



Working Together

WITH YUKON WORKERS
AND EMPLOYERS



ANNUAL REPORT 2002

YUKON WORKERS' COMPENSATION
HEALTH AND SAFETY BOARD

COMMISSION DE LA
SANTÉ ET DE LA SÉCURITÉ
AU TRAVAIL
DU YUKON



Working Together
with Yukon Workers and Employers

OUR MISSION



Working together with workers, employers, injured workers and their families, we focus on:

- Preventing workplace injury, disease and disability;
- Addressing the needs of workers and employers in changing work environments;
- Fairly compensating workers with work-related disabilities; and
- Helping workers overcome work-related disabilities in both human and economic terms.



We manage 'the fund' wisely to meet our long-term stewardship responsibilities on behalf of our stakeholders.



We ensure that our staff are knowledgeable, skilled and compassionate in providing a broad range of quality services to employers, workers, injured workers and their families.





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COMPENSATION
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YUKON WORKERS' COMPENSATION HEALTH AND SAFETY BOARD



The Yukon Workers' Compensation Health and Safety Board (YWCHSB) administers the *Workers' Compensation Act* and the *Occupational Health and Safety Act*.

The governing body of the YWCHSB is the Board of Directors, made up of three employer representatives, three worker representatives, a neutral chair and a neutral alternate chair. The chair of the Workers' Compensation Appeal Tribunal and the president of the YWCHSB also sit as non-voting members.



The Board of Directors sets all policies and orders. The administration of the YWCHSB implements those policies and orders, as well as the legislation.

The office of the president supports human resources, staff development, the board office manager, the hearing officer, public relations, the medical consultant and general counsel. Under two vice presidents and a director, the YWCHSB is divided into three branches – Programs, Operations, and Planning, Evaluation and Policy.



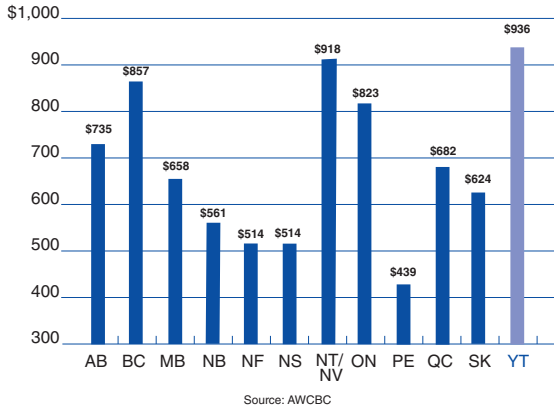
The Programs Branch provides services to claimants and administers the *Occupational Health and Safety Act*.

The Operations Branch is responsible for financial transactions, for managing the investments of the compensation fund, and for managing the organization's resources.

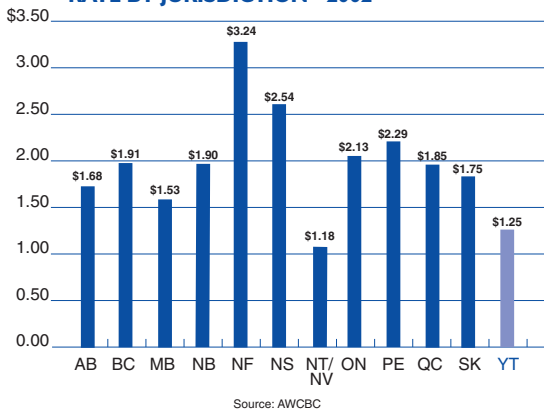
Planning, Evaluation and Policy is responsible for policy analysis and development, program evaluation, strategic planning support and quality assurance.



MAXIMUM WEEKLY BENEFITS FOR TEMPORARY DISABILITY BY JURISDICTION - 2002



AVERAGE PROVISIONAL ASSESSMENT RATE BY JURISDICTION - 2002



Note: MB is the average of the provisional rates for Jan - June (\$1.49) and July - Dec (\$1.56)

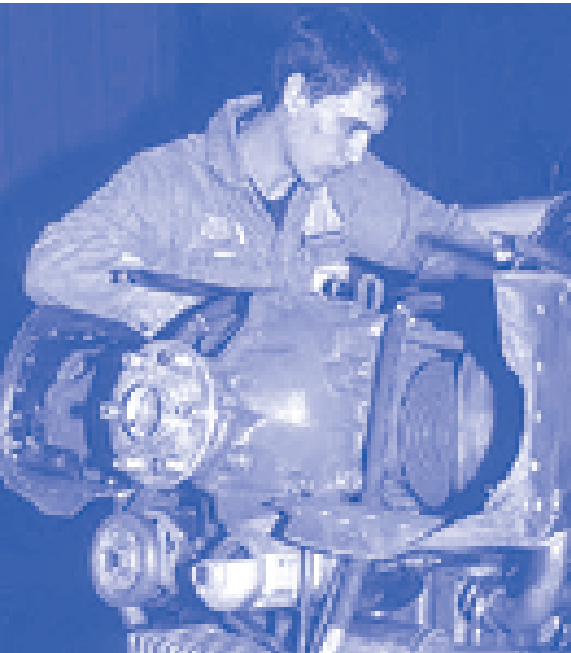
WORKERS' COMPENSATION

Workers' compensation is an employer-funded insurance system in which coverage for workers is compulsory. For nearly a century, it has protected Canadian workers and employers against the result of workplace injuries and illnesses.

Under workers' compensation legislation, workers give up their right to civil action against employers and co-workers in return for guaranteed compensation. This arrangement protects both workers and employers. Employers are protected because workers who suffer a work-related disability cannot sue for damages. Workers are protected because they are guaranteed compensation if they get a work-related disability. Compensation includes lost wages, payment of related health care costs, assistance in returning to work and payments for permanent impairments.

The only claims that are subject to civil action are vehicle accidents where there is vehicle insurance. In such cases, the YWCHSB can sue, on behalf of the injured worker, another organization's employer or worker. The injured worker's own employer or co-workers cannot be sued.

The Yukon Workers' Compensation Health and Safety Board provides Yukon workers with the best benefit package in the country and provides Yukon employers with some of the lowest assessment premiums in Canada.



WORKING WITH OUR STAKEHOLDERS

The Yukon Workers' Compensation Health and Safety Board works with two stakeholder committees – the workers' and the employers' advisory committees.

In 2002, members of these stakeholder advisory committees took part in a joint meeting with the YWCHS Board of Directors and attended an information meeting on the launch of the Achieving Better Customer Service project. Representatives of stakeholder committees were also actively involved in the YWCHSB's policy working group.

At the joint advisory committee meeting, held in March 2002, stakeholders and Board members discussed a range of issues – including the reinstatement of spousal benefits and the indexing of benefits for workers injured under pre-1993 legislation. Stakeholders and Board members also briefly discussed issues around the creation of an employer consultant position.

As part of the policy working group, stakeholders took part in reviewing a series of policies related to how the YWCHSB supports injured workers and provides benefits. They used an omnibus policy framework, completed in 2001, to guide them. The principles and values in the framework include:

- a proactive, client-centered process
- a demonstration of compassion, respect and fairness for the injured worker, and
- an involvement of the employer as a valued partner, with a focus on prevention.

Based on the framework, the group discussed a revised policy on loss of earnings benefits, called CL-35, which the Board approved in 2002. (For more information, see page 24.)

A major task in 2002 has been the development of a consolidated rehabilitation policy for consideration by the Board. This will be followed by public consultation in 2003.

As well, the working group reviewed and provided feedback on a draft policy on contracting.

The Board of Directors thanks the stakeholder advisory committee members for their perspectives and contributions in 2002.

MESSAGE FROM THE BOARD OF DIRECTORS

The year 2002 was one of challenges and achievements. We thank our stakeholders who provided valuable input during the year through consultations and through our workers' and employers' advisory committees.

We implemented two new pieces of legislation and approved and implemented a new policy on loss of earnings benefits. We launched a comprehensive project to improve customer service, conducted extensive consultations on assessment premiums, began funding a new position of employer consultant, and started working on issues raised in a special examination by the Auditor General of Canada.

The new legislation passed by

the Yukon legislature in 2002 included the *Spousal Benefits Reinstatement Act* and the *Act to Amend the Workers' Compensation Act*. The former act ensures that spouses — who lost survivor benefits because of remarriage between 1985 and 1987 — will have those benefits reinstated, in keeping with the Charter of Rights and Freedoms. The *Act to Amend the Workers' Compensation Act* changes the maximum wage rate for those injured under the 1983 legislation.

We approved a new Loss of Earnings Benefits Policy — also known as CL-35 — after stakeholder review and public consultation. It provides a method for calculating benefits for both seasonal and permanent employees. We are pleased that

we were able to resolve this long-standing issue to provide some certainty for workers and employers.

Following another extensive consultation, we decided to gradually reduce subsidies to employers' assessment premiums starting in 2003. Yukon employers will still pay among the lowest assessment premium rates in Canada.

A significant factor affecting assessment premiums is the cost of claims, which has been rising in recent years for reasons still not completely defined. Because stakeholders have been asking for reasons, we have made improving our information and service an integral part of our strategic plan.

The immediate goals of our Achieving Better Customer Service project — officially launched in June — are to change how we work to better meet needs, to provide better and more useful information and to improve access to YWCHSB information and services. The project will eventually allow us to target prevention programs more effectively, help both employers and workers reduce workplace injuries and lower claims costs, and keep down employers' assessment premiums. We completed the first stage of the project in 2002 as planned.

We are pleased that in the special examination of the Yukon

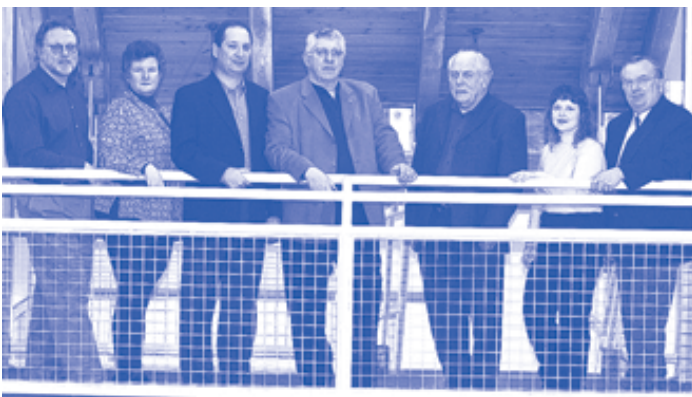
workers' compensation system, the Auditor General of Canada found our system to be “fundamentally sound and responsive to the needs of those who are injured in the workplace.” We are working on those areas that need improvement and believe many can be addressed by our ABCS project.

As recommended by the Auditor General, we prepared a new draft contracting policy for review by our stakeholders in early 2003.

In the summer of 2002, the Board of Directors reached an agreement with the Yukon Chamber of Commerce to fund the position of employer consultant. The consultant reports to the Chamber and provides education and advice to employers on workers' compensation. We are hopeful this new arrangement will increase employers' awareness of our programs and services, and of how employers can lead in the prevention of workplace injuries and illnesses.

Finally, as another key achievement, we approved in principle a governance handbook. It demonstrates our ongoing commitment to high standards of performance as a Board. It covers our legislated responsibilities, mandate, vision, mission, governance responsibilities and relationship to the president/CEO.

It has been a very busy year, and we look forward to continuing our work in 2003, alongside and for Yukon workers and employers.



Seen from left to right, worker representatives Doug Rody and Barb Evans, alternate chair Arthur Mitchell, chair Dale Schmekel, employer representative Don Cox, worker representative Michelle Kolla, and employer representative Barry Enders.

Missing is employer representative Don Frizzell, appeal tribunal chair Heather MacFadgen and president and CEO Tony Armstrong.

Employer representatives Don Cox and Don Frizzell were appointed in 2002, replacing Ivan Dechkoff — whose term expired in 2002 — and John Pert — who resigned in 2002. Worker representative Barb Evans was re-appointed in 2002.

PRESIDENT'S MESSAGE

The Yukon Workers' Compensation Health and Safety Board continues to strive to be the best it can be to serve Yukon workers and employers.

As part of our strategic plan, we work on having a clear legislative and policy framework, making prevention and safe workplaces a priority, leading in human resource development, focusing on quality of service, building effective information systems, and strengthening relationships with our stakeholders and partners.

As you read through this annual report, you will see that we have made progress in many of these areas.

One of our major activities for 2002 was to respond to the special examination by the Auditor General of Canada. We have begun that work in earnest – by working on a new draft contracting policy and looking closely at other areas the Auditor General addressed. We intend to deal with a number of the issues through our Achieving Better Customer Service project, which we launched in 2002.

Another goal was to begin preparing the groundwork for the review of the *Workers' Compensation Act*, which must take place in 2003. We contracted for research and analysis of the combined administration of the *Occupational Health and Safety* and *Workers' Compensation Acts*. This analysis is being circulated to stakeholders and is available for information.

We have continued our focus on the safety of young workers. We want to prevent these most vulnerable members of our workforce from being injured in their early months on the job. We continued a high-profile

contest aimed at raising safety awareness amongst young workers, and we have expanded young worker safety programs to after-school time periods.

A significant achievement was the completion of three years of work updating occupational health and safety regulations. This involved widespread consultation with employers and workers throughout the Yukon. The project came close to conclusion in 2002 and we hope the regulations will be approved and implemented in 2003. The level of work and support from stakeholders is very much worth noting.

I continue to be proud of the people who work at the YWCHSB. We are committed to supporting staff in their career goals, and to fostering their development within the organization. In 2002, a significant number of staff members achieved milestones in their careers through their own personal dedication and through training supported by the YWCHSB. The result is that we are a richer organization with many staff who feel fulfilled and committed, and are in turn providing valued service to workers and employers.

I thank all our stakeholders – workers and employers – for their commitment, involvement, feedback and support in 2002. I look forward to continuing our work together in 2003.



Tony Armstrong
President and CEO





SPECIAL EXAMINATION OF THE YUKON WORKERS' COMPENSATION SYSTEM

In September 2002, the Auditor General of Canada, Sheila Fraser, completed a special examination of the Yukon workers' compensation system. The examination was required under the *Workers' Compensation Act*.

The Auditor General concluded the Yukon workers' compensation system is "fundamentally sound and responsive to the needs of those who are injured in the workplace, but several areas need improvement."

She suggested the YWCHSB improve by:

- demonstrating to stakeholders it is operating economically, efficiently and effectively – including capital projects such as the Achieving Better Customer Service project;
- giving higher priority to prevention activities and taking action on the enforcement of occupational health and safety regulations;
- developing creative and appropriate ways of attracting and retaining key personnel; and
- strengthening performance measurement and reporting.

The Auditor General noted: "For the most part the Board is aware of the important issues it faces and is taking action to address them."

The Yukon government and the YWCHSB jointly asked the Auditor General to provide guidance on governance.

The Auditor General concluded there is a need to clarify accountability and reporting relationships. While the president of the YWCHSB currently reports

to both the Board of Directors and the Yukon government, the Auditor General suggests the president report only to the Board, with the chair of the Board then reporting to the Yukon government.

The Auditor General also recommended the Yukon government, Minister, Board, and staff work together for all stakeholders.

The Auditor General's report is on our website at www.wcb.yk.ca.

RESPONSE TO THE SPECIAL EXAMINATION

In 2002, the YWCHSB had already started to address a number of issues raised by the Auditor General.

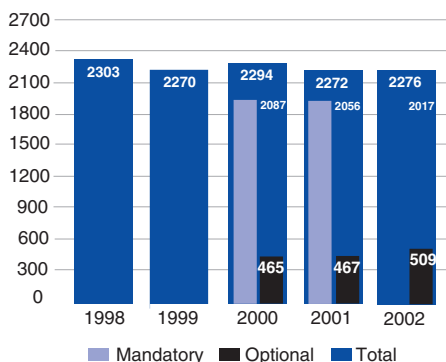
Many of the issues around claims management, rehabilitation, performance measurement and reporting, and prevention are expected to be addressed directly or indirectly through the YWCHSB's Achieving Better Customer Service project.

The YWCHSB focuses on both prevention and human resource needs in its 2002-2004 Strategic Plan.

To help demonstrate economy, effectiveness and efficiency in its operations, the YWCHSB has developed a new draft contracting policy, to be reviewed by stakeholders in early 2003. The YWCHSB is continuing to track the progress it is making in achieving the improvements suggested by the Auditor General.

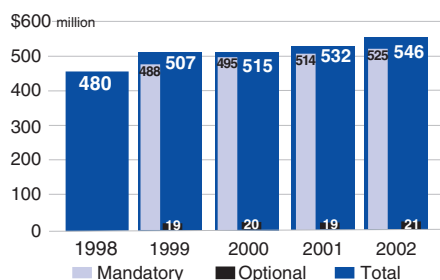
ASSESSMENT PREMIUM REVIEW

EMPLOYERS REGISTERED



Definitions: An "employer" is an individual entity operating in one or more industries. One employer may have many businesses.

ASSESSABLE PAYROLL REPORTED



Employers meet with Board members and YWCHSB staff during the Assessment Premium Review consultations.

Yukon employers pay assessment premiums for workers' compensation coverage. Employers are required by law to register with the YWCHSB and pay premiums. In return, employers get no-fault insurance and protection from lawsuits.

During a financial review in 1998, the YWCHSB determined it had a substantial surplus. The Board of Directors devoted the surplus to benefit enhancement for injured workers and to a rate transition fund. It used the rate transition fund to subsidize private sector assessment premiums by 45 to 79 per cent from 1999 to 2002.

The Board originally planned to start removing the subsidies in 2002, but instead continued them for an additional year while it conducted the Assessment Premium Review.

During the review, the Board consulted with employers throughout the Yukon on options for removing the subsidies. No option would reduce the subsidies by more than 20 per cent per year.

As well, the YWCHSB recalculated base rates based on updated projections of claims costs and YWCHSB investment income.

As a result of the Assessment Premium Review, the Board decreased the average subsidy from 54 per cent in 2002 to 41 per cent in 2003 and to 32 per cent in 2004.

The changes to subsidies and rates mean most employers will pay more in 2003, while some will pay less. For example, welding shops, retail outlets and professional offices will pay more in assessment premiums, while landscapers, lumber yard operators and carpenters will pay less.

The average subsidized assessment premium rate for Yukon private sector employers will increase from \$1.41 per \$100 of payroll in 2002 to \$1.43 in 2003, and will again increase to \$1.65 in 2004.

Government and First Nation premium rates are not subsidized. However both groups receive discounts on the administration costs of their claims, because of the economies of scale they offer as large employers. Their premium rates will increase from \$1.25 in 2002 to \$1.37 in both 2003 and 2004.

This is the first time since 1999 Yukon employers will see increases. The goal is to provide employers with long term predictability and stability in their premiums.

During consultations, the Board also asked for feedback on incentive programs to encourage employers to provide safe workplaces and return to work programs. They also asked for input on how mega-projects should be handled by the compensation system.



Walter Wright, a winner in the safety event of the national Skills Canada competition, with Vernon Beebe of Skills Canada at the Young Worker Safety Contest draw.

YOUNG WORKER SAFETY

In 2002, we continued to enhance and expand our programs on young worker safety.

Workers under 25 — particularly males — are at higher risk of workplace injury than others.

For the second year, we conducted a high profile summer campaign throughout the Yukon. The Young Worker Safety Contest was marked by distinctive bright yellow work boot displays in stores, movie theatres, community centers and other popular locations for youth. Using the theme “The Boot is Back” (building on 2001’s “Give Workplace Injuries the Boot!”), the aim of the contest was to raise awareness among youth of workplace safety.

There were about 4,000 entries in the contest in 2002, an increase of about 1,000 from 2001.

Participating youth filled out ballots that informed them of the increased risk they face on the job. The ballots advised

youth to ask their employers how to do new tasks safely.

We also expanded our young worker safety awareness sessions in late 2002 to include after school programs. As well, we researched and provided new young worker safety materials for use in schools.

We worked closely with Skills Canada Yukon to enhance the non-profit organization’s ability to instruct young worker safety courses.

One of our service teams attended the Kwanlin Dun Bike Rodeo, inviting future and current young workers — aged three to 16 — to take part in an “Unsafe Acts” quiz, to gain an early awareness of safety.

At the national Skills Canada competition, a Yukon youth won a medal in the safety event for the second year in a row. In 2002, Walter Wright of Whitehorse was the bronze medallist.

PREVENTION TRAINING AND EDUCATION



We continued to concentrate on the new three E's of prevention:

- **Empowerment**

We encouraged and provided training for safety committees so that workers and employers feel empowered in the workplace.

- **Ergonomics**

We had consultants provide seminars on back care and ergonomics; we taught a full-day course on ergonomics at Yukon College. We provided a display on back pain and stress at the Information Technology Fair.

- **Evaluation**

We encouraged employers to evaluate their own safety efforts through a quiz distributed with their employer payroll returns.

Getting to prevention

Successful employers are those who are also committed to preventing workplace injuries and illnesses. We developed a prevention web site focussed on the best management beliefs and values on safety – and on the practices that go with them. To find out more, go to the website at www.wcb.yk.ca/prevention.

Promoting a safety culture

We participated in trade shows and health fairs promoting young worker safety and the importance of reporting close calls.

We hosted a seminar on “Zero Injuries” which brought together about 60 Yukon employers and workers. The seminar focused on specific techniques that will help workplaces reduce their injuries and illnesses to zero, and on how to implement those techniques.

Encouraging healthy living

We hosted a seminar and co-sponsored an extremely well-attended public presentation on lower back pain by Dr. Hamilton Hall, an internationally respected surgeon, lecturer and author who is also known as “Canada’s Back Doctor”.



Reg Ferguson explaining how to get “Zero Injuries” in the workplace.





Workshops, Seminars and Public Presentations

TOPIC	FORMAT	FREQUENCY	PARTICIPANTS
Safety committees	Workshop	6	53
Safety reps	Workshop	1	3
Young worker safety – Grades 11 & 12	Workshop	2	19
Workers' rights, duties and safety	Workshop	9	112
Confined space 1	Workshop	3	26
Confined space 2	Workshop	3	26
Worksite safety skills –after school program	Workshop	8	80
Back safety	Workplace session	1	8
Crane awareness	Workshop	1	5
Chainsaw safety	Workshop	1	5
Mine rescue	Workshop	1	10
Ergonomics	Yukon College day course	1	8
Due diligence	Workplace session	1	10
Zero injuries	Seminar	1	60
Diving safety	Symposium	1	12
TOTAL		40	437



DIVING SAFETY

Divers work frequently in the Yukon to maintain hydro dams and to conduct rescue and recovery operations. We held a symposium on diving safety for commercial divers and for the companies that hire them. The purpose was to raise awareness of the hazards and of the industry's legal requirements. YWCHSB safety officers also learned more about how to enforce safe diving practices. Vern Johnston, with the Canadian Association of Diving Contractors, and Steve Duffy, a diving occupational safety officer with the Workers' Compensation Board of British Columbia, led the symposium.

INSPECTIONS AND COMPLIANCE



In 2002, Inspections and Compliance spent a considerable amount of time with employers reviewing the elements of their safety programs. We also issued a significant number of orders related to lock-out procedures (used to ensure machinery is shut down when under repair or maintenance), confined space entry, first aid, safety committees and protection from falls.

We concentrated on spending more time with employers and workers discussing reasonable and practical ways they could comply with the *Occupational Health and Safety Act* and regulations. We conducted routine inspections and health investigations to assist employers in developing safe workplaces.



We provided workers and employers with consultations and instruction on the *Occupational Health and Safety Act* and regulations so that they could better understand their responsibilities.



Prevention Activities	2002	2001
Worksite inspections	425	475
Serious injury or serious accident investigations	20	39
Consultations	1148	1221
Occupational health investigations	61	69
Other investigations	67	49
Sanctions	8	9
• Warning Letters	5	8
• Penalty levies	1	0
• Prosecutions	2	1
Safety program evaluations	19	30



ACHIEVING BETTER CUSTOMER SERVICE

Our strategic plan includes a focus on quality of service. We are working to develop tools, techniques and standards that ensure we continuously improve in this area.

The Achieving Better Customer Service (ABCS) project is an integral part of the YWCHSB's strategic plan. The project was officially launched in June to focus on improving service to injured workers and employers.

The ABCS project responds to many of the issues and concerns raised by a public inquiry in 1996, the Task Force Review of the Workers' Compensation Act in 1999, the stakeholder surveys conducted by the Yukon Bureau of Statistics in 2001 and the special examination by the Auditor General of Canada in 2002.

THE GOALS OF ABCS ARE:

- to change the way we work to serve the needs of injured workers and employers;
- to provide better and more useful information;
- to improve access to our information and services; and
- to provide better data to employers and workers to help us all target prevention programs, reduce workplace injuries and bring down claims costs.

Workers' compensation boards across Canada are concerned with similar issues, and a key part of the ABCS project has been to consider the most effective practices and technology used by other compensation boards and customer service organizations.

The project focuses on how to enhance service by improving both procedures and technology. Phase 1 concentrates on claims, rehabilitation, finance and assessments. Phase 2 will focus on occupational health and safety, information management and self-service.

Phase 1A of the project has been completed on schedule, as planned. It outlines potential improvements in the areas of customer care, organization of staff and business processes. It has also assessed our needs and options in the area of technology – what sorts of information systems we will require to provide the desired service and integration in claims, finance and assessments.

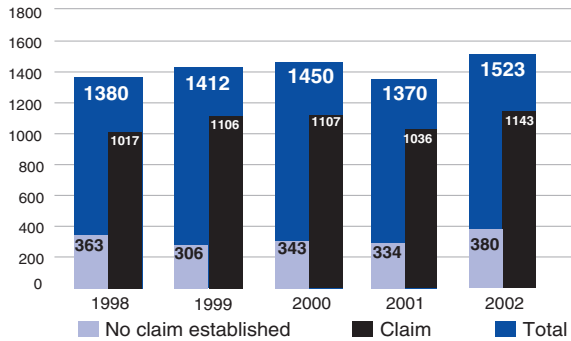
At the end of 2002, the Board was analyzing and considering the results of Phase 1A in order to determine its next steps.

SERVICE IMPROVEMENTS IN 2002

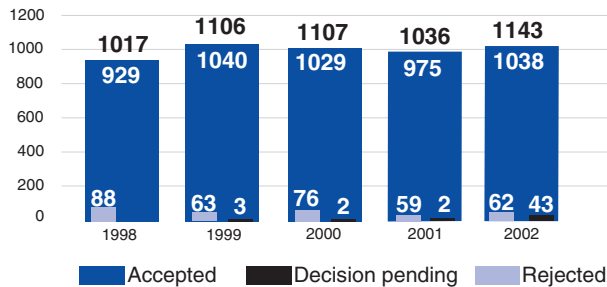
Our Customer Service Team, made up of front line staff, meets regularly and recommends improvements. In 2002:

- We extended our hours of business from 8:30 a.m. to 5:00 p.m. to 8:00 a.m. to 5:00 p.m.
- We produced an Employers' Guide and Workers' Guide – to ensure employers and workers are aware of our services.
- We made our toll-free number valid across Canada, so that we can be contacted free of charge by workers and their families who have left the Yukon.

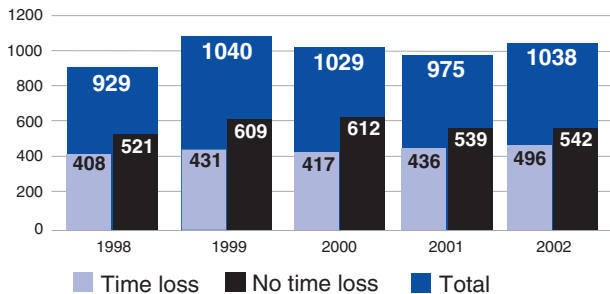
INCIDENTS REPORTED



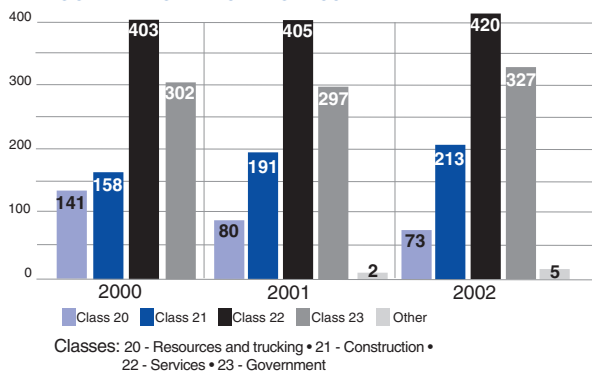
CLAIMS BY DECISION STATUS



TIME LOSS/NO TIME LOSS ACCEPTED CLAIMS



ACCEPTED CLAIMS BY CLASS



CLAIMS STATISTICS

Incidents

An incident is any injury or illness reported to the YWCHSB by a worker, employer or physician.

Claims

A claim is established when the YWCHSB has received a worker's report of injury or illness.

Time loss claims

A time loss claim is one in which a worker is off work as a result of a disability.

No time loss claims

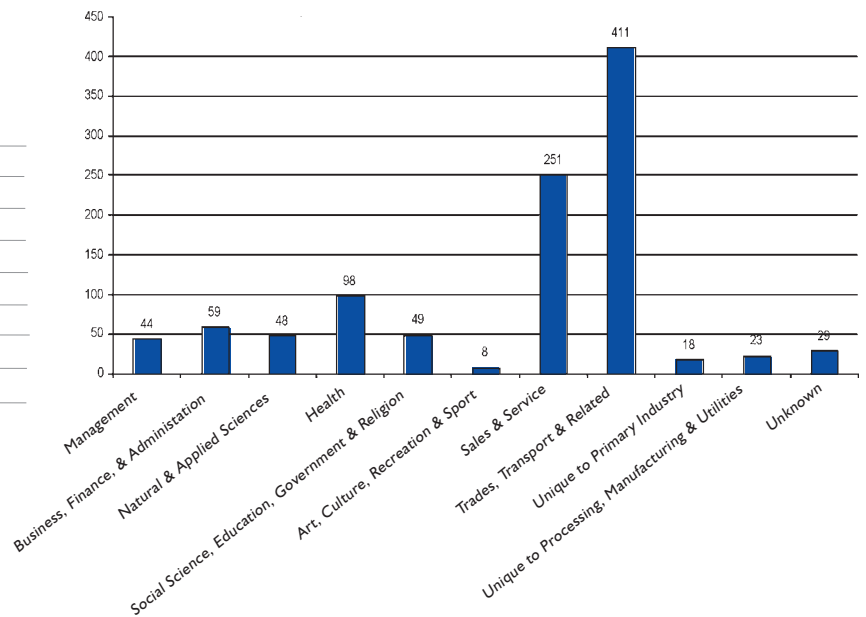
A no time loss claim is one in which the worker does not lose time from work.

Rejected claims

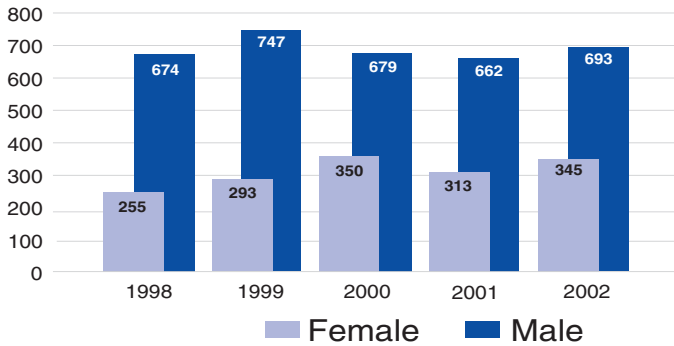
Rejected claims are claims that have been disallowed or are not eligible for the following reasons:

- There was insufficient information available to process the claim. In these cases, the YWCHSB has requested additional information and it has not been provided.
- The industry or the claimant was not covered under the *Workers' Compensation Act*.
- The disability was not work-related, as required by the *Workers' Compensation Act*.

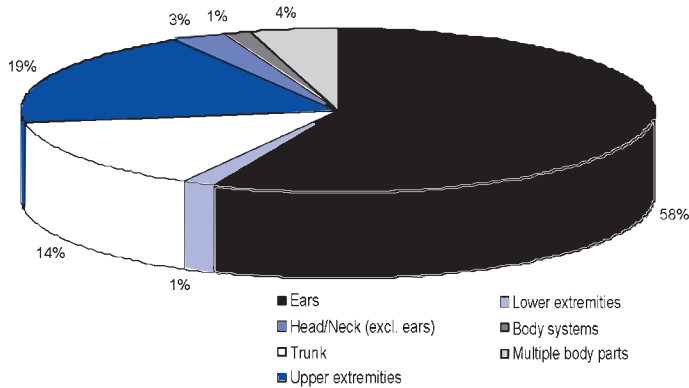
ACCEPTED CLAIMS BY OCCUPATION GROUPS - 2002



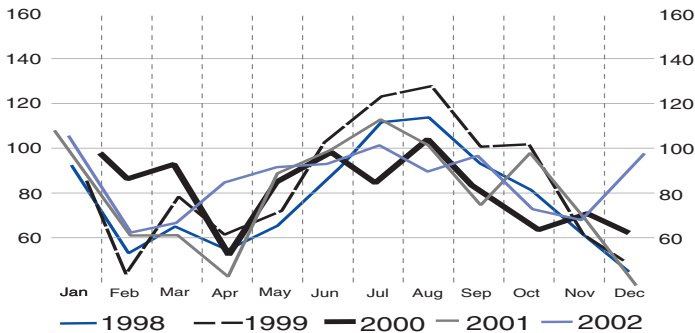
ACCEPTED CLAIMS BY GENDER



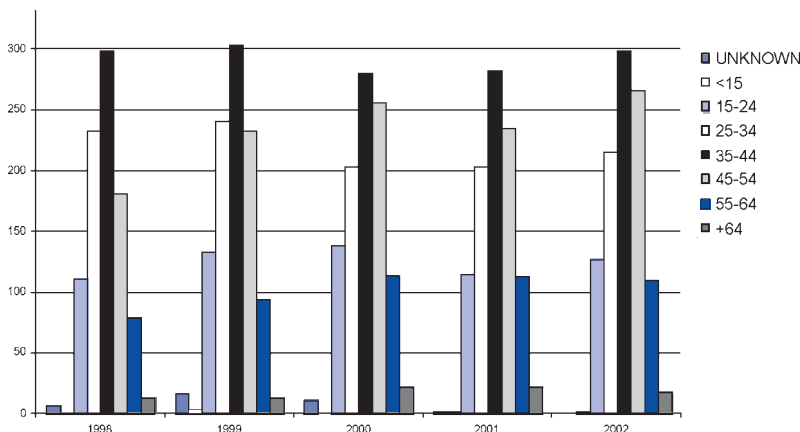
PERMANENT IMPAIRMENT AWARDS BY PART OF BODY



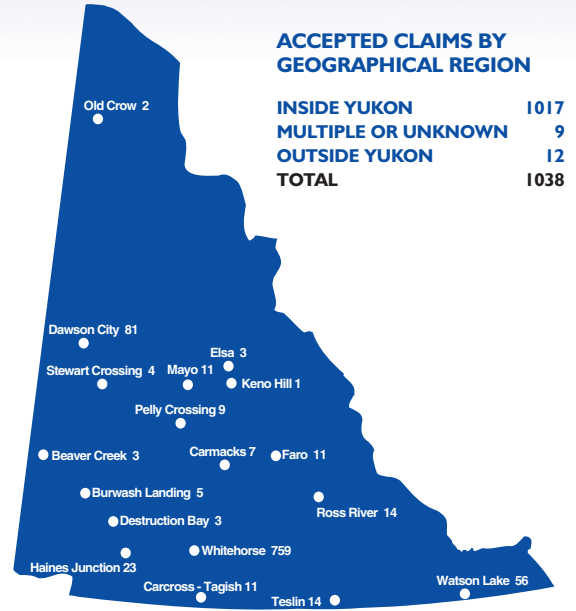
CLAIMS BY MONTH OF OCCURRENCE



ACCEPTED CLAIMS BY AGE GROUPS



ACCEPTED CLAIMS BY GEOGRAPHICAL REGION



INSIDE YUKON	1017
MULTIPLE OR UNKNOWN	9
OUTSIDE YUKON	12
TOTAL	1038

PARTS OF BODY AFFECTED FOR ACCEPTED CLAIMS

	2001	2002
Body systems injuries	16	14
Head injuries-		
Hearing loss related		
Noise induced	44	26
Other hearing loss related	0	0
Total hearing loss related	44	26
Other head injuries	113	135
Head injuries Total	157	161
Neck injuries, including throat	28	8
Upper extremity injuries (arm, hand, finger)	277	304
Multiple body parts injuries	43	55
Trunk injuries (chest, back, shoulder, abdomen)	296	326
Lower extremities injuries (leg, foot, toes)	150	165
Other body parts	7	5
Not coded	1	0
Total	975	1038

*Parts of body affected for accepted claims (with breakdown for hearing loss related claims.)

NATURE OF INJURY FOR ACCEPTED CLAIMS

	2001	2002
Infectious & parasitic diseases	3	3
Multiple diseases, conditions & disorders	0	0
Neoplasms, tumors & cancer	6	0
Symptoms, signs & ill-defined conditions	23	14
Systemic diseases & disorders	102	88
Traumatic injuries & disorders	759	784
Other diseases, conditions & disorders	5	4
Nonclassifiable	76	113
Not coded	1	32
Total	975	1038

ACCEPTED CLAIMS-FATALITIES/PERMANENT IMPAIRMENT AWARDS:

Fatalities	1
Permanent impairment Awards	69

EVENTS AND COMMUNITY VISITS

In 2002, our service teams visited Teslin, Dawson City, Old Crow, Pelly Crossing and Mayo. They provided information and services for a number of First Nations – including the Teslin Tlingit Council, the Selkirk First Nation and the Na Cho Nyak Dun First Nation. One team provided a Worksite Safety Skills workshop by video conference to the Ross River First Nation.

Our employer services personnel held free employer payroll return clinics in Dawson, Haines Junction, Watson Lake and Whitehorse.

We had booths at the Lions Trade Fair, the Dawson City Gold Show and the Information Technology Fair. Our display focused on close calls and on the importance of reporting and investigating them. We also presented a display on back pain and its connection to stress.

We hosted a Business After Hours meeting with the Whitehorse Chamber of Commerce to introduce our Employers' Guide.



Rob McClure, Acting Director of Occupational Health and Safety, at the Information Technology Fair.



TYPE OF ACCIDENT FOR ACCEPTED CLAIMS

	2001	2002
Assaults & violent acts	15	25
Bodily reaction & exertion	330	310
Contact with objects & equipment	286	307
Exposure to harmful substances or environments	110	85
Falls	80	82
Fires & explosions	0	3
Transportation accidents	21	21
Other events or exposures	133	195
Not coded	0	10
Total	975	1038

SOURCE OF INJURY FOR ACCEPTED CLAIMS

	2001	2002
Chemicals & chemical products	28	41
Containers	89	85
Furniture & fixtures	38	47
Machinery	65	67
Parts & materials	123	125
Persons, plants, animals & minerals	223	243
Structures & surfaces	106	145
Tools, instruments & equipment	113	129
Vehicles	37	38
Other sources	153	117
Not coded	0	1
Total	975	1038



PARTNERSHIPS

Our strategic plan includes a focus on strengthening relationships with stakeholders and partners.

In 2002 we worked extensively with Skills Canada Yukon to expand the young worker safety awareness sessions to after school time periods, and to develop Skills Canada's role in leading and instructing the programs.

We provided consultations with the construction industry and the Yukon Chamber of Commerce on the formation of a safety association.

We reached an agreement with the Yukon Medical Association that its members would follow the Canadian Medical Association's policy on helping patients return to work after an illness or injury.

We worked with the City of Whitehorse Fire Department to inspect automotive body shops and to assist them in complying with both the *Occupational Health and Safety Act* and the city's building and fire codes.

We worked with the Yukon Federation of Labour to publicize the Annual Day of Mourning on April 28, which commemorates workers who have been killed or injured on the job.

We worked with various partners to prepare a proposal for an Injury Control and Research Centre in the Yukon.

We maintained our ongoing relationships with other compensation boards across Canada to share information and knowledge of best practices.



EMPLOYER CONSULTANT

In 2002, the YWCHSB and the Yukon Chamber of Commerce signed a two-year agreement that enabled the Chamber to hire an employer consultant.

The functions of the consultant include: educating employers on workers' compensation and injury prevention; providing advice on programs and services; and facilitating employer involvement in YWCHSB initiatives.

The YWCHSB is providing the Chamber of Commerce \$450,000 over 24 months for salary, support staff, travel, training, benefits, office supplies, rent and workshops.

The Chamber of Commerce hired Ivan Dechkoff – a former member of the YWCHS Board of Directors – for the position.

REVIEWS AND APPEALS

Workers, the dependants of deceased workers, and employers have the right to appeal decisions made by the YWCHSB. These rights are provided in the *Workers' Compensation Act* and the *Occupational Health and Safety Act*.

Employers have the right to appeal:

- Assessment decisions such as assignment to an industry or assessment premium rates.
- Occupational health and safety orders and penalties.
- Decisions by an adjudicator or a hearing officer on a worker's claim for compensation.

Workers have the right to appeal:

- Decisions by an adjudicator or a hearing officer on their claim for compensation.
- Occupational health and safety orders and penalties.

Dependants of deceased workers have the right to appeal:

- Decisions by an adjudicator or hearing officer on their claim for compensation.

Appealing Claims

A review by a hearing officer is the first level of appeal for decisions concerning claims. If the appellant is not satisfied with the hearing officer's decision, he or she may appeal it to the Workers' Compensation Appeal Tribunal.

The appeal tribunal publishes a yearly report on its activities. Once available, it is provided at our public register and posted on our website at www.wcb.yk.ca. You may also contact the appeal tribunal directly for a copy.

Workers' Compensation Appeal Tribunal:
Phone (867) 667 8731 Fax (867) 393 7030
E-mail: vjohanso@tribunal.polarcom.com
Mailing Address: #201-419 Range Road, Whitehorse, Yukon Y1A 3V1

Appealing Assessments or Occupational Health and Safety Decisions

An appeal panel of the YWCHSB Board of Directors hears appeals of assessments and occupational health and safety decisions. The panel is made up of one employer representative, one worker representative and the chair.





REVIEWS BY HEARING OFFICER

JANUARY 1 TO DECEMBER 31, 2002

Reviews by Hearing Officer	24
Decisions confirmed	13
Decisions reversed	5
Decisions varied	2
No jurisdiction	4



APPEAL PANEL

Occupational Health and Safety Appeals	0
Decisions confirmed	0
Decisions varied	0
Decisions reversed	0

Assessment Appeals	2
Appeal allowed	0
Appeal denied	2



REQUESTS FOR INFORMATION



Our records unit releases information to workers and their dependants, employers, the Workers' Advocate, the YWCHSB board of directors and the Workers' Compensation Appeal Tribunal.

In 2002, the unit coordinated 396 information requests, maintaining a turn-around time of 10 working days per file.

In 2002, the records unit staff continued to enhance the standard records management classification system. This included converting records from previous filing systems, implementing changes to the classification system, and identifying vital and sensitive records – including those relevant to the *Access to Information and Protection of Privacy Act*.

Requests for Release of Information

	2002	2001	2000	1999
Worker or dependant	55	35	39	32
Employer	9	1	1	0
Workers' Advocate	264	224	238	165
Ombudsman	0	0	0	0
Release under <i>Access to Information and Protection of Privacy Act</i>	0	1	0	3
Workers' Compensation Appeal Tribunal	44	30	9	N/A
Other	24	13	13	
TOTAL	396	304	300	200



OCCUPATIONAL HEALTH AND SAFETY REGULATIONS

The YWCHSB has been working for three years on updates to major parts of its occupational health and safety regulations. The project came close to conclusion in 2002 and it is hoped the regulations will be approved and implemented in 2003.

The revised draft regulations focus on general safety, mine safety and blasting. Most changes reflect current practices in industry, as well as updated standards and new technologies.

The YWCHSB consulted widely with industry, communities and labour throughout the Yukon on the revised draft regulations. Employers and workers said there was a need for regulations that were comprehensive and user-friendly. Stakeholders wanted a clear sense of what was required for compliance.

In May 2002, the YWCHSB provided an update on the draft regulations at the Association of Yukon Communities' annual general meeting in Dawson City. In June, the YWCHSB brought together a large group of stakeholders – employers and workers – and presented the final draft of the regulations for feedback. Overall, stakeholders expressed support and satisfaction with the work.

In our strategic plan, other regulations have been slated for review starting in 2004. They include occupational health, minimum first aid, radiation protection, commercial diving and the Workplace Hazardous Material Information System.

LEGISLATION

The Yukon government passed two pieces of legislation in 2002 that impacted the YWCHSB and its stakeholders.

The *Spousal Benefits Reinstatement Act* reinstates survivor benefits to spouses or common-law partners whose benefits ended if they re-married between April 17, 1985 and April 16, 1987. The *Workers' Compensation Act* did not comply with the Canadian Charter of Rights and Freedoms during that two-year period.

Under the new legislation, spouses have their benefits reinstated retroactively and also receive monthly benefits in the future.

An Act to Amend the Workers' Compensation Act, known as Bill 73, is intended to remedy an inequity in benefit payments to workers injured before 1993.

Workers injured between 1983 and 1992 under the 1986 *Workers' Compensation Act* were subject to an older maximum wage rate of \$45,000 and had received no cost of living indexing of their maximum benefits since 1997.

The amended legislation affects workers injured prior to 1993 who were still receiving benefits as of January 1, 2002. It raises the maximum wage rate for those workers to the current level – \$65,100 in 2002 – and provides that it be indexed annually.

The change affected about 26 injured workers. The YWCHSB has made the retroactive payments to these workers.

POLICIES



In 2002, the YWCHSB continued its work with stakeholders in a joint working group to review three key policy areas related to support for injured workers. These areas included loss of earning benefits, rehabilitation and deeming. The omnibus policy framework was finalized as a working draft, and included key principles to be used in the development of these policies. (For more information, see page 6.)



Following public consultation, the Board of Directors approved a new Loss of Earnings Benefits policy in 2002, also known as CL-35. It provides the method for calculating benefits injured workers receive to compensate for their loss of earnings.

The policy addresses short-term and long-term benefits. Short-term benefits are based on workers' earnings at the time they were injured. They are calculated using workers' daily, weekly or monthly earnings — whichever is most beneficial to the worker. Long term benefits are calculated using a worker's average yearly earnings.

There was additional work in 2002 developing a policy on rehabilitation, plus some interjurisdictional research on deeming.

The Board also approved the following policies:

- BD-04 – Policy Development Process. This provides general guidelines on the process for developing policy, including options for public consultation.

- GC-02 – Bill 83 Transition. This policy refers to Bill 83, which amended the *Workers' Compensation Act* effective in 2000. The policy deals with a number of wording changes to YWCHSB policies to make them consistent with the legislation.

- GC-03 – Board Travel. This policy authorizes travel rates for activities and is intended to ensure that rates remain current and the same for employees, Board members, and claimants.

The Board approved a draft contracting policy, which it planned to take to stakeholders for review in early 2003.

In 2002, the YWCHSB implemented a new policy on interest, which was approved at the end of 2001. This policy requires the YWCHSB to pay interest to injured workers after 30 days, if delays are under the control of the YWCSHB.

The Board also revoked a number of policies:

- BD-01 Board Members
- BD-02 Audit Committee
- GC-05-03 Procedures of a Review Panel Hearing

You can find the YWCHSB's policies and orders on our website at www.wcb.yk.ca or in our library. Call 867 667 5645 or 1 800 661 0443 if you would like a copy.



TRAINING AND DEVELOPMENT

As part of our strategic plan, we focus on the continuous development of our staff as valued, committed and effective employees. Our learning objectives are to:

- provide staff with the skills to consistently deliver respectful, compassionate, quality service
- ensure staff is able to function effectively in a team environment
- provide staff members with skills that will assist them in maintaining personal security at work
- train new staff in key areas, and refresh the knowledge of existing staff
- ensure managers acquire leadership skills to effectively contribute to organizational goals

In 2002, our key activities centered on:

- Planning for the future. There is a need across Canada for individuals with skills and expertise in workers' compensation. We must focus on developing skills in our staff and having a plan to fill key positions when they become vacant.
- Identifying staff with career progression paths. We believe it is important to tailor training to the professional, career and personal goals of our staff to ensure they feel motivated, committed and effective.

Training Highlights 2002

- Three employees have completed 75 percent of the requirements to obtain diplomas in disability case management through Dalhousie University. Two of these employees were promoted to permanent positions as

disability case manager and rehabilitation counsellor in 2002.

- One employee who has received training over the past two years in the financial and assessment areas was promoted to a permanent position as an employer services officer.
- Ten employees attended a four-day specialized workshop: Interviewing Skills for Investigators.
- Twenty staff members enhanced their communications skills by completing training in proactive listening while another five took training in making effective presentations.
- Three employees received specialized training on adjudication and the basic investigation of claims.
- Nine employees took training through Yukon College on administrative law, the principles of administrative justice, conducting fair hearings and issuing written decisions.
- Three rehabilitation services staff achieved Level II and Train the Trainer certification in the Myers-Briggs Type Inventory assessments. They are now able to administer more complex assessments, and to provide this service to large groups.
- Two staff members completed the requirements of an executive coaching program and now are able to offer their services to others – including Yukon government personnel.
- One employee took a five-day course in records management through the American Records Management Association. Her expertise provided her with the opportunity to work as a records analyst on a special Yukon government department project.



YWCHSB staff arrive at work on foot, bike and rollerblades during Active Living Week.

CONTRIBUTING TO THE COMMUNITY



For the third year, staff at the Yukon Workers' Compensation Health and Safety Board planned, promoted and organized the United Way Breakfast. This was a community event, involving the generous support of countless Yukon private and public sector sponsors, the hard work of Linda Ellerton and the Yukon government cafeteria staff, and the welcome participation of CBC Yukon, which broadcast the event live. The breakfast raised about \$9000 for Yukon people in need.

Our employees play an active role in the community by being involved in a wide variety of other organizations and events:

Adopt a Family
Alaskan Malamute HELP League.
Amnesty International
Breakfast for Learning Program
Canada Seniors Games Committee 2004
Canadian Parks and Wilderness Society - Yukon Chapter
Canadian Rangers
Chilkat Bike Relay
CHIP (Coronary Health Improvement Project)
Fireweed Skating Club

Flying Eagle Taekwondo
Foster Parents Plan
Friends of CBC
Girl Guides of Canada
Humane Society Yukon
Institute of Public Administration of Canada
Jack Hlland Elementary School Council
Klondike Road Relay
Law Day Fun Run
Mayo Midnight Marathon
Miles Canyon Historical Railway Society
Mountain View Golf Course
RCMP Veterans' Association
Run for Mom
Scouts Canada
Shoppers Kids' Day in the Park
Society of Management Accountants of Yukon
Squash Yukon
Suzuki Strings Association Yukon
Teegatha'Oh Zheh
Terry Fox Run
Whitehorse Community Choir
Whitehorse Cross Country Ski Club
Whitehorse Curling Club
Whitehorse Minor Hockey
Whitehorse Rifle and Pistol Club
Whitehorse Rotary Club
Whitehorse Toastmasters Club
Whitehorse Women's Hockey
Youth Alternative Music Committee
Yukon Arts Centre
Yukon Fish and Game Association
Yukon Gymnastics Association
Yukon Multiple Sclerosis Association
Yukon Music Camp Society
Yukon Outdoors Club
Yukon Sourdough Rendezvous Society

OUR CORE VALUES

Commitment.

Our daily actions reflect our vision and mission.

Quality of Service.

We provide effective, timely and efficient service.

Communication.

We actively listen and provide clear feedback.

Integrity.

We are honest, ethical and fair.

Trust.

We demonstrate sensitivity, fairness, compassion and respect in our interactions.

Growth and Development.

We support individuals who demonstrate leadership and assume responsibility for self-management.

Teamwork.

We willingly work together to achieve goals.

Each of these values is of equal importance and the complete set demonstrates the compassion, respect and fairness that guide our daily actions.

Financial Statements

Our year 2002 financial statements will be available at the beginning of July 2003. Call us to request a copy of the statements (867 667 5645 or 1 800 661 0443) or visit our website at www.wcb.yk.ca. You will be able to slip a copy of the statements into the pocket opposite.





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

**COMMISSION DE LA
SANTÉ ET DE LA SÉCURITÉ
AU TRAVAIL
DU YUKON**

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

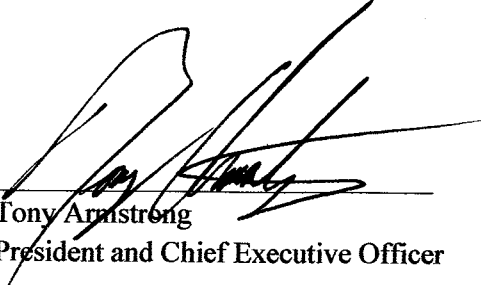
The management of the Yukon Workers' Compensation Health and Safety Board (the board) is responsible for establishing and maintaining a system of books, records, internal controls and management practices designed to provide reasonable assurance that reliable financial information is produced; board assets are safeguarded and controlled; transactions of the board are in accordance with relevant legislation, regulations and board policies; and that the board resources are managed efficiently and economically and the operations of the board are carried out effectively.

Management is also responsible for the integrity and objectivity of the financial statements of the board. The financial statements as at December 31, 2002, which include amounts based on management's best estimates as determined through experience and judgement, are in accordance with Canadian generally accepted accounting principles. Other financial information included in the Annual Report is consistent with these financial statements.

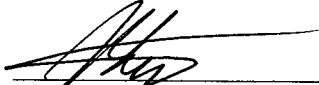
Board members (the Board) are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises its responsibilities through the Finance, Investment, and Audit Committee. The Finance, Investment, and Audit Committee has reviewed the financial statements and has submitted its report to the Board, which has approved these financial statements.

The Auditor General of Canada conducts an independent audit for the purpose of expressing her opinion on the financial statements. She also considers whether the transactions that come to her notice in the course of the audit are, in all significant respects, in accordance with specified legislation.

Hewitt Associates, an independent consulting actuarial firm, has been engaged to provide an opinion of the adequacy and appropriateness of actuarial valuations of the benefits liability of the board.



Tony Armstrong
President and Chief Executive Officer



Jim Stephens, CMA, CGA
A/ Vice President, Operations
and Chief Financial Officer

April 4, 2003

Actuarial Certification

To the Members of the Yukon Workers' Compensation, Health and Safety Board

We have completed an actuarial valuation of the benefits liability for insured employers under the Yukon Workers' Compensation Act as at December 31, 2002, for the purpose of providing input to the Balance Sheet of the Fund at December 31, 2002.

Our estimate of the benefits liability of \$95,022,000 represents the actuarial present value at December 31, 2002 of all expected payments which will be made in future years and which relate to claims occurring on or before December 31, 2002.

The net interest rates used to discount future claim payments make implicit provision for future increases in payment levels. As in previous valuations, the benefits liability does not include any provision for future claims related to unknown liabilities for any occupational disease, but do include provision for future expenses for administration of existing claims.

Our valuation was based on the provisions of the Yukon Workers' Compensation Act in effect as of December 31, 2002, the current practices and administration procedures of the Yukon Workers' Compensation Health and Safety Board and historical claims experience.

We have reviewed the data used for the valuation to test for reasonableness and consistency with the data used in prior years and with the data produced by other sources. In our opinion, the data is sufficient and reliable for the purpose of this valuation.

In our opinion, the actuarial methods and assumptions used are, in aggregate, appropriate for the purpose of the valuation.

This report has been prepared, and our opinions given, in accordance with accepted actuarial practice.

Respectfully submitted
Hewitt Associates



Peter Muirhead, F.C.I.A.
Fellow, Canadian Institute of Actuaries

April 4, 2003



AUDITOR'S REPORT

To the Honourable Peter Jenkins,
Minister responsible for the Compensation Fund

I have audited the balance sheet of the Compensation Fund as at December 31, 2002 and the statements of operations and reserves and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Compensation Fund as at December 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Workers' Compensation Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Fund that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Workers' Compensation Act* and regulations, the *Occupational Health and Safety Act* and regulations and the *Financial Administration Act* and regulations.

Ronald C. Thompson, CA
Assistant Auditor General
for the Auditor General of Canada

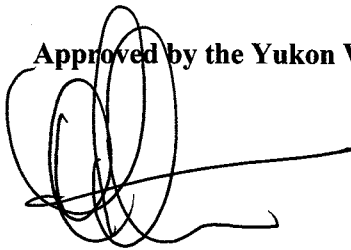
Ottawa, Canada
April 4, 2003

**Compensation Fund
Balance Sheet
As at December 31**

	<u>2002</u> <u>(\$000s)</u>	<u>2001</u> <u>(\$000s)</u>
Assets		
Accounts receivable (note 3)	\$ 887	\$ 216
Investments (note 4)	128,871	136,874
Capital assets (note 5)	<u>3,741</u>	<u>3,284</u>
	<u>\$ 133,499</u>	<u>\$ 140,374</u>
Liabilities and Reserves		
Bank overdraft (note 9)	\$ 682	\$ 75
Accounts payable (note 3)	2,724	2,575
Benefits liability (note 6)	<u>95,022</u>	<u>78,174</u>
Total liabilities	98,428	80,824
Reserves (note 7)	<u>35,071</u>	<u>59,550</u>
	<u>\$ 133,499</u>	<u>\$ 140,374</u>
Contingencies (note 10)		

The accompanying notes are an integral part of the financial statements.

Approved by the Yukon Workers' Compensation Health & Safety Board



**Chair
Craig Tuton**

**Compensation Fund
Statement of Operations and Reserves
For the year ended December 31**

	2002 (\$000s)	2001 (\$000s)
	<u>Total</u>	<u>Total</u>
Revenue		
Assessments	\$ 7,749	\$ 7,165
Investment (note 4)	4,590	9,004
Recoveries and miscellaneous	421	412
	<u>12,760</u>	<u>16,581</u>
Expenses		
Claims expenses (note 6)	29,465	17,548
Administration and prevention (note 11)		
Administration	5,662	5,464
Occupational health and safety	907	952
Workers Advocate office	343	309
Appeal Tribunal office	179	194
Employer Consultant	80	-
Business process improvement costs (note 5)	603	-
Total expenditures	<u>37,239</u>	<u>24,467</u>
Operating deficit for the year	(24,479)	(7,886)
Effect of change in assumptions (Note 6)	-	9,337
Final operating (deficit) surplus	<u>(24,479)</u>	<u>1,451</u>
Reserves, beginning of year	59,550	58,099
Reserves, end of year (note 7)	<u>\$ 35,071</u>	<u>\$ 59,550</u>

The accompanying notes are an integral part of the financial statements.

Compensation Fund
Statement of Cash Flows
For the year ended December 31

	2002	2001
	(\$000s)	(\$000s)
Cash flows from operating activities		
Cash received from:		
Employers, for assessments	\$ 7,477	\$ 6,783
Recoveries and miscellaneous	519	821
Investment revenue	6,114	8,686
	<u>14,110</u>	<u>16,290</u>
Cash paid to:		
Claimants or third parties on their behalf	(12,766)	(10,764)
Suppliers, for administrative and other goods and services	(7,924)	(6,143)
	<u>(20,690)</u>	<u>(16,907)</u>
Cash used in operating activities	<u>(6,580)</u>	<u>(617)</u>
Cash flows from investing activities		
Sales and maturities of investments	433,024	156,043
Proceeds on disposal of capital assets	1	1
Purchases of investments	(426,245)	(154,648)
Purchases of capital assets	(807)	(472)
Cash provided by investing activities	<u>5,973</u>	<u>924</u>
Net (decrease) increase in cash	(607)	307
Bank overdraft, beginning of year	(75)	(382)
Bank overdraft, end of year	<u>\$ (682)</u>	<u>\$ (75)</u>

The accompanying notes are an integral part of the financial statements.

Compensation Fund
Notes to Financial Statements
December 31, 2002

1. Nature of Operations

The Compensation Fund (the Fund) was established by the *Workers' Compensation Act* and is administered by the Yukon Workers' Compensation Health and Safety Board (the board) pursuant to the Act. The Fund, as administered by the board, provides compensation for injury or death by accident arising out of and in the course of employment. Annual assessments are levied upon employers, usually on the basis of their reported assessable payrolls. The assessment and investment revenue pays for all of the claims, administration and prevention expenses. In 1992, the board was made responsible for the administration of the *Occupational Health and Safety Act* and regulations to advance strategies for preventing workplace injuries in the territory.

2. Significant Accounting Policies

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The more significant accounting policies of the board are as follows:

(a) Benefits liability

The benefits liability represents the actuarial present value of all future benefit payments expected to be made for claims which have occurred in the current fiscal year or in any prior year. The benefit liability contains a provision for future payments on claims that have not been finalized to date. It is comprised of three liabilities for medical aid and compensation, pension, and annuity.

The benefits liability includes a provision for all benefits provided by current legislation, policies and administrative practices in respect of existing claims. These claims were discounted to a present value at a real interest rate of 3.5%. No provision has been made for claims related to known latent occupational diseases where the claim has not yet been reported and the year of disablement would be in a subsequent period.

Medical aid and compensation includes benefits for medical aid, compensation for loss of earnings and personal property, lump sum payments for permanent impairment, rehabilitation assistance, emergency transportation, traditional aboriginal healing, and death and funeral expenses.

The pension liability includes monthly pension benefits indexed annually that are paid to spouses, dependent children and guardians of dependent children of those who die from a work-related injury.

The annuity liability is for workers who have received compensation for the same disability for at least two full years. Ten percent of the total compensation payments, plus interest, is set aside to provide a retirement annuity at sixty-five years of age.

2. Significant Accounting Policies (continued)

(b) Allocation of reserves

The reserves are comprised of a prevention and benefit enhancement reserve, a target reserve, and a rate transition reserve. Once the benefits liability is determined, the remaining difference between the board's assets and liabilities is credited to reserves as follows:

Prevention and benefit enhancement reserve - the initial amount identified as at December 31, 1997 will be credited with interest at the same rate as the annuity liability

The target reserve itself has three components, funded as follows:

Catastrophic claims - 200 times the maximum wage rate

Adverse claims experience - 16% of the unsubsidized assessment revenue plus 12% of the benefits liability

Occupational disease and enhanced disabilities including latent occupational diseases - 7% of the benefits liability

After the target reserve has been funded, the rate transition reserve is charged with the difference between the amounts charged or credited to the other two reserves and the total available for reserves.

(c) Investments

The objective of the board's investment policy is to ensure that funds are available to satisfy the liabilities. A portion of the investments is designated to match the benefits liability.

The carrying value of fixed-term investments, having terms greater than one year, consisting primarily of bonds, is cost, net of amortization of premiums/discounts on purchase. Fair value is the stated market value at year-end. Gains and losses realized on disposal of fixed-term investments during the year are deferred and amortized over the remaining period to maturity of the related investment.

Equity investments are carried at cost plus a moving average market method adjustment to amortize unrealized gains and losses over a five year period. Net realized gains or losses on the disposal of equity investments are deferred and amortized to income on a straight-line basis over five years.

Investments denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the end of the year. Income is translated at the rate in effect at the time of receipt. Exchange gains and losses resulting from the translation of foreign currency balances and transactions are amortized into investment income over a five-year period.

(d) Assessments

Assessment revenues are calculated on actual or estimated payrolls as reported by the employer, or on provisional assessments as determined by the board. Separate rates of assessment are established for each industry classification.

2. Significant Accounting Policies (continued)

(d) Assessments (continued)

In addition, the board administers the Government of Yukon employees' compensation claims related to injuries prior to January 1, 1993 when the Government was a self-insured employer. The Fund receives reimbursement for the claim costs and related administrative expenses of those employees.

(e) Supplementary compensation benefits

Supplementary compensation benefits are granted, pursuant to the Yukon Workers' Compensation Supplementary Benefits Ordinance, to all persons receiving compensation on or after October 1, 1973 for accidents prior to that date. Compensation is increased to the amount that would have been granted had the accident occurred after the Act came into force. The cost of these benefits is recovered from the Yukon Consolidated Revenue Fund.

(f) Third party subrogated claims

In certain limited circumstances, under section 42 of the *Workers' Compensation Act*, the board is deemed to be an assignee of a cause of action in respect of a claimant's disability. The claimant receives 25% of any settlement received after deducting all the costs of the action. This is over and above any future benefits entitlement. The remaining amount is used to offset future claims benefits, which were previously expensed in accordance with actuarial calculations, and which were previously incorporated in the benefits liability.

Revenue received from third party subrogated claims is recorded in the year the settlement occurs. No provision is made for these claims in the benefits liability, because of their contingent nature.

(g) Capital assets

Capital assets are carried at cost less accumulated amortization. Amortization is calculated on the straight-line method, using rates based on the estimated useful life of the assets as follows:

Buildings	40 years
Furniture and equipment	5 to 10 years
Computer equipment & software	3 years

System development costs are deferred until the date of implementation and amortized on a straight-line basis over the expected life of the system.

(h) Employee future benefits

Non-Pension Benefits

Under conditions of employment, employees may qualify and earn employment benefits for vacation, sick, compensatory and personal leave, travel bonus, and severance benefits. The benefit obligation was determined on an actuarial basis. The key assumptions used were a liability discount rate of 7% and an annual rate of general escalation of 3%. The obligation for vacation leave, sick leave, and severance benefits were calculated using the projected benefit method prorated on service. The remainder was calculated assuming all employees would receive the benefits on valuation date.

2. Significant Accounting Policies (continued)

(h) Employee future benefits (continued)

Pension Benefits

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Board's contribution to the Plan reflects the full cost of the employer contributions. This amount is currently based on a multiple of the employee's required contributions, and may change from time to time depending on the experience of the Plan. These contributions represent the total pension obligations of the Board and are charged to operations on a current basis. The Board is not currently required to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account (PSSA).

(i) Use of estimates

The preparation of financial statements in accordance with the Canadian generally accepted accounting principles requires management to make certain estimates and assumptions that effect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. This mainly affects claims expenses, benefits liability and the reserves. Actual results could materially differ from these estimates.

3. Accounts Receivable and Accounts Payable

	2002 (\$000s)	2001 (\$000s)
Receivable		
Assessments	\$ 790	\$ 184
Other receivables	97	32
	<u>\$ 887</u>	<u>\$ 216</u>
Payable		
Assessments	\$ 324	-
Government of Yukon	280	867
Other payables	2,120	1,708
	<u>\$ 2,724</u>	<u>\$ 2,575</u>

4. Investments and Investment Revenue

	2002 (\$000s)		2001 (\$000s)	
	Carrying Value	Market Value	Carrying Value	Market Value
(a) Fixed-term securities				
Federal Bonds	\$ 21,082	\$ 21,846	\$ 73,452	\$ 74,527
Provincial Bonds	8,678	9,133	22,794	23,834
Corporate Bonds	30,416	31,709	35,087	36,120
Municipal Bonds	652	677	-	-
	<u>60,828</u>	<u>63,365</u>	<u>131,333</u>	<u>134,481</u>
Equities				
Canadian	24,028	21,948	10,245	9,926
United States	14,692	12,376	1,355	1,091
Overseas	35,050	31,779	1,802	1,424
	<u>73,770</u>	<u>66,103</u>	<u>13,402</u>	<u>12,441</u>
Cash and short-term investments				
Cash	230	231	1	1
Treasury Bills	2,212	2,214	2,363	2,363
Accrued interest income	913	854	1,313	1,313
	<u>3,355</u>	<u>3,299</u>	<u>3,677</u>	<u>3,677</u>
Custodial and investment Management fee accrual	(70)		(83)	
Deferred investment gains	(9,012)		(11,455)	
	<u>\$ 128,871</u>	<u>\$ 132,767</u>	<u>\$ 136,874</u>	<u>\$ 150,599</u>

	2002 (\$000s)	2001 (\$000s)
	(b) Deferred investment gains	
BONDS		
Balance, beginning of year	\$ 11,455	\$ 11,412
Realized net gains for the year	2,037	1,125
Amortization	(1,548)	(1,082)
Balance, end of year	<u>11,944</u>	<u>11,455</u>
EQUITIES		
Balance Beginning of year	-	-
Realized net losses for the year	(3,665)	-
Amortization	733	-
Balance, end of year	<u>(2,932)</u>	<u>-</u>
TOTAL	<u>\$ 9,012</u>	<u>\$ 11,455</u>

4. Investments and Investment Revenue (continued)

	<u>2002</u> <u>(\$000s)</u>	<u>2001</u> <u>(\$000s)</u>
(c) Investment Income		
Dividends and interest		
Fixed-term	\$ 4,451	\$ 7,914
Equity	1,305	-
Short-term	-	5
	<u>5,756</u>	<u>7,919</u>
Deduct:		
Amortized realized and unrealized (losses) gains	<u>(749)</u>	<u>1,509</u>
	5,007	9,428
Deduct:		
Investment management fees	<u>(417)</u>	<u>(424)</u>
Investment Income	<u>\$ 4,590</u>	<u>\$ 9,004</u>

The following is the total amortization of net deferred investment gains to be credited to income:

	Total
2003	\$ 1,208
2004	606
2005	285
2006	98
2007 to 2032	6,815
	<u>\$ 9,012</u>

The fixed-term investments mature as follows:

1 to 5 years	\$ 18,857	31%
6 to 10 years	33,455	55%
greater than 10	8,516	14%
	<u>\$ 60,828</u>	<u>100%</u>

Annual investment returns:

	<u>2002</u> <u>(%)</u>	<u>2001</u> <u>(%)</u>
Total Fund	-3.7	5.8
Canadian Equities	-10.1	-5.7
U.S. Equities	-22.1	-9.1
Overseas Equities	-19.9	-15.6
Bonds	8.7	7.0

4. Investments and Investment Revenue (continued)

The Board has established a policy for the management of the investment process, utilizing external investment portfolio managers. The portfolio managers' compliance with this investment policy is monitored on a regular basis.

In following its new investment policy, the board has engaged new investment portfolio managers. As a result, the Fund disposed of all of its pooled fund equity investments in February 2002. New equity managers were appointed and the new managers have reinvested in equities and pooled equity funds.

Credit Risk Management

Credit risk on financial instruments arises from the possibility that the issuer of a fixed-term instrument fails to meet its obligations. Therefore, short-term investments must have a credit rating of at least R1, and long term investments require a rating of A or higher by the Dominion Bond Rating Service in order to be eligible for consideration as an investment. Diversification of credit risk is managed by limiting the exposure in a single private institution to 5% of the portfolio.

Foreign Exchange Risk Management

The board has investments in equities denominated in foreign currencies. It does not undertake long-term hedging strategies for the currency risk of foreign investments. The Board undertakes long-term investment strategies; however, currency fluctuations may affect short-term returns. These fluctuations are not expected to affect the long-term position of the investment portfolio. Investments in US\$ total \$16,240,801 (2001 - \$2,073,482). Investments in European Currency total \$444,654.

Interest Rate Risk Management

Fluctuations in interest rates can impact the market value of the fixed-income portfolio, as well as shift investor preferences among asset classes. Interest rate risk is minimized by managing the duration of the fixed-term portfolio.

5. Capital Assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2002 Net Carrying Value (\$000s)</u>	<u>2001 Net Carrying Value (\$000s)</u>
Land	\$ 390	\$ -	\$ 390	\$ 390
Buildings	3,208	(830)	2,378	2,439
Furniture and equipment	525	(405)	120	102
Computer systems and equipment	1,727	(1,508)	219	353
Software development	⁽¹⁾ 634	-	634	-
	<u>\$ 6,484</u>	<u>\$ (2,743)</u>	<u>\$ 3,741</u>	<u>\$ 3,284</u>

⁽¹⁾ The board initiated a project to upgrade and improve computer systems and business processes. This project - Achieving Better Customer Service - has incurred expenditures of \$1,237,000 as at December 31, 2002. \$603,000 of these expenditures are related to business process improvement and are expensed as required by current Canadian generally accepted accounting principles. The remaining \$634,000 has been capitalized and will be amortized when the project is fully developed.

6. Benefits Liability

	2002 (\$000s)				2001 (\$000s)
	Medical Aid & Compensation	Pension	Annuity	Total	Total
Balance, beginning of year	\$ 54,736	\$ 20,408	\$ 3,030	\$ 78,174	\$ 80,792
Effects of change in assumptions	-	-	-	-	(9,337) ⁽¹⁾
Adjusted Balance, beginning of year	\$ 54,736	\$ 20,408	\$ 3,030	\$ 78,174	\$ 71,455
Add claims costs incurred:					
Current year injuries	11,157	-	-	11,157	10,038
Prior years' injuries	15,400	2,196	712	18,308 ⁽²⁾	5,585
Impact of appeal decisions	-	-	-	-	1,925 ⁽³⁾
	26,557	2,196	712	29,465	17,548
Less claims payments made:					
Current year injuries	2,525	-	-	2,525	1,966
Prior years' injuries	8,499	1,593	-	10,092	8,863
	11,024	1,593	-	12,617	10,829
Balance, end of year	\$ 70,269	\$ 21,011	\$ 3,742	\$ 95,022	\$ 78,174

- ⁽¹⁾ Every three years, the methods and assumptions used to value the benefits liability are reviewed by the board's actuary. As part of this review, the board revised its net investment rate of return to 3.5% in 2001 (2000-3%). The use of this new rate to discount claims costs to the present is the principal reason for a lower benefits liability valuation.
- ⁽²⁾ The Yukon Government passed legislation in 2002 to amend the *Workers' Compensation Act*. This amendment provides increases to 26 injured workers who were still in receipt of compensation benefits as a result of a disability under the *1986 Workers' Compensation Act*. The amendment to the Act raises the wage rate for those workers to the current level - \$65,000 in 2002 - and provides that it will be indexed annually. The estimated current and future cost of this amendment is \$5,400,000.
- ⁽³⁾ During 2001, a number of claims were successfully appealed. As a result, a number of adjustments were made to the claims, including retro-active payments. With these retro-active adjustments to the claims data, the beginning of the year Benefits Liability in 2001 was increased by \$1,925,000.

The benefits liability was determined using accepted actuarial practices in accordance with standards established by the Canadian Institute of Actuaries. The actuarial present value of future benefits reflects management's long-term estimates of economic and actuarial assumptions and methods, which were based on past experience modified for current trends. As these assumptions may change over time to reflect underlying economic or legislated conditions, it is possible that such changes could cause a material change to the actuarial present value of future benefit payments.

6. Benefits Liability (continued)

The following key long-term economic assumptions were used in the actuarial valuation of the benefits liabilities:

	2002	2001
Future net investment rate of return	3.50%	3.50%
Future net increase in medical aid	2.25%	2.25%
Future net increase in compensation	2.25%	2.25%
Future net increase in rehabilitation	3.50%	3.50%

7. Reserves

	Prevention and Benefit Enhancement Reserve	
	2002	2001
	(\$000s)	(\$000s)
Balance, beginning of year	\$ 14,750	\$ 13,772
Current allocation	559	978
Balance, end of year	<u>\$ 15,309</u>	<u>\$ 14,750</u>

	Target Reserve				
	2002			2001	
	(\$000s)			(\$000s)	
	Catastrophic Claims	Adverse Claims Experience	Occupational Disease Claims	Total	Total
Balance, beginning of year	\$ 13,020	\$ 11,285	\$ 5,472	\$ 29,777	\$ 29,155
Current allocation	220	2,213	1,180	3,613	622
Balance, end of the year	<u>\$ 13,240</u>	<u>\$ 13,498</u>	<u>\$ 6,652</u>	<u>\$ 33,390</u>	<u>\$ 29,777</u>

	2002	2001
	(\$000s)	(\$000s)
Prevention and Benefit Enhancement Reserve	\$ 15,309	\$ 14,750
Target Reserve	33,390	29,777
Rate Transition Reserve, end of year	-	15,023
Total required Reserves, end of Year	<u>\$ 48,699</u>	<u>\$ 59,550</u>
Deficiency in reserve funding	13,628	-
Total Funded amount of reserves	<u>\$ 35,071</u>	<u>\$ 59,550</u>

7. Reserves (continued)

The Board is planning to review the structure of the reserves in 2003 after consultation with stakeholders. Until this review is completed the Board felt that it would be premature to make any changes to the reserves.

As explained in note 6(2), there has been an increase in benefits of \$5,400,000 to certain workers. This amount has not been applied to any reserves as the Board wishes to consult with stakeholders prior to any allocations and/or changes to the structure of reserves.

8. Pension Fund

During the year, the Public Service Superannuation Plan required the Board to contribute to the PSSA at a rate of 2.14 times the employee's contributions.

	2002	2001
Employees' contributions	\$ 168,511	\$ 142,588
Fund contributions	359,763	304,210
Total	<u>\$ 528,274</u>	<u>\$ 446,798</u>

9. Related Party Transactions

As an agency of the Government of Yukon, the board is related to all government departments, agencies and Crown corporations. The Compensation Fund paid the Government \$502,000 (2001 - \$541,000) for building maintenance, computer, office supplies, payroll, recruitment, vehicle and rehabilitation services. The Fund also reimbursed \$4,614,000 for payroll costs (2001 - \$4,088,000). Revenues totalled \$408,000 (2001 - \$402,000) for supplementary benefits. All mainframe computer software is owned by the Government.

Any other transactions with the Government are part of the ordinary course of business. Effective January 1, 1993, all Government employees are covered by the Fund. The board received assessments from the Government totalling \$2,236,364 (2001 - \$2,134,804) for post-92 claims. Pre-93 claims costs of \$677,000 (2001 - \$380,000) were reimbursed to the Fund.

The Government of Yukon's Department of Justice currently owes the board \$659,000 for occupational health and safety and mine rescue expenses for 2000 and 2001.

The board has access to the Government of Yukon overall line of credit facility with its banker. This access provides the board with overdraft coverage when needed.

10. Contingent Liabilities

The board is responsible for future costs of claims relating to certain latent occupational diseases which may have occurred in the current year or previously, but which may not be recognized and reported for a number of years due to the extended latency period of such diseases. Because of the absence of reliable evidence and data pertaining to these matters, these liabilities cannot be estimated. Therefore, a separate amount has been allocated in the target reserve.

11. Administration and Prevention Expenses

	2002	2001
	(\$000s)	(\$000s)
Salaries and benefits	\$ 4,844	\$ 4,397
Consulting and professional	426	523
Amortization	347	508
Board expenses	249	232
Communications	223	215
Computer systems	221	209
Automobile and travel	212	227
Buildings	167	193
Printing and publications	148	94
General administration	134	97
Staffing and recruitment	123	153
Supplies and stationery	46	42
Furniture and equipment	31	29
	<u>\$ 7,171</u>	<u>\$ 6,919</u>

The net expenses have been allocated as follows:

Administration	\$ 5,662	\$ 5,464
Workers' Advocate office	343	309
Appeal Tribunal office	179	194
Occupational health & safety	907	952
Employer Consultant	80	-
	<u>\$ 7,171</u>	<u>\$ 6,919</u>