserve level. So our target for  
4 reserves is 125 percent, so 100 percent for the benefits and 25 percent for  
5 reserves.

6 As Conrad mentioned, by the end of this year, our reserves will be  
7 fully funded again. We don't want to hold more than that because then  
8 we're overcharging employers, so we try to stay at that 125 percent and  
9 that's our target. I think it's a very healthy one and we're just about there in  
10 our reserve balance. That protects your rates and it projects injured  
11 workers if there is a catastrophe that we hope doesn't happen.

12 So I know people have had a chance to review it for a couple of  
13 weeks. If there are any questions — I mean those are the big highlights. I  
14 can certainly also talk about the last page, which I find one of the most  
15 useful, except for I really like that \$20-million surplus page. I kind of have  
16 that highlighted. It feels a lot better than the \$18-million loss page from last  
17 time.

18 But the year at a glance I find really helpful. It just shows the key  
19 statistics. It's the back page, inside the back cover of your report. It looks  
20 at how many workers we're covering, the numbers of claims that are open  
21 at any given point in time. You can see the number of claims came down.  
22 The number of loss-time claims came down about 14 percent. You see  
23 our injury rate, although this year our injury rate is going up but our claims  
24 costs are still going down. That's an anomaly in the country. Everybody  
25 else is still seeing their injury rate go down but their costs are going up. So  
26 the National Compensation Benefits Committee is coming here in  
27 September to try to figure out what we're doing to make this — we have  
28 more injuries this year already than last year. Our loss-time rate —

1 because you remember the unemployment rate right now is quite high.  
2 Our loss-time per 100 workers is very high but our costs are going down  
3 so it's good.

4 **RICK KARP:** I just wanted to say this is a great day.

5 **MS. ROYLE:** It's a very good day.

6 **MR. KARP:** \$2.49 is really good news and it positions us all now to calm  
7 down, relax and focus.

8 **MS. ROYLE:** That's correct.

9 **MR. KARP:** To work together and move forward. So it's great news.

10 **MS. ROYLE:** It is great news. And it's not a one-year result; it's a five-year  
11 result. But this was five years of work to get to this point, even though you  
12 see it in one year, but we certainly had a lot overcome with those low rates  
13 and high costs because no one knew it. It really wasn't well-known. We  
14 certainly, you know — and I have always said when I've talked to people: I  
15 understand where employers are coming from. They hadn't changed  
16 anything and all of a sudden the rate went from \$1.40 to \$3.00. Like, what  
17 the heck? What are you doing? Well, in fact, it should have probably  
18 always been \$3.00 but we didn't see it. Now we do and we've done  
19 something about it.

20 The act changes certainly went a long way — not just for that 13  
21 cents, which was a hard number, but in facilitating return to work and  
22 recovery for injured workers, the act changes were critical. We couldn't  
23 have — without changing the legislation, we could not have had those  
24 results on the claim side. Not a chance. So all the pieces fell together for  
25 this year and the markets — we just need an average return; average  
26 return is all we need. We don't need anything spectacular.

27 **MS. HANCOCK:** Nice and steady.

1 **MS. ROYLE:** So any other questions people might have had as they went  
2 through?

3 **MS. HANCOCK:** That's it? Okay, great. Okay, now I'll give you an overview of  
4 the Yukon Workers' Compensation Health and Safety Board performance  
5 in 2009.

6 **MS. ROYLE:** No, we don't have to do that.

7 **MS. HANCOCK:** I don't have to do that?

8 **MS. ROYLE:** No, you don't have to do that.

9 **MS. HANCOCK:** You took that away?

10 **MS. ROYLE:** Sorry.

11 **MS. HANCOCK:** They just give me [indiscernible]. Okay.

12 **MS. ROYLE:** I was going with the flow.

13 **MS. HANCOCK:** You're going with the flow? We covered most of this.

14 **MS. ROYLE:** Yes, we have.

15 **MS. HANCOCK:** We've covered that. We've covered that.

16 **MS. ROYLE:** Sorry.

17 **MS. HANCOCK:** No, no, it's good. It makes it easier for me.

18 **MS. ROYLE:** Yeah, I've done all that. I don't read the notes apparently.

19 **MS. HANCOCK:** I guess we've got to talk about the downside. The downside  
20 is in 2009 we had the four fatalities. OH&S had to investigate those and  
21 unfortunately they're investigating another one this year. That's tough and  
22 we just want to offer our sincere condolences to the families and friends of  
23 these workers.

24 We've already spoke to how we've got to really focus on safety and  
25 we've just go to keep that going. I think now — I've moved away from the  
26 script — I think now that employers — and I thank you for your words,  
27 Rick — can see that, you know, everybody has put their — put a, you  
28 know, supreme effort into bringing those rates down. We know the dollars

1 have gone to the employers' pockets but we've got to keep the employees  
2 safe now. That's the focus. We'll keep our eye on the assessment rates  
3 but we've got to — and I think the employers will be there with us. So, as I  
4 said, thank you very much for your words. Yeah, we can settle down and  
5 move forward positively. Really, that's it. That's it in a nutshell. It is a good  
6 day. It's a great day. So thank you very much for coming out and you can  
7 go back to your offices or your homes and if you have any questions, just  
8 call us. We would just love to answer them and give you whatever  
9 information you need so that you can tell all the employers and workers  
10 that it's a team effort.

11 **MS. ROYLE:** Thank you.

12 *(Meeting adjourned at 4:00 p.m.)*

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14 *This is to certify that the foregoing is a true and faithful*  
15 *transcript of the contents of the record prepared in the above*  
16 *named proceeding.*

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*Deana Lemke, Beyond Words Business Services*