

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

ANNUAL INFORMATION MEETING

HELD JUNE 2, 2011

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

WHITEHORSE, YUKON

Summary Notes

Mark Pike, Chair

Vicki Hancock, Alternate Chair

Barbara Evans, Representative of Workers

Don Austin, Representative of Workers

Gary Annau, Representative of Employers

Carl Schulze, Representative of Employers

Valerie Royle, President/CEO, YWCHSB

Reporter:

Beyond Words Business Services

SUMMARY OF THE ANNUAL INFORMATION MEETING

HELD JUNE 2, 2011 AT 3:00 P.M.

Call to Order and Introductions

Chair Mark Pike called the meeting to order at 3:05 p.m. and introduced the members of the Board of Directors who were present and the Board's President and CEO Valerie Royle.

Announcements from the Board of Directors

Mr. Pike made two announcements on behalf of the Board of Directors. One was to lower the average assessment rate net of the CHOICES incentive program for 2012 by 10 cents from the 2011 level. There are nine different rate categories for which an exact rate will be determined.

Also, the Board of Directors completed their new five-year strategic plan for 2012 to 2016 after extensive consultation with staff, stakeholders and all other system partners. An information sheet was distributed, which contained highlights of the strategic plan.

The compensation system fared well financially in 2010, ending the year in a fully funded position. The Board will be undertaking some policy development to provide direction to staff and stakeholders, and to ensure the compensation act is meeting the needs of employers, workers, and dependants.

This past year, the focus has been to improve safety and return-to-work outcomes. The Board is pleased with the results to date and plans to continue this focus into the foreseeable future.

Highlights from the 2010 Annual Report

Ms. Royle called attention to the last page, "Year at a Glance," in the 2010 Annual Report as it provided some key indicators of how the Board fared in 2010 compared to 2009.

There were about 1,500 more workers covered in the higher risk industries of mining and construction in the territory.

There was a slightly higher number of accepted claims but a lower number of lost-time claims, even with more workers. As a result, the lost-time injury rate went down in 2010. That's a positive situation that the Board wants to maintain and grow this year.

There were about 200 more employers registered in 2010 than in 2009, with over 75 of these in construction and mining. That presents an opportunity as well as a challenge as workers in these fields have the highest risk of injury and have more expensive claims cost.

The year was ended with \$960 million in assessable payroll which is an 11-percent increase over 2009. Assessment revenue was \$30.9 million, as compared to \$25 million in 2009. There was a 25-percent increase in revenue with an 11-percent increase in payroll. The reason for the difference is that those employers pay higher rates. If they paid the average rate, both payroll and revenue would rise or fall at the same rate, but because they are the higher paying employers, the revenue went up proportionately higher from 2010 and will continue into 2011.

The average premium rate for 2010 was estimated to be \$2.95; however it turned out to be \$3.17. No employer paid a higher rate, but the average went up because of the disproportion between revenue and payroll. The average rate is a simple mathematical calculation which is revenue divided by payroll. For example, if the revenue increases 25 percent and payroll only increases by 11 percent, the average increases.

There was a 7.6-percent return on their investment fund. After coming out of the 2008 market depression, this return was considered strong. At the end of the year, the fund was sitting at \$149.7 million.

Ms. Royle then referred to the Statement of Operations and Comprehensive Income on page 24 of the Annual Report. Assessment revenue was up \$6 million. Investment returns were \$9.9 million. At the end of the day, about \$41.6 million was brought into the organization in 2010. Expenses were \$26.9 million, which resulted in a surplus position.

The most significant expense was claims costs which increased about 50 percent between 2009 and 2010, one factor being increases in medical costs. In addition, the Board made a decision, based on assets, a recommendation from the Auditor General of Canada, actuaries and historic returns, to lower the discount rate or the rate at which they expected to earn investment income. An investment income was expected to be earned at seven percent but the Board changed that to 6.5 percent because of the factors and recommendations just mentioned. In making that investment, the change was \$4.8 million but it was felt it was a positive thing to do.

Therefore, there was a huge change in expenses. Administration costs were down by 1.5 percent. Occupational health and safety were up, but when there is an increase in the employer base and workers covered in the highest-risk industries, it's important to have stability in the health and safety area to make sure injury rates are kept as low as possible.

The Workers' Advocate office was up slightly in 2010 with more appeals at the Appeal Tribunal level which lead to more costs.

Prevention costs were down because the prevention fund started in 2005 has been discontinued.

Money is held to make sure there are funds to pay injured workers and their dependants (\$115.3 million). Money is also held in an adverse events reserve (\$19.3 million). There is also the stabilization reserve to avoid employers' assessment rates going up and down as the markets go up and down. At the maximum, it should be \$15.6 million. However, currently, there is a \$9.9 million excess. When this occurs, the Board's policy on funding says there is a need to give that back to employers through the rates process. The policy dictates that the Board is to amortize that over five years so that the rates in 2012 are affected by \$2 million.

The Board has approved three additional health and safety officers specifically targeted to mining and construction. One additional assessment auditor will handle the increase in the number of employers. The operating costs for rate setting for 2012 will be \$11.2 million. The CHOICES program is estimated to collect \$800,000.

The unprecedented increase in mining and construction categories head led to an adjustment in the projection for the 2012 claims cost. The projection is \$16.6 million. Overall, this means that the Board will need to collect \$26.6 million through rates (revenue divided by payroll). The payroll estimate, based on an estimate of six-percent growth, is projected to be over the \$1-billion mark in 2012. Revenue divided by payroll results in a rate of \$2.46, minus the refund from the CHOICES program (0.7), brings it to a rate of \$2.39.

A question-and-answer session followed, which included the following points:

- The bulk of recoveries were from pre-1993 injuries which the Yukon government was self-insured. Recoveries also come through the inter-jurisdictional agreement with other boards.
- The \$2.39 average assessment rate for 2012 places Yukon lower than in previous years among the rest of Canada, with at least three boards being higher; however all boards have not yet announced their 2012 rates.
- Yukon's payroll is expected to grow by six percent on average — more in mining and construction and less in some other areas. Rates for individual industries will be determined in the fall.

Strategic Plan 2012-2016

Ms. Royle reviewed some highlights from the Strategic Plan for 2012-2016.

- Injury rate is going down;
- Average assessment rate in CHOICES is pushing downward;
- Focus is on preventing disability related to a person's ability to work and earn;
- Goal is not to reduce injuries (that will be an outcome), but to integrate a culture of safety in every Yukon workplace;
- Prevent injuries in the first place and prevent an injury from becoming a disability through return to work;
- When looking at preventing injuries, have a system that works, not one with huge operating deficits or high employer rates;
- Goal to have positive and strong relationships with stakeholders — not just with the organizations, but the individual injured worker in their return-to-work process, and with employers;
- 100-percent compliance with legislative requirements will help achieve these goals;
- Goal is to consistently demonstrate and be a leader in corporate excellence — professional staff and services;
- Board's vision is "zero" — zero worker injuries or fatalities, zero worker occupational diseases and zero safety violations or fines.

Participants were thanked for attending the Annual Information Meeting and reminded that the Annual Report and Strategic Plan are posted on the Board's website. Attendees were invited to contact the Board for more information.

Adjournment

The meeting adjourned at 3:40 p.m.