

YUKON WORKERS' COMPENSATION HEALTH AND SAFETY BOARD

ANNUAL INFORMATION MEETING

HELD OCTOBER 8, 2003 AT 2:30 P.M.
at the Workers' Compensation Health and Safety Board Training Room

WHITEHORSE, YUKON

CRAIG TUTON
PHIL DYKE
BARB EVANS
MICHELLE KOLLA
BARRY ENDERS
DON FRIZZELL
TONY ARMSTRONG

CHAIR
ALTERNATE CHAIR
LABOUR REPRESENTATIVE
LABOUR REPRESENTATIVE
EMPLOYER REPRESENTATIVE
EMPLOYER REPRESENTATIVE
PRESIDENT & C.E.O., W.C.H.S.B.

LIZ McKEE

FACILITATOR

REPORTER:

DOUG AYERS

DOUG AYERS REPORTING
SERVICES

1 (Meeting called to order at 2:30 p.m.)

2 MS McKEE: My name is Liz McKee, and I'm
3 the facilitator this afternoon. Some faces I
4 know, and some I don't. So, before the Board
5 introduces themselves, perhaps we could start at
6 this end, and go around and say who you are and
7 what organization you're with, please.

8 MR. STEPHENS: Jim Stephens, I'm Acting VP
9 of Operations and CFO for WCB.

10 MS LILLES: Sheila Lilles, Vice President
11 Programs.

12 MS McKEE: I should explain that Doug
13 Ayers is doing the recording for the meeting,
14 and this is a verbatim recording... is that
15 right, Doug?

16 COURT REPORTER: Yes, that's correct.

17 MS McKEE: And so he has to be able to
18 hear.

19 MR. RADWANSKI: Joe Radwanski, I'm President
20 of the Carpenters' Union, and I'm also a member
21 of the Injured Workers' Alliance.

22 MR. CARDIFF: Steve Cardiff, I'm a member
23 of the Legislative Assembly with the Official
24 Opposition, and the critic for WCB.

25 MS BABCOCK: Sandy Babcock, President and
26 CEO of the Yukon Chamber of Commerce, as well as
27 representing the Tourism Industry Association

1 and Employers' Advisory Committee.

2 MR. DECHKOFF: Ivan Dechkoff, Employer
3 Consultant for Workers' Compensation Health and
4 Safety matters.

5 MS MERCIER: Donna Mercier, First Vice
6 President of Whitehorse Chamber of Commerce.

7 MR. ROBERTSON: Ian Robertson, Inukshuk
8 Planning and Development.

9 MR. ZRAL: I'm Richard Zral, Prevention
10 Consultant for Workers' Compensation Health and
11 Safety Board.

12 MR. ORGAN: Eldon Organ, with the
13 Workers' Advocate Office.

14 MR. DIECKMANN: I'm Kurt Dieckmann, I'm the
15 Manager of the Yukon Construction Safety
16 Association.

17 MR. TRAVILL: Mike Travill. I'm here as an
18 individual citizen, but I also hold a few other
19 hats: I'm the Worker Advocate; I'm on the Act
20 Review Committee; and I'm an advisor for YEU and
21 WCB (inaudible).

22 MR. HANSON: Michael Hanson, Yukon
23 Territorial Government, Disability Management,
24 Public Service Commission.

25 MR. REAUME: Rick Reaume, with Alcan
26 Adjustors.

27 MS EVANS: I'm Barb Evans, I'm a Labour

1 Representative on the Board of Directors.

2 MS KOLLA: Michelle Kolla, Labour
3 Representative on the Board of Directors.

4 MR. ARMSTRONG: Tony Armstrong, President and
5 CEO, Workers' Compensation Health and Safety
6 Board.

7 MR. TUTON: Craig Tuton, Chair of
8 Workers' Compensation Board.

9 MR. ENDERS: Barry Enders, Employer
10 Representative.

11 MR. DYKE: Phil Dyke, Alternate Chair of
12 WCB.

13 MR. FRIZZELL: Don Frizzell, Employer Rep.

14 MR. ARMSTRONG: We have, also, a few staff
15 that are in the meeting. Sitting at the back of
16 the room is Deborah McNevin, the Director of
17 Planning, Evaluation and Policy, or PEP in
18 short; to the side of the meeting room, here, we
19 have Pauli Gabb, who is the Board Office
20 Manager, taking notes; and at the desk, here,
21 the information desk at the front of the
22 meeting, here, is Becky Striegler, our Public
23 Relations Liaison person.

24 MS McKEE: Oh, do you want to introduce
25 yourself, Doug, for the record?

26 COURT REPORTER: Doug Ayers, Doug Ayers
27 Reporting Services.

1 MR. RODY: Douglas Rody, Yukon
2 Federation of Labour.

3 MS McKEE: Thanks. First of all, if you
4 have any questions about legislation, I'd just
5 like to point out that there are copies of the
6 latest document of the review of the *Workers'*
7 *Compensation Act* on the table by the door. The
8 tracking document that was done in response to
9 the 2002 Special Examination of the Auditor
10 General is also - it looks like this, and it's
11 on the table by the back door, so if anyone
12 would like to take any of those.

13 The Power Point presentations
14 that will be proceeding throughout the meeting,
15 each person doing a presentation will have
16 handouts, and those will be given out at the
17 time, so that you have something to take away
18 with you.

19 The summaries and transcripts
20 of this meeting will be available in about two
21 weeks, and the summary will also be posted on
22 the website... is that not correct?

23 Okay, the summary will also
24 be posted on the website.

25 The topics on the agenda -
26 and you all have an agenda that looks like this.
27 If you don't, then Becky Striegler would be

1 pleased to give you one. The topics that are on
2 the agenda are based on points raised by
3 stakeholders in response to the Board's request
4 for input. The Board received requests from
5 both Employer and Worker Stakeholder Advisory
6 Committees, and the presentations are being done
7 based on those requests today.

8 I spoke to the printed
9 versions of the Power Point presentations. Just
10 one practical matter... the washrooms are
11 through that door. And I think, now, I'll just
12 turn the floor over to Craig Tuton, who will
13 welcome you.

14 Anything else, Tony; did I
15 forget anything?

16 MR. ARMSTRONG: Just another housekeeping
17 matter... not only are the washrooms out the
18 door, but being a safety-minded organization, I
19 will point out that the fire exits are at this
20 corner of the room, and behind Doug Rody, at
21 that corner of the room. If you see Doug get up
22 quickly, and go that way, please follow in an
23 orderly fashion.

24 MR. TUTON: Okay, thanks, Tony, and
25 thanks, Liz. Good afternoon, everyone. On
26 behalf of the Board, I'd like to welcome you all
27 to our annual meeting. We hope that our

1 presentations, today, you'll find useful and
2 informative. We've worked hard to provide you
3 with the best and the most up-to-date
4 information on topics that you have chosen. As
5 well, we're going to try to answer all the
6 questions that you may have today.

7 This year has been a rather
8 challenging year. At last year's annual
9 meeting, you may recall the Auditor General of
10 Canada presented the results of her Special
11 Examination of the Yukon Workers' Compensation
12 system.

13 Since then, we have acted on
14 some of the issues she raised, and the Board has
15 worked to demonstrate it is operating
16 effectively, efficiently, and economically. For
17 example, the Board implemented a new contracting
18 policy which took effect in March. We have also
19 been rigorous in our monitoring of the Achieving
20 Better Customer Service Project; and made the
21 decision, this past spring, to narrow the focus
22 to our most urgent priorities (our financial and
23 our claims computer systems).

24 We've shared, with our
25 stakeholders and the public, our concerns about
26 rising claims costs in 2002, and the impact
27 they've had on our operating deficit. These

1 concerns have made the focus on the prevention
2 of workplace injuries, accidents and illnesses,
3 more important than ever before.

4 We have stepped up our
5 efforts at prevention, focusing on partnership,
6 education and awareness. We have supported the
7 creation of the Yukon Construction Safety
8 Association, which will, among other things,
9 work to increase the number of workers covered
10 by health and safety programs. We intend that
11 this organization will evolve into a Yukon
12 Safety Association soon.

13 We have increased our
14 promotion of the Safety of Young Workers, and
15 expanded our Young Worker Programs in Yukon
16 schools. We will continue to build in this
17 area. The Yukon is a partner in the national
18 Passport to Safety Program for Young Workers, to
19 be launched later this year, and you'll be
20 hearing more about that.

21 We also intend to continue
22 our work with parents, employers, workers and
23 the education system, to provide more workplace
24 safety instruction and awareness to our young
25 people.

26 We have embarked on the Focus
27 Firm Project, where safety officers work closely

1 with eleven large Yukon companies (**N.B. It was**
2 **later pointed out that there are actually 10**
3 **Yukon companies involved**) to improve their
4 safety practices. This is an initiative that
5 has been very effective in British Columbia, and
6 we'll continue the two-year project in 2004.

7 These are just some of the
8 initiatives you'll be hearing more about in the
9 near future. Our mission is to work together
10 with all of you, to prevent workplace injuries
11 and illnesses, and we intend to keep our focus
12 on that mission.

13 One final note: Among the
14 questions from stakeholders, we, the Board
15 members, have been asked for our views on
16 secondhand smoke in the workplace. As Chair, I
17 made a public commitment to remove myself from
18 any involvement in this issue at the Board
19 table. As well, we are attending today as a
20 board; we are speaking today as a board; and in
21 that sense, it is not appropriate for us to
22 respond to a poll for our individual views on
23 this issue, in this forum. It is contrary to
24 our governance role.

25 For those reasons, our
26 Alternate Chair, Mr. Phil Dyke, will be
27 responding to this question on behalf of the

1 Board.

2 Thank you very much.

3 MS McKEE: So, I also should add that,
4 after each of the presentations, there will be
5 opportunities for questions. The first
6 presentation, then, on the agenda, is Sheila
7 Lilles, and she'll be speaking on the ABCS
8 Project.

9 Update on the Achieving Better Customer Service
10 Project;

11 RESPONSE TO QUESTION: "In its response to the Auditor
12 General's report, the Board indicated that many items
13 would be dealt with through the ABCS Project. Now
14 that the ABCS Project has been scaled back, how will
15 the Board deal with those items in the Auditor
16 General's report?"

17 MS LILLES: Becky is going to hand out
18 copies of the presentation, and there is a place
19 for you to make notes and to record your
20 questions. And when we come to the end, I will
21 be happy to try and answer any questions that
22 you have.

23 The purpose of this
24 presentation is to bring you up-to-date on what
25 has happened with the ABCS Project in 2003.

26 MS McKEE: Can everybody hear Sheila?

27 MS LILLES: I will try and speak up.

1 Some of you may recognize
2 this graphic. It depicts the ABCS Project as it
3 was in 2002. At its inception, the ABCS Project
4 was an organization-wide undertaking, and there
5 were business transformation sub-projects, and
6 there were also technical sub-projects.

7 You may remember some of the
8 business transformation sub-projects were
9 organizational change, and business process
10 improvement. The technical sub-projects were
11 case management, that was to allow for the
12 replacement of our claims system and to provide
13 technical support for our rehabilitation staff.
14 The financial sub-project was to upgrade our
15 finance system. And then there was also a sub-
16 project that dealt with integrating our current
17 assessment system into an overall corporate
18 computer system.

19 So that's where we were at
20 the end of 2002. We had completed Phase 1A of
21 the ABCS Project. At that point, the Board
22 reviewed the analyses and the recommendations
23 that were made, and decided, in early 2003, to
24 proceed with a staged approach to ABCS. In
25 April of 2003, the Board authorized Stage 1A of
26 the case management sub-project.

27 Now, as I've just said,

1 that's how a project deals with replacement of
2 the claims information management system, and
3 provision of technical support for our
4 rehabilitation folks.

5 Stage 1A has a number of
6 elements. First of all, we were to document, in
7 more detail, the requirements for the case
8 management system. We were to evaluate
9 candidate packages. We had previously short-
10 listed -- in 1A of ABCS we had short-listed five
11 packages that we felt might be appropriate. And
12 our challenge, in this particular stage, was to
13 evaluate those five packages more carefully.
14 And, finally, if we found a package that was
15 appropriate, we were to estimate the cost of
16 that package.

17 That's what we undertook to
18 do. Our progress to date... we have - in May,
19 we released an RFP for this work, and we hired
20 a local contractor in early June. We completed
21 a preliminary review of the five packages; in
22 other words, we looked at the strengths and the
23 weaknesses; we looked at the risks and the
24 benefits associated with each of those packages.
25 We also, over the course of the summer,
26 documented our system requirements more fully
27 than they had been documented previously.

1 And at the end of that
2 process, we looked at our system requirements,
3 and our preliminary evaluation of the packages,
4 and we were able to short-list those packages,
5 from five, down to two. And then, just in the
6 last several weeks, we've completed a detailed
7 demonstration and evaluation of the two
8 remaining packages.

9 So that's where we've gotten
10 to. The next steps in the case management sub-
11 project are to identify the gaps in the short-
12 listed packages. What that basically means is
13 looking at our requirements, and looking at what
14 these packages will do for us; trying to
15 determine whether, in fact, through
16 customization, it's feasible to customize these
17 packages to meet our requirements. And if it
18 is, then the next step will be to determine what
19 the cost would be, of implementing one of these
20 packages.

21 Those are the next steps with
22 respect to case management.

23 The other sub-project that
24 the Board authorized, in April of 2003, was the
25 finance sub-project. The components of that are
26 to upgrade the current finance system, and to
27 finish some enhancements to our assessment

1 system, and to complete integration of the
2 assessment system with the finance and case
3 management.

4 In somewhat more detail, the
5 objectives are essentially to instal a new
6 AccPac upgrade; it's the AccPac Advantage
7 Enterprise Edition. In addition to that, we
8 would also like to look at some other modules
9 that are available through AccPac, and, in
10 particular, we're looking at Commitment to
11 Accounting, Purchase Order Management, and Fixed
12 Asset Management.

13 While we're looking at the
14 finance system, we'll also be reviewing and
15 updating manual processes, we'll be completing
16 the financial enhancements to the assessment
17 system, and integrating the assessment system
18 with AccPac.

19 Now, we haven't got quite as
20 far with the finance sub-project. What we have
21 done to date is, we've just recently released an
22 RFP, and that closes on October the 16th, the
23 contract will be let. We've developed a draft
24 project charter for the installation of the
25 AccPac upgrade. So our next steps, in the
26 finance project, will be to hire a contractor
27 and to instal the AccPac upgrade. We anticipate

1 we'll have that done by the end of 2003. And
2 then, early in 2004, we'll be inviting tenders
3 for the next stage of the finance sub-project,
4 reviewing and installing the additional modules,
5 and developing the schedule for assessment
6 system enhancements and integration.

7 Questions?

8 MR. DECHKOFF: In the last presentation
9 provided to us, you commented on a budget as to
10 what this was going to cost. And I didn't bring
11 it here with me, but... are you still within
12 budget for these two phases?

13 MS LILLES: For these two phases, we are
14 within budget, yes.

15 MR. TRAVILL: In your initial slides, you
16 were showing the project as it was laid out
17 previously. Has there been any indication of
18 what aspects are being dropped off it; or is it
19 the same package, just being spread out over a
20 longer period of time?

21 MS LILLES: That's correct.

22 MR. ARMSTRONG: I think we're taking it step
23 by step, Mike, at this point. Initially, as the
24 slide indicates, we had that comprehensive
25 approach; and then, in refocusing ABCS, we've
26 looked at taking forward, as Sheila has outlined
27 in her presentation, the case management piece

1 and the financial piece, because those were seen
2 as the highest priority pieces. And as we move
3 through that, I think that the Board will
4 continually evaluate the progress that was made,
5 and the demands on the organization, in looking
6 at what piece is next, and scheduling those
7 sorts of things in.

8 So, right now, there isn't a
9 schedule for anything other than these two, but
10 there's every intention of looking at those
11 other components as we move through.

12 MR. TRAVILL: Yes, but it's going to still
13 be 6 million, just over a longer period of time,
14 as opposed to two years?

15 MR. ARMSTRONG: I'm not sure that that's safe
16 to say.

17 MR. TRAVILL: I mean, by extending the
18 timeframe, is there going to be significant
19 savings; or is it just dollars costed down the
20 road, versus putting the bucks up front, getting
21 the system in place, and using it.

22 MR. ARMSTRONG: I think that's very much
23 dependent on what decisions the Board makes as
24 they move along; and what they choose to do or
25 not to do.

26 MR. TRAVILL: For this 1A and B, has there
27 been a savings seen, by carving it out and doing

1 it as just one entity, versus --

2 MR. ARMSTRONG: At the initial stage, here, I
3 think so. I think so, just going off the top of
4 my head. But the budget for this piece of the
5 finance - or, pardon me, this piece of the case
6 management, was about 250,000, and we will be
7 coming in on that budget, to bring
8 recommendations in to the Board. And the budget
9 on the financial piece I think was six hundred
10 and fifty.

11 And what we've done, to
12 recognize some savings, is, in order to have
13 done both of those things simultaneously, we
14 would have had to have more staff of the
15 organization dedicated specifically to the
16 project. We also would have had to have greater
17 resources from outside the organization.

18 What we've done is, we've
19 said, we want to keep the costs down as best we
20 can; so the first priority, out of these, then,
21 is move forward on case management, be able to
22 make recommendations to the Board, in 2003, on
23 what to do next with case management; and,
24 whenever you've got down time, in the case
25 management project, work on the financial piece.
26 So we've recognized savings in that way.

27 MS McKEE: I think Sandy had a question

1 next, and then Doug.

2 MS BABCOCK: Under the case management,
3 you've outlined your next steps, ultimately, to
4 lead to the Board with a recommendation. What
5 are your time lines there?

6 MS LILLES: We expect to finish this
7 element of the project by the end of October, so
8 we should have recommendations to the Board in
9 early November.

10 MR. RODY: That sort of brings me to the
11 written question that I had submitted: Given
12 that a certain amount of the ABCS - a
13 significant portion has been scaled back,
14 scrapped, delayed, whatever you want to call it,
15 and there were quite a number of items in the
16 Auditor General's report that referred to the
17 ABCS Project, the Board's response that the ABCS
18 Project would deal with it, what is the plan for
19 dealing with the Auditor General's report?
20 Because I can't see that the Auditor General,
21 when they show up here again, will be satisfied
22 with, "Well, it's delayed." They're looking for
23 some way of dealing with their recommendations.

24 MR. ARMSTRONG: Doug, have you got a copy of
25 - Liz was talking --

26 MR. RODY: Yes.

27 MR. ARMSTRONG: Okay, good. Basically, the

1 response to the question that Doug's asking is
2 somewhat contained in this report. And to add
3 a little bit of an overview on this report,
4 Deborah is just going to speak to that.

5 MS MCNEVIN: So, just to say, in terms of
6 when we did get that written question, which was
7 really helpful, in advance, and Sheila, I know,
8 will correct me if I misstate something here,
9 but based on the tracking that we've been doing
10 for the Auditor General's report, in order to
11 insure that we are actually delivering on those
12 recommendations, when ABCS - when the decision
13 was made to focus ABCS on the two priority
14 areas, there were five key recommendations that
15 the Auditor General's report made that affected
16 the Board, and were linked to ABCS, where we had
17 actually said, in our response, we expected ABCS
18 to take care of this. This includes a quality
19 assurance, which involved the review of higher
20 risk claims prior to final decision, as well as
21 random review.

22 So what's happening, Doug, in
23 that area, is that work on the case management
24 system is continuing, and the ability to support
25 quality assurance is right down, included in the
26 requirements. But as an interim step, we've set
27 up some manual processes, so that the managers

1 of claims are reviewing decisions that are to
2 deny entitlement, there are regular audits of
3 decision letters being done, and we also know
4 that resources for quality assurance will be
5 needed, despite ABCS. Like, if you're going to
6 do a full quality assurance program, you can't
7 rely just on the system to actually do that for
8 you. So that was one area.

9 The next area was evaluation
10 of rehabilitation services. And one of the
11 links to ABCS was, how are you going to do
12 future tracking? We are working on targets and
13 indicators that we can do without the system,
14 although the case management system, again, the
15 need for data capture is part of the
16 requirements that we've outlined. And we are
17 doing evaluations this year, we've put money in
18 the budget, and we're actually expecting to
19 proceed with that this year in terms of the
20 rehabilitation services.

21 The third area is risk
22 assessment, regarding prevention, particularly
23 in regards to performance, effort and targets.
24 That was linked to ABCS, because the hope was,
25 when we get better data, we'll have better
26 ability to target where our prevention efforts
27 need to be made.

1 The Chair referred to the
2 Focus Firm Pilot Project. That is sort of a
3 manual - that has been done manually, and
4 focuses a pilot project to see what information
5 is there. There's no doubt it will be easier if
6 we have ABCS proceeding, but, at this point in
7 time, the evaluation of that pilot project could
8 lead to some really valuable insights for future
9 systems determination.

10 The fourth area was that we
11 have to demonstrate that we're managing
12 according to the triple-E of the Auditor
13 General, i.e., economically, efficiently and
14 effectively. And I think we've already talked
15 about particularly in regard to the ABCS
16 Project. That recommendation, though, was
17 really linked to the fifth part, which is the
18 need to develop measurable goals and targets and
19 report on the achievement of results.

20 Phase 1A of ABCS had some
21 really useful insights in terms of our balanced
22 scorecard, which we've tried to incorporate into
23 what we're going to be doing for next year. And
24 the focusing of ABCS has meant that some work in
25 this area is going to be a bit more limited, but
26 it will still progress. We're expecting that
27 the review, though, of the performance

1 indicators, and targets and stuff, will be done
2 when we do the big review of the strategic plan
3 in 2005; that that's where we will be looking at
4 this in a much deeper fashion, and seeing what
5 we can actually do, both with the case
6 management system that we may have in play by
7 then, and also with the work that's ongoing for
8 rehabilitation, etc.

9 I don't know if that is -
10 probably more than you wanted, Doug, but there
11 you go. I don't know if there's any questions
12 about that, in relation to the Auditor General's
13 report.

14 MS McKEE: You might notice that we've
15 kind of moved into the second item on the
16 agenda. So, if you want to ask Sheila questions
17 about the presentation, or Deb or Sheila about
18 what Deb just mentioned, then please do go
19 ahead. Are there any more questions?

20 MR. TRAVILL: So, Sheila, I didn't seem to
21 - I might have missed it, but when is the case
22 management going to be completed and fully
23 functional?

24 MS LILLES: This phase will be completed
25 by the end of October, but where that takes us
26 to is, that takes us to the point where the
27 Board will have information, at that point, to

1 make a decision about whether, in fact, to go
2 ahead with one of the systems that we've been
3 evaluating.

4 The tricky part here is
5 getting the cost of implementing one of these
6 systems. If you're buying a system out of the
7 package, I mean, they'll have a price tag on it.
8 But it's not going to be possible for us to buy
9 a system out of a package, and just plug it in.
10 Anything that we look at will require
11 customization. And customizing the system is
12 where you need to have your analysts and your
13 developers, and so on, involved, and that's
14 where the big money is.

15 So we're at the point, right
16 now, of trying to get a handle on, you know,
17 Will one of these systems meet our needs; if it
18 doesn't meet our needs exactly, can it be
19 customized; what's the cost of customizing the
20 system? And, at that point, we'll take that
21 information to the Board, and the Board will
22 decide, at that point, whether it's palatable or
23 not, and whether to go forward.

24 MR. TRAVILL: But I think, pairing up with
25 what Doug was asking you about, you know, the
26 impact on the Auditor General's report, I think
27 we're in the same boat. We're hearing that

1 we're going to be doing this research and
2 development, but we still don't have the
3 approval or the commitment that it's going to be
4 done. So, unless we get the commitment from the
5 Board, that there's going to be a selection of
6 one of the options that are brought forward by
7 the ABCS group, then we can't really be saying,
8 Well, that's our solution to the Auditor
9 General's problems.

10 MR. TUTON: Mike, I think it's safe to
11 say that, in spending a quarter of a million
12 dollars, that we're going to be moving ahead
13 with the claims system. We're just taking it
14 step by - first of all, we have to have the
15 options available to us, and then we'll move
16 ahead. It is our intention to change the claims
17 system.

18 MR. ROBERTSON: Can you explain - I presume
19 you benchmark, both for the financial system and
20 this other area. When you looked at other
21 jurisdictions, I presume all Canadian
22 jurisdictions, did you look at any private
23 sector companies? And then, out of all that, in
24 picking, say, the AccPac approach, what made it
25 stand out over, say, a different program? What
26 made you choose that program, and will it have
27 the flexibility, long-term, to fit with the

1 other piece of work?

2 MS LILLES: That's a very good question,
3 and I can speak particularly to the case
4 management system. In Phase 1A of the ABCS
5 Project, our team, along with the consultants
6 who were supporting this, basically looked at
7 the whole universe of case management systems
8 that were out there. And we had some high level
9 requirements, at that time, that we were trying
10 to fit those systems against our requirements.

11 In the course of that
12 exercise, we identified a number of systems
13 that, on a superficial level, looked as though
14 they might meet our requirements. We sent out
15 a request for information to, I think, 25
16 different vendors, and we analysed the responses
17 that we got back from them, and prioritized
18 them, and spreadsheeted them and everything, and
19 finally came up with these five systems, looking
20 at this universe of about 120 different systems
21 that we could find.

22 Based on that, what we were
23 looking for was something that was scalable down
24 to our particular size, something that might be
25 moving out of our budget, recognizing that many
26 of these systems are very expensive, something
27 that had the flexibility that we're talking

1 about, that, you know, would permit it to change
2 as our Act and our policies changed, something
3 that was - you know, that used the language and
4 the technology and the infrastructure that is
5 our standard here Yukon. So all of these things
6 were taken into consideration.

7 At the end of the day, we
8 didn't find anything that was a perfect fit.
9 But, however, having said that, one of the
10 systems that we've recently evaluated is a
11 system that was built for a New Brunswick board.

12 So we have looked at the
13 Canadian options, and considered them very
14 carefully.

15 MR. ROBERTSON: The case management, is that
16 driving financial, or are they discrete, in a
17 sense, systems?

18 MS LILLES: They're discrete.

19 MR. ARMSTRONG: You have to be able to
20 communicate effectively with each other.

21 MR. ROBERTSON: That's where I'm going.

22 MR. ARMSTRONG: Yes. As every piece that
23 we're looking at, we're making sure that it has
24 the ability for full integration. Because, if
25 we don't have full integration, then why are we
26 doing this, you know? That's an awfully
27 important piece. We need to be able to provide

1 the reports the employers want, and the workers
2 want, and the only way we're going to be able to
3 do that effectively, is that integration. So
4 that's a key piece that we're moving forward on.

5 I won't take up any more time
6 in elaborating on that.

7 MR. RODY: I guess the impression I'm
8 getting from this, and the presentation, is that
9 you're proceeding on all fronts, but what I have
10 difficulty understanding is how that's going to
11 be accomplished, when I believe the Phase 1A was
12 roughly 1.1 or 1.2, the case management, I
13 believe in the stakeholder meeting, was two
14 hundred and fifty was committed to that, and
15 then the financial package was, what --

16 MR. ARMSTRONG: Six fifty.

17 MR. RODY: So, that's 2 million... how
18 you're going to - I mean, originally, all these
19 things were going to be accomplished through a
20 project that would cost between four and six,
21 how can it be done - how it can be accomplished
22 with two. I just don't understand that.

23 MS LILLES: I'm not sure I follow your
24 question.

25 MR. RODY: Well, I'm getting the
26 impression that all the - like, the current
27 status of the response to the Auditor General's

1 report reads that most items are moving forward.
2 Well, how can you do it - if the original
3 project was going to cost between from 4 to 6
4 million, how can you still do it when it's going
5 to cost 2 million? Something has to give
6 somewhere.

7 MR. ARMSTRONG: Sure. Let's make a
8 distinction between the recommendations that the
9 Auditor General made, and the responses back
10 that the Board had, and ABCS. And with ABCS,
11 we're not proceeding on all fronts. All we're
12 proceeding on right now are these two that we've
13 talked about; case management and the financials
14 piece, and the integration of those. So ABCS,
15 that's where we're going with it. As we move
16 through this, the Board will, at regular
17 intervals, as we sort of put checks in the
18 milestones, they'll make decisions as to how
19 much further, how much more cost, all of those
20 kinds of things. So that's ABCS.

21 Then, in looking at the
22 response to the Auditor General of Canada, what
23 we took your question to be was, All right, in
24 the original response, you said you were going
25 to accomplish these things through ABCS; ABCS
26 has been changed; so how are you going to
27 accomplish them? And, on that, we are trying to

1 move forward on all fronts. But we're having -
2 you know, those pieces that we can still link,
3 in a timely fashion, to ABCS, the pieces that
4 tie into case management, the pieces that would
5 tie into the financials, we're continuing, as
6 Deborah was saying, in insuring that those are
7 part of the specifications that we need for
8 those systems.

9 In the other areas, though,
10 had we moved forward on an occupational health
11 and safety system, you know, quickly, we would
12 have been able to use the occupational health
13 and safety information system to help us target
14 risks, to help us allocate resources, do those
15 sorts of activities.

16 What we've said is, Well,
17 okay, we realize that we're not proceeding from
18 the systems perspective, in doing that, but we
19 still need to proceed in targeting - identifying
20 risk and targeting our resources. So what we've
21 had to do is back up from the systems approach,
22 take a manual approach, go through and, as best
23 we can, take and do that manually.

24 As things evolve, hopefully,
25 even with the case management and the
26 financials, we may start seeing some information
27 from a systems perspective. Although it won't

1 be occupational health and safety, it will start
2 to show us, hopefully, employer, number of
3 claims, costs of claims, assessment revenues...
4 this starts showing us, at an industry level,
5 how to start targeting some of this stuff.

6 MR. RODY: Just as a follow-up to that,
7 then, what I have difficulty understanding...
8 okay, you're going to - this is getting to the
9 nub - you're going to do it manually. Is that
10 not more expensive, and less efficient, than a
11 systems approach?

12 MR. DECHKOFF: Just to clarify, Doug, the
13 two-fifty doesn't cover the cost of the system.
14 The two-fifty does the research up to the
15 purchase of the system.

16 MR. RODY: That's just the case
17 management. What I'm hearing is that there will
18 still be no systems backup for rehab; it will
19 all be done manually.

20 MR. DECHKOFF: Oh, for rehab? No. For
21 occupational health and safety. Rehab, there
22 will be.

23 MS McNEVIN: For the rehabilitation there
24 will be some manual work done as part of
25 revising the performance indicators and doing an
26 update, and some of it will have to be done
27 manually until the new case management system is

1 in place. But what we're expecting is that the
2 data capture will be part of that requirement
3 for the case management system. So that will
4 cover rehabilitation. We are doing evaluation
5 this year, because we just don't want to wait,
6 you know, I don't want to say forever, you
7 know... wait until the final system is up and
8 built and operational. So that's why.

9 MR. ARMSTRONG: So the case management tool,
10 that we're hoping to be able to proceed with, is
11 claims and rehabilitation. And that's been part
12 of our difficulty in being able to find a
13 package, in that nobody actually develops a
14 claims and rehab unit. There are claims systems
15 out there, there are some rehabilitation systems
16 out there, but there aren't any that are both.
17 And so, as Sheila was saying, you know, in going
18 through this exercise, is, how close can we get,
19 what's the gap, and what's the cost to modify
20 that gap, to give us what we need?

21 So, from a systems
22 perspective, when that's delivered, we will have
23 claims/rehabilitation all under the title of
24 case management. We won't, yet, have gotten
25 into occupational health and safety, but, even
26 at the case management and financials, and the
27 integration that occurs there, that's going to

1 start feeding information for occupational
2 health and safety. It won't give them
3 everything; you know, I'm not going to suggest
4 that it will. It won't give them everything.
5 But, at some point down the road, hopefully we
6 move into more development that does provide the
7 type of support that OH&S could use.

8 MS McKEE: Are there any more new
9 questions about ABCS? What I'm going to
10 suggest, Doug, is that, if, on pondering this
11 information, you have questions at the end, we
12 bring this forward again. So you can ask your
13 questions then. Is that all right?

14 MR. RODY: Sure.

15 MS McKEE: Thanks. So we have Sheila in
16 the front of the room again, and you're doing a
17 Power Point presentation, this one on the
18 breakdown of findings as to the substantial
19 increase in claims costs. That's you again,
20 Sheila?

21 MS LILLES: That's me.

22 MS McKEE: Okay, good. Thanks. And I
23 won't forget to bring that forward again, Doug,
24 okay?

25 **Breakdown on findings as to the substantial increase**
26 **in claims costs**

27 MS LILLES: In the spring of 2003, the

1 Board instructed administration to undertake an
2 analysis of our claims costs. We were
3 particularly concerned about an increase that we
4 had seen in 2002. We struck a small working
5 group and a steering committee to oversee the
6 work of that small group. And what I'm going to
7 show you today is some of the preliminary
8 results that we've come up with.

9 The first thing that we did
10 was to look at, and to do an examination of,
11 some of the cost information that we had
12 available to us. I'm going to be showing you a
13 series of graphs, and I think I should say, at
14 the outset, that you should understand that all
15 of the figures, all of the dollar values in
16 these graphs, have been corrected to 2002
17 values, so that the numbers are comparable.

18 When we look at some of those
19 graphs, we're going to look at some of the
20 general drivers of claims costs; in particular,
21 we're going to look at the number of accepted
22 claims, and we're going to look at the duration
23 that's associated with those accepted claims.
24 We're also going to look a little bit at some of
25 the legislative changes that have driven our
26 costs over the last year or so.

27 Before I launch into the

1 tables, I just want to say that the work of this
2 group has been on identifying trends, and on
3 identifying the issues that are driving those
4 trends. We haven't made any effort to provide
5 solutions.

6 MR. TRAVILL: Just one question, Sheila;
7 are you talking current year claim costs, or
8 prior year claim costs?

9 MS LILLES: I'll come to that, and I'll
10 explain it, okay? If I'm not clear as we go
11 along, please interrupt me.

12 The first thing that I wanted
13 to point out was that, when our financial
14 statements were released last spring, we saw
15 that we had claims costs incurred of \$29 million
16 in 2002. And that was up from \$17 million in
17 2001. And the important thing to understand
18 here is that claims costs incurred are made up
19 of payments that are made to injured workers;
20 and also the money that is set aside, in future
21 liability, to cover anticipated future costs of
22 those claims. So that's what "claims costs
23 incurred" means.

24 Now, in the tables that
25 you're going to see, the first table is the only
26 one - the first graph is the only one that
27 speaks to claims costs incurred. Everything

1 else is based purely on payments made to injured
2 workers.

3 This first graph, as I say,
4 shows claims costs incurred. And those costs
5 are divided by current year injury costs
6 incurred, and prior year injuries costs
7 incurred. And the thing to note about this
8 particular graph, is that our current year
9 injury costs incurred have remained fairly
10 stable over time. And, also, that our prior
11 year claims costs incurred have historically
12 been lower than our current year claims costs
13 incurred.

14 In 2002, that historic
15 relationship changed, as our prior year claims
16 costs jumped up from 5.5, to over \$18 million.
17 So that was a very significant jump.

18 Going to turn, now, to look
19 at payments. These are actual dollar payments
20 that come out of our claims system. Once again,
21 there's no future liability included in any of
22 these numbers, it's simply payments made. We
23 break down these payments into three distinct
24 groups, according to legislative category.

25 You'll see pre-1983 claims.
26 That particular group is our pension group. And
27 what you would expect to find, with a group of

1 pension claims, particularly since they're all
2 quite old, is that they would remain fairly
3 stable over time, and gradually decrease as
4 those claimants are no longer in our system.

5 The next group that you
6 should look at is the 1983 to '92 group. That's
7 our prior legislation. That also is a closed
8 group of claims. We would expect that those
9 particular claims payments would be tapering
10 off. What we see, instead, is that that
11 particular group of claimants' claims costs has
12 actually risen since 2000, and fairly
13 dramatically over 2001 and 2002.

14 And then the final group is
15 our post 1992 claims. This is a much larger
16 group, and it's a group that's continuously
17 being added to, because it's still an open
18 group. We would expect to see a gradual
19 increase in those costs. What we see is, in
20 fact, a fairly dramatic increase, and it's much
21 more dramatic than we would have anticipated.

22 MS COULTHARD: Sheila, that includes the
23 costs that are actually paid by YTG for the pre
24 '92 claims?

25 MS LILLES: Yes. Yes, it does.

26 The message, the take-home
27 message, from this particular graph, is that our

1 older claims do not appear to be resolving as
2 quickly as we would have anticipated that they
3 should resolve and, indeed, as quickly as they
4 have resolved in the past.

5 MR. DECHKOFF: Is that because of changes
6 that happened in the new legislation?

7 MS LILLES: We'll come to that. Okay?
8 That's part of the answer, but probably not all
9 of it.

10 We are drilling down now,
11 we're looking at compensation payments; not
12 total payments. Compensation payments are made
13 up of payments for earnings loss, payments for
14 permanent partial impairment, rehabilitation
15 assistance, emergency medical travel... it's
16 quite a broad category of payments.

17 When you look at this
18 particular graph, and you can look at the 1983
19 to 1992 group in particular, you can see that
20 those costs have increased and, in fact, the
21 increase was most dramatic in 2001. In the post
22 1992 group, we see, again, that there is a
23 fairly significant increase. And the biggest
24 step up, in that particular group, was also in
25 2001.

26 The total number of claims
27 that we're making compensation payments to has

1 gone up. Also the average cost per claim has
2 gone up. Now, I'm going to make a distinction
3 here, between --

4 MR. RODY: Can you say again... the
5 total --

6 MS LILLES: The total number of
7 compensation claims, that we make payments on,
8 has gone up; and the average cost per claim has
9 gone up. We can, and have, broken this down
10 into finer categories. And we've looked, in
11 particular, at the difference between current
12 year claims and prior year claims. A current
13 year claim, today, is a 2003 claim. Last year,
14 a current year claim was a 2002 claim. In 2002,
15 any claim that happened in a year earlier was a
16 prior year claim.

17 When we look, in particular,
18 at the distinction between those two groups, we
19 find that our prior year claims are the ones
20 that have been driving this increase; not our
21 current year claims.

22 MR. RADWANSKI: I have a question. If a
23 claim - let's say an award has been made for a
24 1993 claim, why would that not be categorized
25 under 1993 forward?

26 MS LILLES: What happens is that, if you
27 have a claim, the claim is established in 1993,

1 all the costs during 1993 are current year
2 costs; but in 1994, and 1995, and 1996, it's
3 still charged to 1993, but it becomes a prior
4 year cost. But it's paid out in '94, '95, '96.

5 MR. RADWANSKI: Okay, that covers the present
6 year cost. It doesn't reflect where the money
7 is going, as to what year the claim was
8 established, and how much was paid in precise
9 years.

10 MS LILLES: Yeah. We have all of that
11 detailed by year, and have looked at it.

12 MR. RADWANSKI: Well, that would be helpful.

13 MS LILLES: This next graph is actually a
14 little more detailed. This one looks only at
15 earnings loss claims, and earnings loss
16 payments. So these are temporary total
17 disability payments, retraining allowances, wage
18 loss... any of our payments, that are made to
19 workers for time that they lose from work, are
20 our earnings loss payments.

21 You can see that the increase
22 in earnings loss payments began in 2000, and the
23 total number of claims receiving earnings loss
24 payments has gone up. Again, the average cost
25 per claim has gone up. And, again, when we look
26 at the detail, it's our prior year claims that
27 are driving this particular trend.

1 MR. ROBERTSON: On the chart, if we go back
2 in time, could there be another reason, in that
3 either the labour force has increased so,
4 proportionately, there really hasn't been a
5 change, there are just more people in the
6 system? For sake of argument, let's say we had
7 8,000 workers in 1983; and in 1993, we have
8 12,000; and after that we have 15,000;
9 obviously, that's going to affect the way that
10 graph looks.

11 MS LILLES: Yes.

12 MR. ROBERTSON: So, is that accounted for in
13 this? Because, otherwise, it's a little bit
14 misleading in terms of how steep that rise is.

15 MS LILLES: But the number of claims
16 isn't changing; it's the cost that's associated
17 with those claims.

18 MR. ROBERTSON: With each claim?

19 MS LILLES: Yes, with each claim.

20 MR. ROBERTSON: All right.

21 MS LILLES: So, just a couple more
22 examples of what's happening here. If we look
23 at our rehabilitation payments, once again, we
24 see that the big jump in rehabilitation costs
25 happens not in 2001, but in 2002. We see the
26 jump up there. If you stop to consider that
27 rehabilitation is a response, typically, to an

1 injured worker who is unable to return to work,
2 it seems natural that this particular step up
3 would be delayed. So we get our injured workers
4 in 2000 and 2001, they're having difficulty
5 returning to work in greater numbers, we're
6 stepping up our rehabilitation focus, in 2002,
7 to try to respond to the needs of this greater
8 group of injured workers.

9 And then, the only other one
10 that is just a little bit different, is our
11 medical costs. You can see that there's been a
12 fairly dramatic increase in our medical costs,
13 and it actually starts back in 2000. The total
14 number of claims that are receiving medical
15 payments has been quite variable over time, and
16 there isn't a particular trend to draw your
17 attention to.

18 But what is different about
19 medical payments is that medical payments is
20 being - this particular category of payments is
21 being driven both by current year claims, and by
22 prior year claims. So everybody in the system
23 is contributing towards driving these particular
24 claims - these particular payments.

25 We're going to switch gears
26 right now, and - Doug?

27 MR. RODY: Just a quick question. I

1 don't know if you've, in your analysis, gotten
2 -- even gotten into this level of detail, but
3 when the previous pages said not only, like, the
4 total number of claims is going up, but the
5 average cost... have you done any looking at the
6 different categories, i.e. earnings loss, rehab
7 and medical payments, to decide whether it's the
8 average cost, or the total number, that's having
9 the most effect on each one of those areas?

10 MS LILLES: It tends not to be the number
11 that's - There is a numerical effect, in the
12 sense that, in virtually every category, we have
13 more numbers than we've ever had - or close to
14 more numbers than ever before. But the numbers,
15 alone, don't account for the increase in cost.

16 MR. RODY: The average cost.

17 MS LILLES: Yes. They don't. They
18 don't.

19 MR. RODY: In other words, if the number
20 of claims had remained constant, the increase
21 would still --

22 MS LILLES: The costs would still be
23 going up. Yes.

24 So, looking at some of the
25 things that we think are driving some of these
26 cost increases... this particular graph shows
27 you our accepted claims over the last five

1 years. And if you look at the trend line, and
2 this is just a five year interval, you can see
3 that we have an increase in our claims frequency
4 in the last five years. And, in particular, in
5 2002, we have an increase of 11%, over 2001.

6 And when we looked at some of
7 the things that could be influencing the
8 increase in claims frequency, we looked at the
9 size of the workforce. What we discovered was
10 that the Yukon workforce actually shrunk by 1%
11 in 2002.

12 We looked at the age of the
13 workforce. We know that the average age, in the
14 Yukon, is going up. And when we look at our
15 claimant population, certainly we see that we
16 have more claims in the 45 to 64 year old age
17 category. So the age of our injured workers is
18 going up.

19 The other thing that we
20 looked at is the nature of work. And when we
21 look at the information that is available, we
22 can see that we're shifting from what was a
23 goods based economy, to a more service based
24 economy.

25 Now, all of these particular
26 factors should, in fact, be driving our claims
27 costs down. We have fewer workers, older

1 workers, in service industries; that should be
2 predicting lower numbers of claims. So there's
3 something else that's going on in this
4 environment, that is, in fact, eclipsing this
5 particular pressure on our claim numbers.

6 And the things that we're
7 looking at, at the current time, are the culture
8 in the workplace in the Yukon; and also at
9 economic conditions in the Yukon. And so that
10 work is yet to come.

11 MR. DIECKMANN: Okay, you've got here that
12 your injury frequency has increased. What are
13 you using to calculate your frequency?

14 MS LILLES: Just raw numbers. There's no
15 denominator. But I think, if you consider that
16 the number of hours worked in the Yukon, and the
17 size of the labour force, is going down, you
18 would not expect to see your numbers of claims
19 going up.

20 MR. DIECKMANN: But you don't actually know
21 the hours that are being worked --

22 MS LILLES: No.

23 MR. DIECKMANN: - or the number of workers in
24 the workforce, or those types of things.

25 MS LILLES: No.

26 MR. DIECKMANN: So that statement, itself, I
27 find a little misleading --

1 MS LILLES: Yes.

2 MR. DIECKMANN: - saying that the frequency
3 is increasing. You need a standard to calculate
4 frequency against.

5 MS LILLES: I know.

6 MR. ARMSTRONG: Yes. And we recognize that.
7 But we also know that, statistically, we're not
8 able to get that information for Yukon. So we
9 have to try to substitute other ways, then, of
10 doing that. If we were Ontario, or Alberta, or
11 British Columbia, we'd be going based on a
12 hundred thousand hours, or million hours, of
13 work. Doesn't happen in the Yukon. So, you
14 know, we have to find a way, then... given that
15 we cannot do it that way, how can we do it?

16 And so, what the group
17 working on this has said, Well, okay, without
18 that, what will we anticipate; what other things
19 can we look at? And, as Sheila has said, has
20 the nature of work changed in Yukon? Well, yes,
21 it has. You know, when we were a resource based
22 industry - or, economy, you knew people were
23 working 8 hours or 12 hours; you knew that it
24 was five days a week or longer. You had that
25 kind of a scenario.

26 We know, in the economy we
27 have today, that they're not working those kinds

1 of shifts necessarily. It may be that they're
2 working two or three jobs, it's part-time, and
3 it's not resource based, it's service based.
4 So, rather than mining, they're moving luggage.
5 You know, those sorts of things.

6 So, what we've tried to do,
7 Kurt, is pull those other aspects in, to give us
8 a surrogate, to make the frequency measurement.

9 MS LILLES: And the other thing is, we're
10 not comparing ourselves to other jurisdictions,
11 where you would need to have an apple-to-apple
12 comparison. We're only comparing ourselves to
13 ourselves, over time, to identify trends.

14 So, you're quite right, we
15 don't have the specific numbers, in the same
16 detail, that we would like to see.

17 MS COULTHARD: I know that claims are
18 reactivated.

19 MS LILLES: Yes.

20 MS COULTHARD: Is there also an increased
21 number of reactivated claims from other
22 jurisdictions, so the people aren't actually
23 even living here any more? You know, like the
24 older --

25 MS LILLES: Oh, sure.

26 MS COULTHARD: So size of workforce may not
27 even - I mean, they may not be in our workforce

1 any more, but we're still paying claims where
2 they're living in another jurisdiction.

3 MS LILLES: Yes. But keep in mind that
4 we're looking at cohorts of workers. And when
5 we look at 1998 to 2002, if a worker was injured
6 in 1998, we count him, and put a tick in 1998,
7 and he was here then, when he was injured. And
8 where he is, in 2002, is... he's still a tick in
9 our box in 1998.

10 MR. HANSON: Does the broadening, of what
11 an injury is, factor into this?

12 MS LILLES: Yes. I'm coming to that.

13 MS McKEE: Okay, there are a couple of
14 questions here, Sheila... Ivan, you go, and then
15 Ian, and then we're going to let Sheila finish
16 her presentation and field the rest of the
17 questions.

18 MR. DECHKOFF: Sheila, when you talk about
19 culture in the workplace, what do you mean by
20 "culture in the workplace"?

21 MS LILLES: Well, I think, you know, in
22 short, "culture in the workplace"... that's the
23 values, the beliefs, the behaviours, that we
24 exhibit in our workplaces, with respect to
25 health and safety in the workplace. So, for
26 example, you may have a workplace that knows
27 everything there is to know about health and

1 safety, and has a great safety program that's in
2 a binder on the shelf; but if they don't take it
3 off the shelf, and they don't implement it at
4 the front line, and the supervisors and the
5 managers and the shift bosses and everybody else
6 isn't walking the talk, then --

7 MR. DECHKOFF: Is "culture" not - you're
8 making it sound like it's an employer issue.
9 It's an employer and worker issue?

10 MS LILLES: Oh, absolutely. Everybody.

11 MR. DECHKOFF: Okay.

12 MR. ROBERTSON: I know you're dealing just
13 with the Yukon, but did you consult with the
14 other jurisdictions; are they experiencing the
15 same sorts of trends?

16 MS LILLES: We've looked at other
17 jurisdictions, in terms of what their claims
18 cost experience has been over the last year or
19 two. Some jurisdictions have seen an increase
20 in claims costs, but there isn't another
21 jurisdiction that has seen the dramatic increase
22 that we have seen.

23 MR. ARMSTRONG: And I'm going to add to that,
24 Ian. At the Heads of Delegations, which is a
25 meeting of all the chairs and CEOs across the
26 country, we've talked about this issue. And
27 Sheila's quite right; there are jurisdictions

1 that are experiencing increases in duration,
2 there are jurisdictions that are experiencing
3 increases in claims. Other jurisdictions,
4 though, are not; it's flat-lined in 2002. But
5 nobody has experienced, percentage-wise or
6 ratio-wise, what we've seen in Yukon.

7 MR. ROBERTSON: So how are you going to
8 tackle that, because you've got something --

9 MR. ARMSTRONG: Just a second, Ian. Right
10 from the beginning of your question, we're going
11 to get ahead of ourselves. All right? And how
12 we tackle things, I think we better address
13 after the presentation. Because all we've done
14 here, just so that we're clear, all Sheila is
15 sharing with you today, are the high level
16 preliminary results of the analysis. The Board
17 will get the full analysis in November, so that
18 they've got much more detail. They've not yet
19 seen the full analysis.

20 Once they see the full
21 analysis, then we talk about, okay, what sorts
22 of program and targeting do we need to put in
23 place? But, even before having done that, as
24 Craig mentioned in his opening statements, as
25 soon as we became aware of this, we've
26 reinforced the organization's drive towards
27 prevention, and the programs that we feel we

1 need to put in place, to start addressing this.

2 So the broad programs that
3 we're looking at putting in place, we know that
4 they're effective, we know that they're broad,
5 they might not be targeted on a specific result
6 this may bring to light, and that's okay because
7 we can focus in once we know that. But we were
8 proactive, right off the mark, and said, let's
9 not wait for the specifics, let's start pushing
10 on the prevention stuff right now.

11 MR. ROBERTSON: I guess what I was getting at
12 is, we may have hit the symptoms, or we may have
13 causes, and you really need to know whether it's
14 a cause or a symptom, or something else, in
15 order to respond.

16 MS LILLES: Yes.

17 MR. ARMSTRONG: Absolutely.

18 MS LILLES: So I think what I said
19 earlier was that, you know, we had seen an
20 increase in the number of accepted claims; but
21 I've also said that it's not numbers, alone,
22 that's driving this phenomenon; that, in fact,
23 duration seems to be probably a more important
24 factor than just raw numbers. And when we look
25 at the kinds of things that - when we look at
26 our actual numbers, in terms of duration, what
27 we find is that duration of short term claims is

1 not changing. So, if we look at our claims by
2 percentile, the lower 75% of our claims hasn't
3 changed. So take a claim at the 25th percentile;
4 historically, that claim lasted four days.
5 Today, that claim is still lasting four days.
6 Those are not our problem claims.

7 When we look at the top 25%
8 of claims, those are the claims where the
9 duration is changing. So, if we look at a
10 claim, for example, at the 95th percentile,
11 historically, those claims would have resolved
12 in less than 200 days; today, those claims are
13 lasting significantly more than 200 days. So
14 this is where our real issue is; it's in the
15 longer term claims. They're not resolving at
16 the rate that they have previously.

17 When we look at what some of
18 the factors might be behind that, one of them
19 might be the severity of injury, the type of
20 injury that is occurring. We don't actually
21 have a measure for severity in Workers'
22 Compensation. We actually use duration as a
23 proxy for severity, so that's not particularly
24 helpful.

25 When we look at the types of
26 injuries, certainly our claims staff tell us
27 that they're seeing more complex kinds of

1 injuries. They're seeing more post traumatic
2 stress disorder, they're seeing more chemical
3 sensitivities, more repetitive strain, and many
4 claims are associated with very complex psycho-
5 social issues. So claims are becoming more
6 complex.

7 One of the other factors
8 that's no doubt at play here, is the age of the
9 workforce. As I said earlier, we have more
10 claims from injured workers in the 45 to 64 year
11 old age category, and older people simply don't
12 heal at the same rate as younger people. And
13 the other thing is that it's much more difficult
14 to reintegrate an older worker into the
15 workforce than a younger worker.

16 MR. ARMSTRONG: Sheila, on behalf of
17 everybody here, let's refer to that as the
18 "cohort" in that age group, as opposed to
19 "older".

20 MS LILLES: Yes... cohort. Thank you.

21 MR. ARMSTRONG: No. Thank you.

22 MS LILLES: One of the other factors that
23 may be at play here is the economic conditions
24 in the Yukon. There are studies that are - in
25 fact, there are many studies, that point to the
26 fact that, in a weak economy, the duration of
27 claims is inclined to go up. And then there's

1 also a number of other issues that we've been
2 exploring, in terms of factors that are internal
3 to Workers' Compensation Board, that we think
4 are probably contributing to the increase in
5 duration. And these things include things such
6 as the higher standards that we have in place
7 now for claim management. Also, we have
8 experienced a difficulty in terms of role
9 definition, or role confusion, between our
10 adjudicators and our rehab counsellors; we think
11 that may be contributing to a prolongation of
12 claims. And then there are also a number of
13 other tasks that we ask our adjudicators and our
14 rehab counsellors to do, that takes them away
15 from the day-to-day management of those claims.
16 And we think that there are opportunities to
17 look at those particular issues, and try to come
18 to grips with them.

19 So I'm going to shift gears,
20 now, quickly, and just look at some of the
21 legislative changes that have driven our costs.
22 In particular, Bill 83, which was the piece of
23 legislation that introduced the Workers'
24 Compensation Appeal Tribunal. These figures
25 include both payments made to workers, and the
26 future liability associated with these
27 particular claims.

1 The next one is Bill 73.
2 These, again, the figures here include both
3 payments made to workers in 2002, as well as
4 amounts set aside to cover the future increases.
5 And then there are some other smaller
6 legislative issues that tend to contribute to
7 our claims, although not significantly. Bill
8 64, the reinstatement of spousal benefits. That
9 had an impact in 2002.

10 Bill 83... you may remember
11 that there was an interest policy that was
12 implemented in 2002; that had an impact.

13 And then the maximum wage
14 rate... this is just the year over year cost of
15 the increase of the maximum wage rate in 2002.
16 And this is the year over year cost of indexing
17 all of our post 1992 claims in 2002.

18 So, work on this project is
19 ongoing, and we will be providing a detailed
20 report to the Board before the end of the year.

21 MS McKEE: We can take a five minute
22 break now, and then ask questions of Sheila
23 afterwards, if there are any; otherwise, we'll
24 proceed with the agenda. I think in fairness to
25 everyone who brought forward questions and
26 issues, it would be good to touch on each of
27 them, and then perhaps come back to some of the

1 lengthier ones afterwards. But if that's not
2 the wish of the group, then we can just take
3 more time as we go.

4 So we'll have a break now,
5 and revisit that question after coffee. And,
6 please... just five minutes. That's a quarter
7 to 4:00.

8 (Proceedings adjourned at 3:40 p.m.)

9 (Proceedings reconvened at 3:45 p.m.)

10 MS McKEE: So we're proceeding with the
11 agenda, to the top of the second page. And
12 afterwards, if you have questions, could you
13 please remember to speak clearly enough that
14 Doug can get your point.

15 I'm sorry, Mr. Tuton, I
16 forgot to ask, first, if there are any questions
17 of Sheila... but she's not here right at this
18 minute, so perhaps we'll postpone it. Is that
19 all right? Thank you all very much. Mr.
20 Tuton....

21 RESPONSE TO QUESTION: "How do Board members view the
22 Employer Consultant's role on the Workers'
23 Compensation Act Review Panel in light of clause
24 7.1.2 of the contribution agreement? Is the Board
25 satisfied that there has been no breach of the
26 agreement?"

27 MR. TUTON: As you know, the Act Review

1 Panel were struck by the Minister, and members
2 of that panel were struck by the Minister;
3 therefore, that was totally out of our control.
4 And it is our view that, regardless of whether
5 the person is working on the Act Review, in that
6 process, or in his role as the Employer
7 Consultant, that the Workers' Compensation Board
8 is responsible for any financial commitments.

9 MS McKEE: Any questions?

10 MR. RODY: So the Board is satisfied
11 that there has been no breach of the agreement?

12 MR. TUTON: Yes.

13 MS McKEE: Anything else? I think that
14 we'll now move on to the next item on the
15 agenda, then, and Jim Stephens will speak to the
16 next point. And there's a 10-minute Power Point
17 presentation. And if we can, can we hold
18 questions to the end.

19 MR. TRAVILL: I just have one quick one for
20 Sheila, if that's all right.

21 MS McKEE: Okay.

22 MR. TRAVILL: Sheila, when you were talking
23 about comparing the current durations and costs,
24 what were you comparing them to; how long ago?

25 MS LILLES: Right back to 1992.

26 MR. TRAVILL: '92, okay.

27 MS McKEE: Is that okay, Mike?

1 MR. TRAVILL: Yes.

2 MS McKEE: Jim, you can start while your
3 pieces are being handed out, if that's okay. If
4 anyone feels rushed, please tell me, but, as I
5 say, I do want to touch on every item.

6 **Projections on the financial standing of the YWCHSB**
7 **as of the end of 2003**

8 MR. STEPHENS: I'm going to talk a little
9 bit about this financial forecast that we've
10 prepared, and just, first of all, talking a
11 little bit about how we developed this forecast.

12 The big number in the
13 finances, in the forecast, are the claims costs.
14 In order to be able to do this, we basically get
15 our actuary to come up with some numbers, based
16 on data that we send down from our claims
17 systems.

18 The next significant item in
19 the projection is the assessment revenue. And,
20 again, this was done by the actuary, and he
21 basically takes our projected assessable payroll
22 and our projected increases in rates, versus
23 last year, and adjusts for a change in maximum
24 wage rate, and comes up with a calculation for
25 that number.

26 The administration costs...
27 again, these are internal costs through our

1 financial system. Again, we looked at them
2 based in July, on the year to date figures, and
3 again tried to project through to the end of the
4 year.

5 And finally, on the
6 investments... at this point in time, the second
7 quarter, we didn't attempt to guess where the
8 market was heading. To date, the market has
9 been performing very well, this year (touch
10 wood) compared to last year. But you never know
11 what can happen, you know, in a quarter,
12 especially these days.

13 I guess, to talk a little bit
14 about this forecast, and the reliability of
15 these numbers... again, it's a forecast. It's
16 an estimate. It's based on data, but not
17 complete data. So, again, this is a forecast,
18 and there's a good chance that it will change,
19 based on what occurs in the future.

20 And our biggest cost...
21 again, claims cost is probably our biggest
22 wildcard in the forecast, particularly when we
23 try to project based at the end of the second
24 quarter. Because, as we all know, in the Yukon,
25 the third quarter, being the summer season,
26 there's a lot of different activities going on
27 in that period, so, conversely, you know,

1 additional claims will percolate up through the
2 system, and we will have to incorporate that
3 into our third quarter forecast.

4 Again, the investment
5 revenue... again, at this point, we didn't try
6 to predict administration costs. Again, we
7 think we can forecast this better than we can
8 claims costs; the variability should be less.
9 And the assessment revenue, the variability
10 should also be somewhat less than the claims
11 costs. But, again, it will change once we do
12 the third quarter estimate.

13 So this is the forecast,
14 right here. That was yellow, now it's green.
15 And these are the actual numbers. And, again,
16 this is just the revenue and expenses. And this
17 is the historical numbers, up to 2002. And, as
18 everybody recalls, you know, we had this huge
19 claims expense number, last year, of 29 million,
20 which Sheila's talked about in her presentation,
21 and subsequently incurred a very large deficit
22 of 24 million.

23 Turning over to 2003, I think
24 one of the main drivers that we needed to know,
25 right away, from the Board's standpoint the
26 sooner the better, is where we're going to end
27 up this year with our claims costs. And we were

1 very concerned, after last year's results, and
2 it was very important to try to get an idea of
3 where we're heading fairly quickly. Thus, we
4 projected this forecast based on our second
5 quarter claims costs, which, again, is probably
6 a little early. But we wanted to see, are we
7 headed for another 20 to 29 million claims
8 costs, or are we back down to normal historical
9 claims costs.

10 So this forecast, again,
11 according to our actuary, he's come up -- based
12 on our second quarter data, he's predicting
13 claims expenses of \$12 million. Now, this seems
14 low, and I think it is low. But I think you
15 have to - it's a relative number. It may
16 increase another two or three million, but we're
17 not talking this 29 million, unless, you know,
18 some unforeseen circumstance happens, or some
19 legislative change, or something, at this point,
20 that we're not aware of.

21 So it appears that we're back
22 in a more normal level of claims expenses.

23 MR. DECHKOFF: Just as a question, are the
24 number of claims, up to that period of time,
25 comparable to the previous year?

26 MR. STEPHENS: Yes, the data is similar.
27 And again, you'd have to --

1 MR. DECHKOFF: So the actual number of
2 claims coming through the door are similar to
3 last year?

4 MR. STEPHENS: Maybe Sheila knows, but this
5 is where we really need our actuary here.

6 MR. ARMSTRONG: The number is pretty much
7 similar, Ivan. This projection of \$12 million
8 isn't based on, Oh, well, in the first two
9 quarters, there was this huge drop in the number
10 of claims. So there isn't a significant
11 difference in the number of claims, between 2002
12 and 2003, in the first half of the year. But
13 what we need to remember is, as Jim was saying,
14 this projection is based on the first two
15 quarters.

16 Now, when you look, 12
17 million versus 29 million - I think I know where
18 you're going - like, how can it be, that you can
19 have 29 million there, and 12 million there?

20 MR. DECHKOFF: Well, especially with the
21 previous presentation saying that the medical
22 costs and rehab costs are going like this; and
23 then you're saying claims are the same, but
24 we're going to be way down.

25 MR. ARMSTRONG: Right. But if you pick up on
26 what the previous presentation was, and then you
27 look at, okay, what happened in 2001 and 2002,

1 and what are we anticipating happening in 2003,
2 when Sheila was talking, she was - you know, she
3 spent a bit of time talking about these three
4 years. And what she was really saying, is that
5 the current year claims costs, in any of those
6 years, weren't the problem. It's the prior year
7 claims.

8 What we anticipate, and what
9 the data that Sheila presented to you
10 demonstrated, is that jump in those prior year
11 claims. When the actuary is setting aside -
12 because, remember, this is money out the door,
13 plus the benefit/liability. But when the
14 actuary put that \$29 million in, and a good
15 portion of that is that future liability, it's
16 picking up on the unexpected impact, of that
17 duration, on prior year claims. You expect
18 prior year claims to taper off, you know, and go
19 down. And although it wasn't in the material
20 Sheila showed you, if you had prior year - or,
21 if you have current year, and you say the value
22 of current year is 100, you expect, the next
23 year, the value of that claim to be less than
24 100. What we saw is, if the current year value
25 is 100, the next year, the value of that claim
26 could be 115-120.

27 So when the actuary looked at

1 that, what he had to do, or what they had to do,
2 was say, given the performance on duration, for
3 those couple of years, it became necessary to
4 put more money into the benefit/liability. So
5 this part of this spike, of \$29 million, is
6 accounted for in setting aside money, more
7 money, for the 2001 claims, than actually was
8 set aside in 2001. Likewise for 2000. So a
9 good chunk of that, you know, really flows from
10 that whole area.

11 Now, as Jim said, you know,
12 is the 12 million... is that a firm estimate?
13 It wasn't his words, but... is it a firm
14 estimate? No. It's not a firm estimate. It's
15 the best estimate that we can make, looking at
16 what is the performance of claims, historically,
17 second quarter, first quarter, versus third and
18 fourth quarter? And the actuary did think about
19 that, and didn't just say, Well, let's just take
20 two quarters, and slap it out over the year.
21 It's, normally, what does our second quarter
22 look like, versus performance in third and
23 fourth quarter?

24 So he took that into account,
25 and, using the data that he had, said this is
26 where we're at. I suspect we're going to come
27 in a little bit higher than \$12 million. But I

1 suspect we are not going to see this kind of
2 number in 2003. Because, this number, as I was
3 saying, represents that catch-up component on
4 the benefit/liability, because of the duration
5 of prior year claims in 2002, '01 and 2000.

6 MR. DECHKOFF: Just one last comment, then.
7 What I'm hearing you say, then, is that there
8 are no more prior year claims coming through, of
9 significance, that's going to be needing to be
10 caught up this year?

11 MR. ARMSTRONG: Those prior year claims still
12 exist, but the actuary --

13 SPEAKER: You caught the prior year
14 claims.

15 MR. ARMSTRONG: That's right. We're not
16 anticipating another jump in the duration.
17 Hopefully we bring that duration down. But we
18 believe that, in 2002, we've caught that, and
19 you're not going to have a need to capture it
20 again in 2003.

21 MR. TRAVILL: And, Ivan, I'm not a hundred
22 per cent sure yet, but I'm hoping my system, at
23 the Worker Advocate office, will be able to
24 deliver that sort of information, as to how many
25 claims, from what year, were advanced through to
26 appeals. So, currently, I mean, right now, I
27 don't have any major claims from, say, the '90s.

1 And so any claim, of any significance, would be
2 coming from the 2000 year, and you wouldn't have
3 that extended back period amount of time, which
4 then, I believe, also skews some of the duration
5 numbers... but I'd have to work on that.

6 But, hopefully, at the end of
7 this year, we'll be able to put some of those
8 numbers together. That was one of the things
9 the Auditor General went after my office about,
10 was I couldn't deliver those kind of numbers.
11 And, hopefully, this year, I will be able to.
12 No guarantee, but hopefully I will be able to.

13 MS McKEE: Okay. Jim, could you
14 continue, please.

15 MR. STEPHENS: The next number here is the
16 assessment revenue. And that is predicted to
17 increase. And that's based on the reduction of
18 the subsidy that has occurred this year, versus
19 last year. Now, again, I think this number is
20 a bit high, but I do believe that it will
21 increase. Again, it was mentioned that the
22 labour force has decreased in the Yukon, so
23 that's somewhat going to offset the increase
24 realized through the change in the rates.

25 So, again, according to this
26 forecast, the revenue is looking to be around 14
27 million, versus twelve. And, again, we're

1 hoping that the investment revenue, again, as
2 the markets continue to perform positively, that
3 our investment revenue will increase slightly
4 more than last year.

5 On the administration
6 expenses, again, we projected these based on the
7 July year to date. And this organization,
8 similar to other organizations, including the
9 government, costs tend to pile up towards the
10 latter part of the year, especially in the final
11 quarter, as certain projects don't get
12 implemented or started until later on in the
13 year. But, overall, the administration costs
14 appear to be in line with our budget, and
15 hopefully will be slightly under budget.

16 And, again, we get down to
17 this projected operating deficit of about \$5
18 million.

19 So, just a final analysis or
20 recap: It appears that the claims costs are
21 dropping down to a lower threshold. Again, this
22 forecast is predicting 12 million versus 29
23 million in 2002. And, again, you know, my gut
24 feel says that it seems low, and I'm not going
25 to be surprised if it does creep up, but it's
26 not going to creep up into the next tier.

27 The assessment revenue is

1 increased by 1.3 million. Again, it may not be
2 that much, but it will be an increase. And the
3 administration costs are projected to be lower,
4 based on July numbers. And, again, this gap in
5 our forecast will probably come more in line
6 with our budget as we prepare our third quarter
7 forecast.

8 Finally, again, the overall
9 deficit is forecasted at approximately 5
10 million, versus 24 million.

11 So that's the end of this
12 Power Point presentation, and I'll throw it open
13 for questions.

14 MS McKEE: Any questions of Jim?

15 MR. RODY: In the government's budget,
16 I'm not sure if it was this year or last year,
17 they eliminated -- the figure for the mine
18 safety transfer to the WCB was reduced to zero.
19 Has the government paid for those, for mine
20 safety, yet?

21 MR. TUTON: Yes, yes.

22 MR. RODY: They have paid out?

23 MR. TUTON: Yes, yes. We negotiated, and
24 got a cheque just recently.

25 MR. ROBERTSON: On the investments, you're
26 saying it's a bit of a mug's game, to try and
27 project those investments. How are the

1 investments structured?

2 I mean, obviously, when we
3 changed, we changed from the days where we just
4 used, I think it was, what, 4% or something,
5 federal range, and started saying, all right,
6 we're going to try to put more into an
7 investment-type portfolio. So, yes, the markets
8 are up, but surely we - I mean, the investment
9 advisors must be giving you a better picture of
10 what you can use in this level of projection.

11 MR. STEPHENS: We talked to them back in
12 May, and they gave us a whole bunch of different
13 scenarios, and they were, again, very leery back
14 then, although I think they'd be a little more
15 comfortable in picking one of those streams at
16 this point. Basically, the long-term view on
17 investment returns, now, is that it is probably
18 going to be below historical norms, on average,
19 over the next five years. Although, this year,
20 again year to date, the markets are very strong.
21 Like, for example, the EAFE is up 20% year to
22 date, and the U.S. market is up 15%...
23 everything's up, you know, to this point. So
24 there's cautious optimism that, if this can
25 continue, you know, we will have increased
26 investment revenues.

27 But back to the portfolio

1 structure, I mean, we're basically a 50/50
2 split, between equities and bonds. And the bond
3 market has done well this year, too.

4 The only downside, this year,
5 is, again, we do have money invested in the U.S.
6 stock market. It's increased, but the Canadian
7 dollar has increased, too, and that's really
8 impacted the return on those U.S. investments.

9 MR. ROBERTSON: The reason I'm asking the
10 question is because there are other ways of
11 investing, where you can invest money in, say,
12 the Yukon. And I'll give you an example.

13 They have to build a new jail
14 in the Yukon. So you carry the mortgage through
15 the WCB. You know, there are ways you can set
16 it up, structurally, so that we get the
17 infrastructure we need, but you've got a
18 guaranteed return.

19 Have we looked at these sorts
20 of --

21 MR. ARMSTRONG: We have, Ian, both
22 historically and then fairly recently. The one
23 policy that the Board doesn't have the authority
24 to approve, but only recommend on, is our
25 investment policy. Our investment policy is
26 passed by Cabinet. And our investment policy
27 spells out, specifically, what we're allowed to

1 invest in, and what the ratings would be. So
2 our investment policy speaks to, specifically,
3 how we can go about doing that.

4 The Board doesn't have the
5 discretion to be able to fund an infrastructure
6 undertaking in Yukon, necessarily, without it
7 hitting specific objectives or specific
8 requirements within the investment policy.

9 Now, the investment policy is
10 a public document. If you don't have a copy of
11 it, we can certainly give you a copy of it.

12 So, it's possible to look at
13 those things, but Cabinet is quite stringent in
14 looking at the investment policy being
15 appropriate for the liabilities that this
16 organization has.

17 MR. ROBERTSON: Thank you.

18 MR. TRAVILL: One thing we continually hear
19 is, we have to collect the full amount of
20 today's injuries, today. Yet, as we go back in
21 time, in the year 2000, the assessments were 6.8
22 million, and the claims costs, for that prior
23 year, were 12. And then, in 2001, it was the
24 same thing; we collected 7.1, and the costs were
25 10. And last year, we collected 7.4, and the
26 costs were about 11.

27 So, each year, we've been

1 under-funded, when it comes to the current year.
2 The assessments have been \$3 million short last
3 year, \$3 million short the year before, \$5
4 million short the year before. And what that,
5 then, does is, is make the current year reliant
6 on the interest. And that interest was
7 collected, and paid, based on the interest that
8 was assumed for that year claimed. So the
9 interest for 2000 should have been projected in
10 order to provide for the full benefits for that.

11 And we've been living off
12 under-projecting for the 2000, and skimming that
13 off and providing the subsidies, which have now
14 been reduced, but we're still under-collecting
15 - we are under-assessing for the claims costs.

16 And so I was wondering if
17 there is an initiative moving forward to address
18 that area; that the assessments should reflect
19 the claims costs in that year.

20 MR. ARMSTRONG: The first part of it, I think
21 Craig's going to want to make some comments as
22 well.

23 I'm not suggesting that
24 you're in error, but what we do have to remember
25 is that, as an organization, and as a board, we
26 have to take into account two streams of
27 revenue; not just the one. The one stream of

1 revenue that you're talking about is the
2 assessment revenue. And, absolutely, we have to
3 keep an eye on that, and we have to adjust it
4 accordingly, based on experience and risk and
5 all the things we take into account.

6 But the other stream of
7 revenue is our investment revenue. And we do
8 take that into account.

9 Now, historically, the
10 investment revenue, in the organization, was
11 sufficient enough that we built up quite a
12 surplus in the compensation fund. And when we
13 talked to stakeholders back in 1997 and 1998 -
14 because the Auditor General was saying, you
15 know, for an organization your size, with the
16 liability that you carry, you have more funds
17 than you require. So we looked at, as a board,
18 how do we address that?

19 And the intent was to operate
20 the organization at a deficit, you know, a
21 planned deficit, for a number of years, to draw
22 those reserves down to a level where the Auditor
23 General was comfortable, but, maybe more
24 importantly, to a level that the Board was
25 comfortable. And the Board may wish to have bit
26 more of a reserve than the Auditor General.

27 So the intent was to draw

1 that down. We've had this experience, here, in
2 2002, which was a significant drawdown, and not
3 the planned operating deficit. If you look at
4 the operating deficits across, they're more of
5 what we've targeted, and we're projecting,
6 again, into 2003, to be more along the lines of
7 what we've targeted.

8 So, is there a plan to
9 address this? I think, on the one hand, we
10 would never suggest - or, at least I wouldn't
11 suggest, now speaking for myself - I wouldn't
12 suggest that we ever get to the point where we
13 don't take into consideration investment
14 revenue. And I don't think you're suggesting
15 that, either.

16 MR. TRAVILL: No.

17 MR. ARMSTRONG: But, you know, the Board now,
18 in "Where are we at?", I think that the Board
19 has come out and said, quite clearly, where
20 assessment rates are in 2003; and what the
21 provisional assessment rates are in 2004. And
22 I think that, in 2004, the Board is going to
23 have to have a look at, Do we continue with that
24 2004 assessment rate; do we have to make changes
25 to that; and what are we doing in 2005 and 2006?

26 MR. TRAVILL: Well, my question comes from
27 a point where, you know, over the last year,

1 there has been this big kerfuffle about claims
2 costs, the prior year claims costs, being so
3 high. And going back a step further in history,
4 there was a period of time, in '96, when the
5 then Chair was talking about raising assessments
6 based on the actuarial values that were in place
7 at the time. And there was all the concerns
8 that were going around it, that ended up forming
9 the Workers' Advocate office and all sorts of
10 things.

11 At that point, that Chair got
12 relieved of his duties, and there was an
13 actuarial review that ended up with the \$30
14 million extra. The \$30 million, in hindsight,
15 when we look at the graph, almost reflects the
16 increase in the prior year costs. And had that
17 move been made, back in '96, when it was being
18 bantered around, it would have levelled it out.
19 We wouldn't have had the big hullabaloo and all
20 the effort and research and information needed
21 on the prior year claims costs, because, along
22 the actuarial assumptions at that time, it was
23 reflecting that that was a possibility of
24 happening. And that board, back in '96, had
25 identified it, and it had lost its way after
26 that, and that was the reason for it coming up
27 with that --

1 Manager/Coordinator. We're happy to have that
2 happen. Kurt, of course, for those of you who
3 know him, was an Occupational Health and Safety
4 Officer here at the Board. So he takes a lot of
5 experience and a lot of energy into that
6 position.

7 As to the part of the
8 question that asks about labour's role in the
9 organization, on behalf of the Board, we would
10 urge anyone involved in the building trades, or
11 any other unions, or any other groups that are
12 not encompassed by the Yukon Contractor's
13 Association, to contact Kurt, and to get
14 involved; and get involved to the extent that
15 you wish.

16 Our expectation has always
17 been, from the outset of this program, that this
18 construction safety association would evolve
19 into a much wider umbrella construction safety
20 association. So that, our point of view, the
21 more groups, the more people, the more companies
22 and the more workers that get involved in this
23 organization, the better we are, and the further
24 ahead we're going to go in promoting safety in
25 the workplace.

26 MR. TRAVILL: Why wasn't it done
27 internally, within the Occupational Health and

1 Safety Department?

2 MR. TUTON: I think the Board felt that
3 this would be a better way to approach it, and
4 that's the way that we proceeded.

5 MR. RODY: You should know that, in
6 terms of employee organizations contacting...
7 that an effort has been made, by a
8 representative of the Building Trades Council,
9 to contact the Contractors Association, and they
10 can't get their phone call returned.

11 A question that I have is,
12 when this first came up, I think the model that
13 was in mind was the Nova Scotia model, and I'm
14 just wondering if that's still the plan.
15 Because, when the presentation was made here, by
16 one of the representatives of the Nova Scotia
17 Construction and Safety Association, a key
18 element in the success of that program was the
19 involvement of employee organizations; and, in
20 fact, the Chair of the Safety Association, at
21 that time, was a representative of one of the
22 building trades unions.

23 Has a program, an audit
24 program or a model, been decided upon; and is it
25 still the Nova Scotia model, or not?

26 MR. TUTON: Yes, it is. And just in
27 fairness to the Association, Mr. Dieckmann has

1 only recently been appointed to that position,
2 I think it was the middle of September, so
3 obviously there wasn't --

4 MR. RODY: I was not trying to suggest
5 any impropriety or any lack of commitment on
6 Kurt's part. It was the Contractors Association
7 that was contacted, and the representative from
8 the Building Trades Council has been trying for
9 several months, and can't get a phone call
10 returned. So, right now, we're concerned that
11 there is going to be no involvement of employee
12 organizations.

13 MR. TUTON: Let me restate, Doug, what I
14 stated earlier; that it's clearly the intention
15 of the Board to have this organization deal with
16 more than just the Contractors Association. If
17 it is a situation that that is not happening,
18 then we would ask that those people, that feel
19 they are affected adversely, please contact
20 myself, and I would take steps to make sure that
21 steps are made in that area.

22 MS McKEE: And what are your office
23 hours?

24 MR. DIECKMANN: My office hours are 8:00 to
25 5:30, five days a week. And just to comment on
26 that, Doug, part of my mandate is to partner
27 with organizations, and I have every intention

1 of contacting a number of organizations. The
2 first priority I've got, right now, is to
3 contact the different jurisdictions, and find
4 out what they've got in the way of programming,
5 to be able to establish good core programming,
6 here, that reflects the reality of the Yukon
7 Territory. Personally, I welcome any input from
8 anyone on this.

9 And another thing to take
10 into consideration on this, is, as Craig said,
11 we want to expand it so it's the Yukon Safety
12 Association, it goes beyond the Yukon
13 Contractors Association. And trade unions are
14 also employers, so they have a stake in that
15 part of it, as well. They don't only represent
16 workers, they also employ workers. So, from
17 that perspective, they have to be involved.

18 MS McKEE: Any more questions? We'll
19 turn the floor over to Mr. Tuton again.

20 **Update on the offer to stakeholders to become**
21 **involved in the reorganization of the reserves**

22 MR. TUTON: Presently, we're working with
23 our actuaries on that funding policy, and that's
24 going to address the reserves. As we made
25 commitments to earlier, we would like to have an
26 opportunity for the stakeholders' advisors
27 groups to have a role to play in that. Once we

1 receive information back from the actuaries, we
2 will be keeping you advised, and we can talk to
3 you, then, about policy and your involvement in
4 that stage.

5 MS McKEE: Any questions? I think the
6 next item, also, Mr. Tuton, is yours, to talk
7 about the safety regulations and, I guess, the
8 status of the approval of the regs.

9 RESPONSE TO QUESTION: "A significant amount of time
10 went into the new safety regulations. What is the
11 Board doing to persuade the Minister to get cabinet
12 approval of the regulations?"

13 MR. TUTON: That question is a regular
14 question, or it has been a regular question, to
15 the Board over the last few months. We've been
16 working back and forth with letters, and I'm
17 pleased to advise you that I received a letter,
18 as late as yesterday, from the Minister, and
19 I'll just read you the excerpt from it that
20 pertains to the question:

21 It has been decided to not proceed
22 with implementing any changes to
23 the Occupational Health and Safety
24 regulations until the review of
25 the *Workers' Compensation Act* is
26 complete. Our government will
27 have a better knowledge of the

1 views of all stakeholders
2 regarding the many aspects of our
3 Workers' Compensation system, and
4 will be better positioned to make
5 decisions that are reflective of
6 all stakeholders.

7 And it's signed by the Minister.

8 MS McKEE: Can people look at that
9 letter afterwards?

10 MR. TUTON: Certainly.

11 MS McKEE: Okay. So, any questions?

12 MR. RODY: Not a question. I have to
13 make a comment, because I happened to be on the
14 sub-committee of the Board at the time, and, I
15 mean, I'm just astounded. I'm incredibly
16 disappointed.

17 The amount of work that went
18 into reviewing those regs over a period of four
19 years... it is mind boggling. The amount of
20 work by the staff at WCB, the amount of
21 involvement by volunteers from various
22 organizations.... And when it was all said and
23 done, there was a meeting here, where
24 representatives from both stakeholder groups
25 were relatively - and I don't think I'm speaking
26 out of turn - were relatively satisfied, perhaps
27 somewhat grudgingly, with the results of that

1 review.

2 And anyone who thinks that
3 this is just a delay is dreaming. Those regs
4 are going to be scrapped, and we're going to be
5 doing it all over again, in about four or five
6 years.

7 I mean, it's astounding, the
8 effort that is down the drain.

9 MS McKEE: Okay, your point is taken,
10 Doug.

11 MR. RODY: Incredible.

12 MR. ROBERTSON: As a private employer, I feel
13 equally concerned. Because regs are dealt with
14 by Order in Council, they don't have to go
15 through the House; and regs can be changed quite
16 easily if they're inconsistent with amendments
17 to the Act. And when I see the level of effort
18 that has gone into it, I am equally, sort of,
19 disgusted with this approach to things. It
20 doesn't build cooperation; it doesn't build a
21 healthy environment. And in this case, it
22 reinforces the concern about the need to
23 separate the Board of Directors, and their
24 reporting relationship, from the Minister, and
25 put it to the House as a whole.

26 So I feel fairly strongly
27 that this should have been dealt with.

1 MS McKEE: Okay, your points are on the
2 record. Thank you. Anything else?

3 Okay, Phil, you're going to
4 speak to the next point, I believe... the Board
5 members' views on secondhand smoke in the
6 workplace.

7 MR. DYKE: Yes.

8 **RESPONSE TO QUESTION: "What are the Board members'**
9 **views on secondhand smoke in the workplace?"**

10 MR. DYKE: As a board, we take this
11 issue very serious. Secondhand smoke in the
12 workplace is a safety issue which we will be
13 addressing next year, which is indicated in our
14 strategic plan, along with such items as indoor
15 air quality and violence in the workplace,
16 infectious diseases. So they will be dealt with
17 either later this year or, for sure, next year.

18 MS McKEE: Any questions for Mr. Dyke?

19 MR. TRAVILL: Well, in light of what Craig
20 said, the issue about secondhand smoke is an
21 occupational health and safety issue; will that
22 be addressed separate to the elimination of the
23 regulations; or how does the Board plan to
24 address it?

25 MR. ARMSTRONG: I think what we would
26 undertake, Mike, is to look at the situation and
27 develop an appropriate response, for the

1 organization, on secondhand smoke. If it turns
2 out as well as the other issues that Phil was
3 speaking about, violence in the workplace, those
4 kinds of things, we would proceed, as an
5 organization, with doing work around that and,
6 at the end of the day, whatever recommendations
7 we would have, we would forward through due
8 process. And that's as much as the organization
9 can do with those things.

10 MR. TUTON: Mike, just because you're
11 relating the last question to this question, in
12 a way, I think it's safe for me to say that the
13 Board shares the concerns of Mr. Rody and...
14 because we have been actively lobbying the
15 Minister, to the best of our ability, to deal
16 with those occupational health and safety
17 changes, and we're going to continue to do that.
18 We're not stopping just because of the letter,
19 for the same reasons that Mr. Rody has said, and
20 the same reasons that were said over here by
21 Ian.

22 MR. TRAVILL: Well, thank you. I was
23 representing the Yukon Employees' Union at the
24 initial meetings with the OH&S, when we finally
25 got an agreement that we could at least live
26 with. And it was tremendous, the amount of work
27 that was put in by the Board to get there.

1 MR. TUTON: And we'll continue with that
2 work.

3 MR. TRAVILL: Thank you.

4 MS McKEE: Anything else? Doug....

5 MR. RODY: Well, I mean, I would - I
6 know it's been on the Board's radar screen for
7 awhile, but... with the recent case in B.C.,
8 where the woman won the right to have her claim
9 accepted (and I think that woman has since died,
10 she had a smoke-related tumour), in order to
11 prevent, in the future, having a bulge in past
12 year claims, I mean, I think the Board has to
13 move expeditiously. Once they're aware of a
14 potential liability, I think the Board has to
15 move to eliminate it. I know there is lots on
16 the Board's plate, but addressing and mitigating
17 a potential liability (could be a significant
18 liability, we don't know) has to be a priority.

19 MR. ARMSTRONG: Yes. Thanks, Doug.

20 MS McKEE: Okay, we'll move on to the
21 final item on the agenda.

22 **RESPONSE TO QUESTION: "What are Board members' views**
23 **on implementing the position of an Employee**
24 **Consultant to mirror the Employer Consultant?"**

25 MR. TUTON: We have asked Administration
26 to do some research on that very subject. They
27 are presently doing that. We're hoping to have

1 that back to us before the end of the year. If
2 we do, which we expect we will, we'll get back
3 to the stakeholders and advise them of the
4 status.

5 MS McKEE: Any questions on this point?

6 MR. RODY: I guess our concern is that
7 one of the stated purposes of the Employer
8 Consultant is to facilitate the involvement of
9 the employers in the Act Review process, and, at
10 present, there is no one on the employees' side
11 to do that. And I think it's a little bit much
12 to expect employees to go out and do this - and
13 this Act Review is huge, the range of
14 information and topics it's covering is pretty
15 wide - I think it's a little much to expect
16 employees to go out and do that, on their own
17 time and evening or weekend hours, when the
18 employers have someone to do that for them as a
19 paid position. And saying that you're going to
20 look at it and do research on it, and come back
21 at the end of the year... the Act Review will
22 almost be over.

23 MS McKEE: Any response? Okay, point's
24 taken, Doug, thank you.

25 Now, we do have time
26 allocated, now, for general questions. Doug, I
27 said we'd return to the ABCS Project if you

1 wanted to ask anything else.

2 MR. RODY: No, thank you.

3 MS McKEE: Any questions about anything
4 that's been discussed today, or any other
5 concerns which you might have, which you'd like
6 to ask the Board? Ian....

7 **STRESS RELATED INJURIES**

8 MR. ROBERTSON: I'd like to know what's
9 happening on the whole issue of stress related
10 injuries. I know it's come up in the review,
11 but I'd like to know what research the Board or
12 the staff are doing in that area. Because it's
13 another of those areas which is fairly
14 dangerous, in terms of the potential for
15 significant liability costs, and it's one that
16 is very difficult to assess whether it's valid
17 or not. So I'd kind of like an update in that
18 area.

19 MR. TUTON: It's also one that's in front
20 of the Act Review Panel and, as such, we would
21 not be making any comment. We wouldn't want to
22 be presumptuous as to what that final process is
23 going to be.

24 MR. ROBERTSON: But is it administration
25 providing the information for the Act Review
26 process, then? Because I wasn't clear on that
27 point.

1 MR. ARMSTRONG: Oh. Well, let me qualify how
2 to answer that. Administration has done
3 research through our inter-jurisdictional
4 contacts, and through the Association of
5 Workers' Compensation Boards of Canada, on the
6 status of stress claims, various approaches that
7 are across the country, and what the options
8 are. And we've provided that information to the
9 Board. And there will be information - and I'm
10 just looking for a quick nod there, Deborah...
11 I think there's information in the binder that
12 was sent to the Act Review folks?

13 MS McNEVIN: Yes. And also, the six
14 papers... it's one of the papers that Paul
15 Kishchuk did in terms of the definition of
16 disability.

17 MR. ARMSTRONG: Right. So we've done that,
18 Ian, in pulling the, sort of, background
19 together, and issue together, on behalf of the
20 Board. We haven't done that on behalf of the
21 Act Review Panel. The Act Review Panel is
22 independent of the Workers' Compensation Board.
23 But we have provided the information that we
24 have to them. And I understand that, along with
25 the actual submissions, I think the intent was,
26 and maybe it's actually been accomplished - Ivan
27 or Mike might be able to comment on that - in

1 actually putting the binders of information, the
2 background stuff, on your website as well.

3 MR. TRAVILL: Yes, it's on the website...
4 the stuff the Board has submitted. But just for
5 extra information, the Supreme Court of Canada
6 ruled on chronic pain on Friday. It's under the
7 Supreme Court of Canada web page, decision date
8 October 3rd, 2003, *Nova Scotia WCB v. Martin*.
9 And that rules on chronic pain. Which, the
10 argument is almost the same; can you limit
11 entitlement to a disability based on the type of
12 disability.

13 Ontario had it written right
14 into their legislation that they don't pay for
15 chronic stress. And Ontario, as of that ruling,
16 has been working feverishly to see how that
17 decision out of the Supreme Court is going to
18 apply to them. And Ontario will make a move in
19 the very near future. Because the Worker
20 Advocate office of Ontario believes that they're
21 in the exact same boat as they are in relation
22 to chronic (inaudible)

23 COURT REPORTER: I'm sorry....

24 MS McKEE: Mike, could you just cite the
25 case again, *Nova Scotia WCB v....*

26 MR. TRAVILL: *Martin*. And then it's *WCB v.*
27 *Laseur*.

1 MS McKEE: Any other questions or
2 points?

3 MR. McARTHUR I'm from the press; can I ask
4 a question?

5 MS McKEE: I don't see why not.

6 **Secondhand Smoke**

7 MR. McARTHUR: It's actually just a question
8 on the smoking issue, so I guess to Phil or to
9 Tony. If you could just explain it to me... I
10 understand that it's sort of in your long-term
11 plans to address it, but it's clearly an issue
12 in the Territory, Whitehorse is talking about
13 it, Dawson City is talking about it... I don't
14 understand, I guess, why you have to wait.
15 Isn't it just a simple matter of sitting down,
16 hashing it out, smoking's good, smoking's bad,
17 here's what WCB thinks? I don't see why it's
18 such a big deal to come up with a policy on the
19 issue of smoking in the workplace. So, if
20 someone could please --

21 MR. ARMSTRONG: I'm not sure, Don, that it's
22 quite so straightforward as smoking good/smoking
23 bad, write policy. There is a little bit more
24 to it than that.

25 The Board, you know, as Mr.
26 Dyke was saying earlier, recognizes that it is
27 an important issue; and we realize, as a Board,

1 that we have to deal with the issue. We want to
2 make sure, though, that we deal with it in the
3 right fashion. You know, we've had discussion
4 informally; you know, is this something that's
5 suitable for a regulatory regime, or are there
6 other ways of approaching it; are there
7 partnerships that we should be looking at to
8 move forward?

9 And, you know, we have a
10 model that's moving forward, in the Northwest
11 Territories, in dealing with that. It may be,
12 after further deliberation, the Board chooses
13 that kind of a regulatory approach; or it may be
14 that the Board has some other approach to deal
15 with this, in doing partnerships with Department
16 of Health, with the municipalities.

17 What we want, at the end of
18 this, isn't to be able to say, you know, Jeez,
19 we're really good, we wrote a regulation on
20 smoking. What we want to be able to say is,
21 we've done something that effectively safeguards
22 safety and health for workers in the workplace.

23 When we've had some of the
24 preliminary discussions outside of the Workers'
25 Compensation system, the issue, at times, was as
26 much about workers' safety, as it was general
27 public, and the whole concern about smoking.

1 So, on the one hand, would it
2 be nice if the Board had already delivered on
3 this... yes. We haven't. We recognize that we
4 need to. But we want to do so in a responsible
5 fashion.

6 MR. McARTHUR: So then it's safe to say that
7 - I understand, you know, that you want to do
8 this all the right way, but, as a principle or
9 as a policy, the Board would agree that smoking
10 in a workplace is harmful to employees? I mean,
11 that's what I --

12 MR. ARMSTRONG: I think that there's enough
13 medical evidence out there to say that, if you
14 smoke, it's not good.

15 MS McKEE: Maybe, Don, you could
16 continue your interview afterwards, and... if
17 there are no other questions, then we can
18 adjourn the meeting. Are there other questions?
19 The meeting is adjourned, thank you very much.
20 (Meeting adjourned at 4:40 p.m.)

21 This is to certify that the
22 foregoing is a true and faithful
23 transcript of the contents of the
24 record prepared in the above named
25 proceeding.
26

27

28 _____
 Doug Ayers, Court Reporter