

1 (Meeting Convened Whitehorse, Yukon,
2 September 15, 2005, at 3:04 p.m.)

3 **Becky Striegler:** I would like to welcome
4 everybody to the annual information meeting
5 of the Yukon Workers' Compensation Health
6 and Safety Board, and before we get
7 underway, I just wanted to mention a few
8 housekeeping details.

9 [washrooms, emergency exit]

10 **Becky Striegler:** We are being recorded
11 today. Joyce Bachli is in the corner here
12 recording all of the comments. This is a
13 public meeting, and the transcripts are
14 going to be posted on our website within a
15 couple of weeks. So, I would ask that you
16 identify yourselves when you're asking
17 questions, or you can sign in. We're
18 passing around a sign in sheet so that we
19 can keep track of comments made.

20 We do have a couple of
21 participants by teleconference. So, we may
22 be getting a few more coming in as the
23 meeting gets underway. Right now we have
24 Catherine on from the Vuntut Gwitchin First
25 Nation.

26 So, welcome and I'll now
27 hand the floor over to Craig Tuton.

1 **Becky Striegler:** Hello, it's Becky
2 Striegler here at the Workers Compensation
3 Health and Safety Board. You've join our
4 annual information meeting.

5 **Speaker:** Okay.

6 **Chair Craig Tuton:** Who do we have on the
7 line?

8 (No audible response)

9 **Chair Craig Tuton:** Thanks, Becky. Well,
10 good afternoon everyone. Thanks for coming
11 on such a nice afternoon. We haven't had
12 too many of those afternoons lately, but I
13 am told by those wonderful people at the
14 weather office that we're going to have a
15 lot more for the balance in the fall.

16 Let me start, by for
17 those of you who don't know me I'm Craig
18 Tuton. I'm the Chair of the Board of
19 Directors of the Yukon Workers' Compensation
20 Health and Safety Board, and with me from
21 the Board of Directors, the representatives
22 of labour, Barb Evans and Michelle Kolla,
23 and the representatives of employers Gary
24 Annau and Don Frizzell and the alternate
25 chair Phil Dyke. For those of you that
26 realm in the interests of the deep down in
27 the dregs of the financial world, we've

1 brought our actuary to help answer some of
2 those financial question if, in fact, you
3 have them. So, I'm happy to welcome you
4 today.

5 As you know, on behalf
6 of the Board of Directors we speak to you,
7 our stakeholders, on a regular basis, as
8 well as the media who are with us today. We
9 very much believe in keeping you informed
10 and to listen to what we have to say about
11 all our various initiatives that over the
12 last few months, and certainly within the
13 last year, have been many. At this meeting,
14 it's your opportunity to ask questions of
15 the Board of Directors, which is the
16 governing body of the Yukon Workers'
17 Compensation Health and Safety Board.

18 As I hope most of you
19 have heard by now, we do have a new
20 president and chief executive officer. Her
21 name is Valerie Royle. She comes to us from
22 the Work Place Health and Safety Commission
23 in Newfoundland where she has been the
24 Executive Director of Workers Services since
25 2001 and an employee of the board for a
26 number of years. She has been responsible
27 for, among other things, stakeholder

1 consolation, policy development and many
2 other things. She was also responsible for
3 implementing their prime program, which is
4 an incentive program for employers who
5 follow good prevention practices, as well as
6 other areas. We're very excited to have
7 Valerie. She officially starts here on
8 October the 3. I just spoke with her today,
9 and she finishes her job at the Newfoundland
10 Board on Friday, the 30th of September,
11 catches the airplane on Saturday morning to
12 come to Whitehorse, and she will be off
13 running first thing Monday morning. I
14 understand that she is now a property owner
15 in the Yukon up in Copper Ridge, and her
16 family, who were expecting to join her
17 before Christmas, I understand will be
18 joining her on the 5 of October. So, again
19 I think she's looking forward to getting
20 into the community as an active member. One
21 thing I failed to mention, and I'm sure
22 she'll be taking an active role, in that she
23 is also a professor at the University of
24 Newfoundland where she teaches business
25 administration. I think she's looking
26 forward, once she gets the feel of what's
27 happening in our little area, to move on and

1 help in the evenings at the college.

2 Today, though, we have
3 some important items that I want to share
4 with you, as you will see when you look at
5 the agenda. I'll speak to you about these
6 for a few moments, and then, we'll have a
7 short presentation on assessments. After
8 that we intend it to be your turn so that
9 you can ask questions of the board; and if I
10 can't answer them, we have very capable
11 people around us who will be pleased to deal
12 with them.

13 First of all I'd like to
14 introduce to you and present our strategic
15 plan. This is something very new for this
16 board. This strategic plan was developed
17 solely and entirely by the Board of
18 Directors, and it is the Board of Directors'
19 strategic plan for the future of the
20 governance of this board for the next five
21 years. It expresses the board's vision and
22 the board's values and goals. By 2010 we
23 envision a Yukon where work-related injuries
24 and illnesses are substantially reduced and
25 where all the employers have effective
26 safety management of some sort. Our vision
27 includes partnerships between the board,

1 injured workers, employers, workers, our
2 medical community and our legislators. We
3 see a Yukon where all our partners are
4 focused on wellness and where safety and
5 health are an essential part of our
6 workplace culture. We'll talk a little bit
7 more later about that culture. Our plan
8 also speaks to our values, our partnerships,
9 our accountability, and our compassion. I
10 encourage you to read our strategic plan, to
11 think about what the contents say, because I
12 can assure you that the Board of Directors
13 is not going to let it sit on the shelf.
14 I'm going to break from my notes for a
15 moment. Following that process of getting a
16 strategic plan, last week the Board sat
17 together and restructured our governance
18 document so we have a new way of doing
19 business that is going to be effective
20 January the 1st, and we will be speaking to
21 you about that as time progresses.

22 Each year we intend to
23 review this strategic plan; and with input
24 from you, the stakeholders, we are going to
25 be able to make change for the better, where
26 needed, and we will be able to continuously
27 plan, not only for the next five years, but

1 to put the wheels in motion to move ahead
2 for the following five years. That's not to
3 say that we, as the Board of Directors, will
4 be here in each one of those years, but at
5 least we will have done our job and properly
6 put in place a method to ensure that we are
7 able to do that. So, we do have copies of
8 the plan here. You're welcome to take a
9 copy. If not you can also find it on our
10 website.

11 Next I'd like to alert
12 you to the fact that some of our Board of
13 Directors' appointments are coming up in the
14 very near future, and there is a process
15 that has to be followed to ensure that those
16 positions are placed as quickly as possible.
17 Our board is made up of two representatives
18 of labour, two representatives of employers,
19 a neutral chair and a neutral alternate
20 chair. I am pleased to announce today to
21 you that one of those representatives of
22 labour, Barbara Evans, has been reappointed
23 to a three year term, and I want to say that
24 on behalf of the board, Barb is extremely
25 dedicated to her job as a director,
26 specifically to prevention and to ensuring
27 that the voice of the worker is heard and

1 represented fairly at the boardroom table.
2 I know I speak for all board members to say
3 we welcome back Barb, and we look forward to
4 working with you again, in some cases for a
5 short period, and in some cases for the
6 three-year period. Over the next year we do
7 have other appointments that are coming due,
8 and I'll just quickly go over them with you.
9 The term for one of our employer
10 representatives, Gary Annau, comes due at
11 the end of November. My term, as chair,
12 expires in March and our alternate chair –

13 Telecoms Operator: Someone has entered the
14 conference.

15 **Lisa Barrett:** Lisa Barrett.

16 **Chair Craig Tuton:** Hi, Lisa, you've joined
17 us at the Annual Information Meeting and
18 you're just listening into the very first
19 part of my address as the chair.

20 **Lisa Barrett:** Okay.

21 **Chair Craig Tuton:** Good. So, Phil Dyke,
22 and our other worker representative,
23 Michelle Kolla, will be coming up in the
24 summer.

25 **Lisa Barrett:** Okay.

26 **Chair Craig Tuton:** So, if you have any
27 thoughts on who you'd like to see on the

1 board, or if you'd like to support the
2 reappointment of the board members that I've
3 mentioned, if in fact they're willing to let
4 their names stand, please contact the
5 minister's office. The minister, Honourable
6 Peter Jenkins, is the Minister responsible
7 for Workers' Compensation and is responsible
8 for appointing board members. For your
9 local either labour group or representative
10 of employers, your chambers or associations,
11 to have them forward the requests.

12 Today we also have a
13 final 2004 annual report, which you will
14 remember me saying has been delayed over the
15 year because of the Office of the Auditor
16 General, but we do have that now, and it's
17 available for you. If you don't choose to
18 read it today, it is available on our
19 website.

20 Now I'd like to talk to
21 you about something that we have been
22 dealing with as our most important topic,
23 certainly over the last year; and I suspect
24 as long as I am going to be here we're going
25 to continue talking about it, and that's our
26 situation with the claims costs and
27 prevention. As I said in July, and

1 repeatedly have said for the past couple of
2 years, we're very, very concerned about our
3 rising claims costs and more importantly the
4 increase in injuries and the length or the
5 duration of those injuries. Our annual
6 report shows that the number of claims has
7 risen, and the length of those claims has
8 risen along with it. The claims costs have
9 been rising above historical levels since
10 2001, and we increased by almost 4 million
11 dollars in 2003 and 2004. Now, I think all
12 around this table we know what the solution
13 to that problem is, and that is to prevent
14 those workplace injuries and illnesses from
15 happening, and we really have been focusing
16 on that. But as you know, we believe it
17 will work in the long term, but it's only
18 going to work if all of us will work
19 together as partners and share in the
20 responsibility, both in the prevention and
21 the safety and in changing the cultural way
22 we think about workplace safety practices.
23 I say "partnership", because we do require
24 your partnership, because increased claims
25 costs means that people are actually getting
26 hurt. In a lot of cases they're taking a
27 lot longer to recover from those workplace

1 accidents and get back healthy to the
2 workplace that they left. It also means bad
3 news for your bottom line, and of course, to
4 our bottom line. Our strategic plan slogan
5 clearly states "Safety saves, safety pays",
6 and there's nothing more important to us as
7 a board than that particular message;
8 "Safety saves, safety pays". I hate to keep
9 saying it, but you're going to hear it from
10 me and other members of the board whether
11 it's big "B" or small "B" board over the
12 next number of years.

13 The fact is workplace
14 injuries have been costing us way too much
15 in both human and financial terms. So,
16 let's just for a moment concentrate on our
17 situation here in the Yukon. One or two
18 workers here in the Yukon die every year
19 from a work-related cause. Because of the
20 smallness of our population and the areas
21 where our population is centred, you and I
22 both usually know who that worker is, and
23 more importantly, we usually know who the
24 family is. We know that it is a tragic loss
25 for all concerned, and we can do something
26 about it; because one death in a Yukon
27 workplace is one too many. About 1,000

1 workers are injured in the Yukon every year.
2 That's about seven percent every year - our
3 total workforce is about 15,000 workers -
4 and roughly half of those are injured
5 severely enough to miss work. It's because
6 of that one situation that this board has
7 been so focused on prevention. You may
8 recall that last July we announced the
9 creation of the new 5 million dollar
10 prevention fund to assist partners in
11 creating that safer, healthier workplace.

12 Now, what do we mean
13 when I consistently say "partners"? We mean
14 partners in the true sense of the word.
15 They may be employers, employer
16 organizations, labour organizations, non-
17 profit groups and associations. The money
18 from this fund will go to you directly to
19 empower you to make the improvements in your
20 workplace that will benefit the health and
21 safety of all of our workplaces. We are now
22 in the final stages of finalizing that
23 prevention strategy and the criteria that
24 we're going to surround the fund with so the
25 partners will know what they need and what
26 is required for them to access the
27 prevention fund. It is our clear intention

1 to have this fund available and utilized
2 effectively early in 2006. Now, this is
3 going to provide us a great opportunity to
4 work together, and I think we all agree it
5 is clearly going to be worth every ounce of
6 prevention that we can throw at it.

7 I know from time to time
8 we need to be reminded of things, and I know
9 usually I get reminded of things on a daily
10 basis when I go home at five o'clock. Most
11 of it is things that I haven't done, not
12 things that I have done. Let me just go
13 back and give you some examples that we're
14 all going to be able to relate to in one way
15 or another. A worker falls off a ladder and
16 suffers broken bones, sprains, perhaps a
17 neck injury. It happened at work, so the
18 board pays for all the medical costs that
19 worker incurs. Those can include emergency
20 services, x-rays, medical exams and
21 referrals to specialists, in some cases
22 medical travel outside of the Territory or
23 even within the Territory; MRIs, surgery in
24 some cases, prescriptions, physiotherapy and
25 work conditioning to rehabilitate the worker
26 to get them back to work in a timely manner.
27 These are just medical costs. These can

1 easily add up to \$16,000 or more for that
2 one slip off the ladder. Then we get to
3 compensation payments. That's only the
4 medical side of the equation. Then we get
5 to compensation payments, which is what
6 we're in the business of doing. Now, since
7 this was a serious injury the worker might
8 be off work for up to five months. Based
9 upon his low earnings of \$10 an hour - and
10 I'm sure the worker would probably make more
11 than that, but \$10 is a figure that we can
12 relate other numbers to rather quickly and
13 you'll see that in the example. So, the
14 worker's wage loss benefits would be in the
15 neighbourhood of \$6500. This are estimates,
16 of course, and the situation is purely
17 hypothetical. The total cost that comes out
18 of our assessment revenue is about \$22,500.
19 That's not all, because that doesn't include
20 the employers costs, it doesn't include the
21 loss of productivity of that worker or the
22 time and the effort and the dollars to train
23 a replacement for that worker that got
24 injured by that simple slip. Perhaps
25 there's also equipment damage that we didn't
26 take into consideration. So, the costs, on
27 top of the actual medical costs, as you can

1 see, are huge.

2 But now, just for a
3 moment, lets consider prevention, if we had
4 that one ounce of prevention, what that
5 might have saved. If you had a 15- minute
6 tailgate meeting at your worksite to ensure
7 that your employees knew how to use that
8 ladder safely and to make sure that the
9 ladder was safe before they used it, a two-
10 day training course on supervisor's
11 responsibility and on performing these
12 tailgates on a regular basis to let people
13 know about safe work practices, the cost of
14 that course, plus your two days' wages for
15 the supervisor at let's use \$25 an hour
16 comes to about \$540.

17 Finally the cost of a
18 proper ladder, which a lot of us don't think
19 about, a mere \$200. So, in total we're
20 looking at prevention costs of around \$800,
21 and all of those costs that are in the ten's
22 of thousands of dollars on the other side of
23 the equation.

24 An accident of this kind
25 also causes suffering and loss of income to
26 the worker and increases your industries'
27 assessment premium, and it also affects the

1 family of that injured worker. So, we've
2 shown you how easily and how cost-
3 effectively you can prevent some of these
4 accidents. But do you know what? It takes
5 the right attitude, it takes the right
6 behaviour, and it takes the belief on
7 everybody's part, from the owner down to the
8 lowest position on the payroll, that there
9 has to be safety culture on every single
10 workplace. Now, that's something that our
11 prevention committee is dedicated to; and we
12 structured that prevention committee
13 specifically outside of the doors of the
14 Workers' Compensation building. We have
15 representatives of labour, we have
16 representatives of employers, we have First
17 Nation representatives, we have youth
18 representatives, and we have board
19 representatives, but our board
20 representation is there to simply listen,
21 and to provide advice where and when we can
22 and to try to collectively form that
23 partnership that I keep talking about that
24 is going to make something happen. I guess
25 to some it may seem like an impossible goal
26 to reach, but by 2008 the prevention
27 committee and our board has a goal, a like

1 goal, a common goal, that we want to see 80
2 percent of Yukon workplaces naming safety as
3 their top priority. By 2008. That's just a
4 mere couple of years away. So, aggressive?
5 Yes, aggressive. Doable? Yes, it's doable,
6 but it isn't doable if we try to accomplish
7 this single-handedly or one-by-one.

8 By that day, we also
9 want all Yukon workplaces to either have a
10 safety management system in place or a
11 committee, depending on the size of their
12 work establishment and the type of work that
13 they do. They're ambitious, but I'm
14 positive that collectively we can reach
15 these goals, and we are here to help you
16 reach them. We want to tell you today that
17 we are announcing the establishment of a
18 prevention consultant within the walls of
19 Workers' Compensation, who will be focused
20 on talking to employers and workers and,
21 most importantly, listening to employers and
22 workers to learn what their needs are and
23 what their expectations are when it comes to
24 that word "prevention". What do you need,
25 what kind of questions do you have and how
26 are we able to help you make prevention work
27 in your workplace, because every workplace

1 is different or may be different? We talked
2 today about partnerships many, many times,
3 and I'm going to talk about partnerships
4 many, many more times. We have seen the
5 success of partnerships, our board has.

6 The Yukon labour
7 community recommended that the board become
8 involved with Passport to Safety. We've
9 partnered with that, and it's growing
10 immensely. The involvement of our partners,
11 who are our stakeholders, who are taking
12 part in that Passport to Safety is
13 continually growing; and that increases the
14 safety awareness to our young workers, and
15 that's important, because we must give our
16 young workers an understanding of what
17 safety means and what prevention means in
18 the workplace at an early age. Whereas, all
19 of us that are a little bit grey behind the
20 ears, Steve, you and I, we'll know that it's
21 a little more difficult to train us and to
22 teach us new ways when we're accustomed to
23 our old ways. But it isn't difficult, and
24 it isn't hard to get the young worker to
25 understand what safety means. It isn't just
26 a matter of allowing that young worker the
27 benefit of taking the Passport to Safety.

1 It also means that you, as an employer or
2 you as a fellow worker, have to respect what
3 the values of that Passport to Safety
4 Program are and what changes it may reflect
5 in the workplace. So, you may want to
6 become empowered, each one of you, to help
7 to gain that prevention. The Yukon now has
8 19 Passport to Safety employers, and our
9 list is growing on a regular basis.

10 We formed a partnership
11 with the Yukon Contractors Association,
12 which has in turn trained many Yukon
13 companies in safety management. We now have
14 three employers who have earned their
15 Certificate of Recognition, the COR, which
16 you're hearing about, which means that they
17 have successfully had independent audits
18 done on their safety program. I'm proud to
19 say that these companies by name are:
20 Arctic Power and Communications, Arctic
21 Backhoe and Yukon Electrical. There are
22 another 20 or so that are registered in this
23 program all working towards making their
24 workplaces a safer and healthier workplace.
25 I encourage you as employers to talk to the
26 Contractors Safety Association about that.
27 We're in the process, as I have said in the

1 past, about expanding the Yukon Contractors
2 Safety Association to that of a Yukon Safety
3 Association. We've had preliminary meetings
4 with employers and labour, and we're going
5 to be facilitating a meeting between the two
6 in the very, very near future to have them
7 join the Contractors Safety Association as
8 members of their board of directors. So,
9 we're not going to be dealing simply with
10 employers; we're going to be dealing with
11 the Yukon workforce so that we're all
12 partners and we're all going to share in
13 that common goal, which is prevention and
14 safety. We have seen success in that
15 program and we certainly expect to see more
16 as we work together with you and with them.
17 I know Brian and Melanie are sitting there
18 saying, "Oh, I guess they want more from us
19 quicker", and we don't want anybody to move
20 any faster than what they possible can.
21 But accolades go out to your program and to
22 the partnership that has been very
23 successful for the board and for the
24 employers that have been able to take part
25 in that program.

26 I mentioned earlier
27 about our concern over claims costs and that

1 workplace injuries have been costing us way,
2 way, way too much, both in human and
3 financial terms. I mentioned that. As you
4 know, those costs affect the assessments
5 that employers pay. Today we're going to
6 show you that almost every industry group in
7 the Yukon has had claims costs considerably
8 higher than the assessments and what they've
9 been paying. The board has been subsidizing
10 the assessments from a surplus that was
11 identified in the late 1990's. That surplus
12 no longer exists, as the board has been
13 drawing it down in a planned fashion while
14 providing those subsidies over the last
15 number of years. That means that this year
16 and next year are the final years of that
17 subsidy, because of the reduced subsidies
18 and some right adjustments that average
19 assessment rate is increasing from a \$1.74
20 per \$100 of payroll this year to \$2.16 next
21 year. Now, most employers will get a
22 moderate increase. The industries that have
23 higher claims costs will have higher
24 increases, and some employers who have had
25 lower claims costs will have decreases in
26 their assessments. For example, the
27 employers that are in the communications or

1 light and power industries are going to see
2 decreases. These are also the industries
3 that have shown safety leadership. I
4 mentioned our three COR certified employers
5 earlier. Well, two of them, Yukon
6 Electrical and Arctic Power, are in that
7 group. So, there is a clear indicator that
8 safety does work and that it does have a net
9 affect on the bottom line of your
10 statements.

11 In a few moments, we're
12 going to provide you a presentation to give
13 you the full picture of our assessments.
14 Let me say it one more time: That workplace
15 injuries are simple costing us way too much.
16 I know we refer to numbers, but don't forget
17 we're not talking about numbers. We're
18 talking about people, people that you and I
19 know, families of those people that you and
20 I know that get affected. People, number
21 one, don't want to get injured on the
22 workplace; and number two, if they do get
23 injured, they want to get healed, fixed and
24 rehabilitated so that they can get back to a
25 normal working life that they're used to, to
26 a life that allows them to support their
27 families in the way they're accustomed to.

1 They don't want to be injured for the rest
2 of their life or for two weeks or two
3 months, and they want to take part in that
4 workplace.

5 However, there are many
6 of you out there who do work hard to be safe
7 and to be responsible, and you've expressed
8 that you'd like to be rewarded for that.
9 Common sense says that's a good thing. So,
10 once the subsidies end, I would like to
11 announce today that the board will be
12 bringing in an incentive program for 2007.
13 What the incentive program will be I can't
14 say. I can say that the board is committed
15 to that. We will develop the program over
16 the coming year. I can't tell you on what
17 form that program will be, but I can tell
18 you that we do believe today and we will be
19 rewarding in some form prevention and
20 safety. That we know.

21 You'll recall that we
22 held our public consultation in the spring,
23 called "working together on prevention".
24 Today we have a summary of all the feedback
25 that we received from you. It is available
26 for you today, and you can also read all of
27 our submissions. They are on our website.

1 Our priority, as the
2 board, is to work with you to prevent those
3 workplace injuries and illnesses and turn
4 this situation around in the Yukon. I've
5 talked extensively today about how we have
6 started to do that. We can do it, we will
7 do it, but we need your help. So, don't be
8 surprised from time to time over the next
9 few months or six months that we won't be
10 asking for that help more often.

11 I mentioned to you that
12 we do have with us from Vancouver, Peter
13 Muirhead. Peter is with Hewitt &
14 Associates, who have been our actuaries
15 since the early 1990's, although in a
16 different company back then, but it was just
17 one of these big corporate things that just
18 got bought up by somebody else. So, they're
19 the same people they just wear different
20 suits, very expensive still though.

21 And with Peter is
22 Clarence. Clarence Timmons is our acting
23 chief financial officer, and both Peter and
24 Clarence will provide you with more details
25 on those claims costs, on the subsidies and
26 on the assessments. Now, for this portion
27 of the program, I encourage you that if we

1 get into a spot here that you have a
2 question, I'm here.

3 So, thank you very much,
4 and for those of you that are with us from
5 the communities, I think you do have the
6 documents. The one that we're going to be
7 working off of is called the "Assessment
8 Premium Subsidy Reduction" Document, dated
9 September the 15. Do you all have it?
10 Catherine, have we still got you?

11 **Catherine:** Yes.

12 **Chair Craig Tuton:** That's the document that
13 we're going to be talking about now.

14 **Clarence Timmons:** Thank you, Mr. Chair.
15 This afternoon I will be looking at
16 assessment premiums and subsidies and the
17 why we are going to reduce and remove the
18 subsidies. Peter will be looking at how
19 rates are determined and the work that
20 actually goes on behind the scene with the
21 actuary.

22 Why are subsidies being
23 removed? This is presentation, and it goes
24 into a comparison also for other boards, and
25 we'll be looking at our financial position.
26 Subsidies were never intended to be
27 permanent. The original plan back in 1999

1 was for subsidies to be removed over a 10-
2 year period. Subsidies were applied to
3 Yukon employers assessment premiums starting
4 in 1999; and in 2002, the Workers'
5 Compensation Health and Safety Board
6 consulted Yukon employers with options for
7 reducing the subsidies. Gradual reduction
8 started in 2003, following the plan most
9 employers favoured. We have reached the
10 desired funding level, based on a new
11 reserve structure. Claims costs are higher
12 than originally projected. Claims costs are
13 lasting longer. The average time loss claim
14 has increased from 80 days in 2000 to 104
15 days in 2004. Also, our investment revenue
16 has been lower than projected.

17 Compared to other
18 boards, we have a subsidized rate. We have
19 the second highest benefits, a strong funded
20 position and our operating costs are in line
21 with other boards. In order to maintain
22 stable rates, a strong funding position is
23 required.

24 In comparing the rates,
25 if you look back to 1984, the average rate
26 in the Yukon was around \$3.00, compared to
27 today or in 2004, the average rate is \$1.74.

1 Now, if we look at other jurisdictions B.C.,
2 Alberta and Nunavut, they're very similar to
3 ours. The yellow area shows the rest of
4 Canada.

5 In key comparisons, we
6 can see in the Yukon we're 100 percent
7 funded. So, that would mean if we closed
8 our doors today, our funding would cover all
9 of our future claims costs. We have some
10 graphs to show this. Funded position,
11 compared to other jurisdictions across
12 Canada: The highest is Nunavut and Northwest
13 Territories. They're about 110 percent
14 funded; next is Alberta; and the lowest is
15 Ontario, with about 60 percent funded.

16 **Peter Muirhead:** What's interesting there
17 is that if you go from the west to the east,
18 you can see a downward slope; and just keep
19 that in mind as you look at the next couple
20 of slides. There is a relationship between
21 the funded position and the assessment rates
22 and the benefits that can be provided to
23 workers.

24 **Clarence Timmons:** Average 2005 assessment
25 rates: Yukon, like I said before, is \$1.74.
26 The lowest is Manitoba at \$1.70, and the
27 highest would be Newfoundland. They're at

1 about \$3.19/\$3.20.

2 The maximum assessable
3 earnings is the maximum that would be paid
4 out to an injured worker. We have the
5 second-highest at 67,000. Ontario is the
6 highest at 67,700, and the lowest is P.E.I.,
7 around 42, \$43,000.

8 Our financial position,
9 why remove subsidies now? Currently we're
10 fully funded, our claims costs are
11 increasing, investment returns are modest,
12 we've had a negative cash flow for the past
13 three years, and we have an annual operating
14 deficit for the last five years. Our
15 reserves are at target levels.

16 This is a comparison - I
17 know it's kind of hard to read - but
18 basically here we're comparing our financial
19 information of 1998 to 2004, and basically
20 here we can see that in 1998, our claims
21 cost was 9.1 million; where today our claims
22 costs are 19.5. We had a major increase in
23 our claims costs. It shows our revenue
24 versus expenses, as you can see our expenses
25 are over our revenue.

26 Our investment return,
27 our best year we had was in 1999; it was

1 around 10 percent. It decreased for the
2 next couple of years to 2002, and now in
3 2004, we're at about seven percent return on
4 our investments.

5 Our financial position,
6 the blue area represents our liabilities.
7 The yellow represents the target reserve,
8 which is the money that has been put aside
9 by our actuary in case of some major event
10 in the Yukon.

11 And the next part is
12 "Determining Assessment Rates", and that
13 will be presented by Peter. Does anybody
14 have any questions?

15 (No audible response)

16 **Peter Muirhead:** It's great Craig
17 introduced me. I'm Peter Muirhead, I'm the
18 actuary, coming up from Vancouver. I have
19 been with the Board since '92. My tenure
20 goes back to when Ron Farrell was President.
21 Now, Craig has said that these actuaries are
22 expensive, but I hope that the Board
23 perceives that we are adding some good
24 value, and I hope we can show you that
25 value, as well.

26 Now, we do have a lot of
27 experience in disability plans, both in

1 Workers' Compensation and in a lot of
2 private insurance plans; and there are a lot
3 of characteristics which are very similar to
4 the private long-term disability and short-
5 term disability plans and the Workers'
6 Compensation. Really the only difference is
7 where the individual became disabled,
8 whether it was at work or whether it was
9 after work or whether there were some
10 diseases or something that caused that that
11 were non-work related; but the same issues
12 always occur. People do not want to be
13 disabled, they want to get back to work,
14 they want to be rehabilitated, and it's a
15 partnership between employers, workers and
16 the claims adjudicators.

17 Now, what I'm hoping to
18 present to you are the principles that we
19 utilize in this rating while we're doing the
20 rating, the approach that we use, how we're
21 removing these subsidies, and then, finally
22 the results of all of that. Hopefully,
23 throughout this, you will gain an
24 appreciation that this has been a very
25 thorough process that we've gone through. I
26 think it's a fair process, and hopefully
27 that will come through, as well.

1 The various principles
2 that we are working on, I think the first
3 one that we've got to recognize when we're
4 setting these assessment rates is this is
5 really a "pay us now or pay us later"
6 proposition. Ultimately the cost of running
7 this Workers' Compensation Board is going to
8 be determined by the value of the benefits
9 that are paid out to the workers. The
10 money, then, must come from the employers.
11 If the employers pay that money earlier,
12 that money can be invested in some of those
13 benefits, and the cost of those benefits can
14 be offset by investment earnings. So, all
15 that we're really talking about when we're
16 talking about the rating is not on how much
17 it's going to be costing you now but it's
18 just really in the timing of those payments,
19 of those assessment rates. An under-funded
20 Board is just simply transferring those
21 costs to future generations of employers.
22 If you don't pay them, the costs are still
23 going to be there next year, 10 years from
24 now. Those employers will have to pick up
25 those costs.

26 The other thing that you
27 saw in Clarence's slide was a contingency or

1 a reserve fund. Small boards - and you are
2 the smallest board in Canada - you do need
3 some contingency funds if you are to provide
4 stability in those assessments and to
5 provide security of benefits to those
6 injured workers. Being such a small board,
7 you are subject to a lot of volatility and
8 random claims hits that the larger boards
9 are not subject to. So, on a relative
10 basis, you do need a much larger contingency
11 reserve than the larger boards do; maybe not
12 on an absolute dollar amount, but relative
13 to your reserves, your contingency fund
14 would have to be much greater than the other
15 boards. And we've worked a lot over the
16 last couple of years in really fine-tuning
17 that reserve policy, explaining that to the
18 employer community, getting feedback from
19 them, reacting to that feedback and are in
20 the process right now of formalizing all
21 that and getting all the "i's" dotted and
22 the "t's" crossed. All of what we have done
23 in this rating is utilized what is going to
24 be out there as the reserve policy.

25 One of the other kind of
26 guiding principles that we have right now is
27 that we do want to bring this rating down to

1 the employer level. All of the rating right
2 now, the assessment rates are all set at an
3 industry level, rather than an employer
4 level. Employers are all put into various
5 industries, and the rate you pay is
6 determined by what industry you are in. In
7 order to get those incentive programs one
8 step further down to the employer level, we
9 believe that we have got to remove the
10 significant rate subsidies that are in place
11 right now. It is very hard to motivate
12 employers, tell them that they've got to
13 reduce their accidents, the claims costs,
14 and that will result in lower Workers'
15 Compensation assessments when they say,
16 "Yes, but that's not a big dollar item for
17 me, so I don't really care." Well, in the
18 last 10 years, it's only been a small dollar
19 item because it's been very heavily
20 subsidized. So, by removing those subsidies,
21 now we're putting in place the mechanisms
22 that we can go forward and put those
23 meaningful incentive programs in place.
24 Throughout all of the rating, my experience
25 with the board over those 15 years, 12 years
26 or number of years that I have been working
27 with them, stability in the rate has always

1 been a key principle of the board. They do
2 recognize your work environment. They do
3 recognize that you do need to have some
4 certainty in what these rates are going to
5 be so that you can budget for these rates.
6 It's always been a key component of any of
7 the discussions, and I'm sure it will
8 continue to be.

9 Now, each of these
10 industry rates are set to reflect the risk
11 that each of these industries brings to the
12 board. Some work in environments that are
13 naturally a higher risk than others. Higher
14 risks should pay a higher premium. There
15 will be more benefits being paid out to
16 their workers, and that should be passed on
17 to them as a cost of that business operating
18 or the operating costs of those businesses.
19 Due to the size of the Yukon, that does
20 create some significant challenges. I was
21 talking recently to the actuaries on the
22 Ontario board. Now, the minimum size of
23 their rating groups - so, in order to be
24 statistically significant, they have
25 determined a minimum size for a rating group
26 - that minimum size is two-thirds of the
27 whole of the Yukon economy. So, if you were

1 to try and place that Ontario model on the
2 Yukon, they would say, "Well, you have no
3 choice. We have one rating group," and that
4 just simply would not be fair that the no-
5 risk, very clerical employers would have to
6 pay the same rate as the very labour-
7 intensive employers.

8 So, that does create a
9 lot of challenges. We are going to go
10 through some of the approaches that we do
11 use, and hopefully you will see that that
12 has been a very thorough process I think.

13 To give you some numbers
14 as to how this process goes, in 2004 there
15 were slightly over 2400 businesses that did
16 report payroll to the board for 2004. we
17 grouped those into 53 different industry
18 groups. Now, of those 2400 businesses, 1800
19 of them had payrolls of less than \$100,000.
20 So, you have a large number of very small
21 employers; and when you have got very small
22 employers, and every jurisdiction would have
23 those very small employers, what you do is
24 you group these employers into industries,
25 and then, rate the industry, as opposed to
26 all of the individual employers. So, we
27 took those 53 industries and separated them

1 into industry sectors, three private
2 sectors. We have got resources and
3 transportation, construction and other
4 services, and then, we've got one government
5 sector. Each of the three private sector
6 industries were separated into three groups,
7 A, B and C risk groups. So, now we've got
8 nine private sector risk groups and one
9 government risk group. The assessment rates
10 are set separately for each of those 10 risk
11 groups, based on their claims experience as
12 it emerges. And we are going to show some
13 charts as to how that is done.

14 Have you got any
15 questions so far?

16 (No audible response)

17 **Peter Muirhead:** Are we coming through on
18 the phone-in people? You can hear this and
19 follow it along?

20 (No audible response)

21 **Peter Muirhead:** I will assume that that
22 means "yes".

23 So, the first step in
24 that was to take those 2400 employers and
25 put them into industries. Well, that is
26 based on the worksite activity that the
27 assessment people - you apply, you tell them

1 what you're doing, and they'll classify you
2 into one of those industries. So, at this
3 point, your claims experience doesn't really
4 enter into it at all. They're looking just
5 simply at your worksite activity and placing
6 you into an industry that has similar
7 worksite activities. Then we take those
8 industries and we group them into risk
9 groups, based on the risks that the board
10 sees that that whole industry brings. So,
11 when we talk about what risks that whole
12 industry brings, we're looking at what is
13 the likely projected benefits that are going
14 to be paid out to those workers in that
15 industry. It's primarily based on the
16 emerging claims experience that we have up
17 here in the Yukon; but because of the size,
18 we sometimes do have to look at the staff
19 assessments as to what the risk elements of
20 that area are to identify that that industry
21 is a high risk industry but it's very small,
22 they've just been very lucky. We have
23 identified a few of those. We've also
24 identified, on the other side, a few
25 industries that have had high claims
26 experience and say, "Accidents will happen",
27 and what we're really looking for when we're

1 setting these assessment rates is a
2 projection for what is likely to happen in
3 the future. In some cases, we do have to
4 override the claims experience and say that
5 that was just an anomaly, either a very
6 favourable anomaly, or an adverse anomaly;
7 but we utilize the assessment staff's
8 assessment of the situation and also, we
9 look at relatively how other jurisdictions
10 look at those industries, because the other
11 jurisdictions have a lot more exposure to
12 many of these industries than we have up
13 here. So, after all that, we're going to
14 base each risk group's experience, as I've
15 said many times, on the experience of all
16 the employers in that group.

17 Also, each year - and
18 this year we did a very thorough review of
19 looking at all 53 industries to determine if
20 some of these industries should be
21 reclassified, based on emerging claims
22 experience. We do this on a regular basis.
23 This year there was an unusual amount of
24 activity, and I think a lot of it was
25 because of the safety programs that were put
26 in place. There were a number of industries
27 that, as a whole, the whole industry brought

1 their claims history down, their claims
2 records down; and they were benefited by
3 moving from a higher risk group into a lower
4 risk group. There were a few that went the
5 other way, but the approach that we utilize
6 is we look at the emerging claims experience
7 of each industry. The Board and I review
8 all of those to ensure that the emerging
9 experience is meaningful and that we can
10 expect that to continue in the future. This
11 is not simply a mechanical exercise to say
12 “What happened in the past, therefore, this
13 is what is going to happen in the future.”
14 We do spend a lot of time to try and
15 understand what happened in the past; and
16 after gaining that understanding, determine
17 whether that’s expected to continue into the
18 future, and it’s the projection into the
19 future that we’re basing these assessment
20 rates on.

21 The six industries that
22 went down, rate groups, are listed here:
23 113 and 316, in the resources and
24 transportation, from the high risk group,
25 which is Risk Group C, down to the moderate
26 risk group, B. The concrete mixing and
27 heating and air conditioning, 204 and 208,

1 in construction also went from that high
2 risk group, C, to the moderate risk group,
3 B. In the services, we had two
4 communication and light and power that went
5 from the moderate risk group down into the
6 low risk group. Craig had talked about and
7 identified those as industries that really
8 implemented some of these prevention
9 measures. So, there is certainly a cause-
10 and-effect relationship here.

11 There were a few that
12 went the other way. You cannot get
13 everybody into the low risk group. The
14 problem that you will find is that you put
15 in these prevention services; and if
16 everybody starts coming down and you stay
17 stagnant, you're going to be moving up
18 relative to everyone else, because all of
19 these risk groups are not absolute. They
20 are relative to everyone else. So, if
21 everyone else is improving and you're
22 stagnant, you're going to find yourself
23 moving into higher risk groups.

24 So, any questions after
25 that section of it?

26 (No audible response)

27 **Peter Muirhead:** Now we come to the

1 subsidy removal and the approach that we
2 have taken to that. Now, subsidies have
3 been actively being removed since 2003. The
4 rate increases since then have been limited
5 to 20 percent a year, and we are going to
6 need to accelerate that subsidy removal for
7 a number of the reasons that Clarence
8 identified. Things have not been as
9 favourable recently as we had projected.
10 The duration of the claims is longer.
11 Incidents have increased but are improving
12 now recently, but the duration is really
13 hurting us right now. People are just not
14 getting back to work. We have put a high
15 emphasis on prevention, seeing some benefits
16 from that. We have also got to put some
17 emphasis on rehabilitation, getting people
18 back to work and reducing costs there, as
19 well. I think we just colloquially call it
20 "prevention", but it does include getting
21 people back to work when they are injured,
22 as well.

23 Most industries right
24 now still have a 30 percent subsidy, and we
25 can get that back in two years, maintaining
26 that 20 percent increase per year that was
27 scheduled. We do have a few very heavily,

1 super-subsidized employers, and those are
2 the ones that we are really having to
3 accelerate this subsidy removal. Those are
4 predominantly in those higher-risk
5 industries, it's those higher-risk
6 industries that we really want to focus our
7 prevention efforts at. So, we think it's
8 very important that we get them to
9 recognizing what their true disability costs
10 are.

11 Ideally we wanted to
12 remove half the subsidy in 2006, the
13 remainder in 2007; and that would work well
14 for many employers, most employers actually.
15 As I said, one of the guiding principles of
16 the board was that stability in the rates.
17 These very heavily subsidized groups,
18 removing half of it now and half of it in
19 2007, is just unfair to those employers.
20 So, they came back and said, "Peter, you
21 can't do that. You cannot impose those
22 sorts of heavy rate increases." We came
23 back and forth a number of times with
24 various proposals, various options for them
25 to consider. What we have finished with is
26 we are limiting those rate increases to 2006
27 and projected for 2007, but we're going to

1 have to wait and watch how the experience
2 unfolds before we put those in place; but 20
3 percent increases for the low risk groups,
4 35 percent increases for the moderate-risk
5 groups and 50 percent increases for the
6 high-risk groups, and there are a few of
7 those. Right now the slide before had
8 indicated there were some with a 77 percent
9 subsidy. That means that they are right now
10 paying only 23 percent of their claims
11 costs. So, they have got a long way to go
12 to fully recognize the true costs of their
13 claims, but we are not asking them to get
14 there in two years.

15 As a result of those
16 subsidy removals, we're really focusing on
17 the non-government class. The government
18 class is kind of a special entity and
19 treated separately. They have not been
20 receiving these subsidies in the past,
21 because the surplus funds that were
22 generated, they did not contribute to the
23 generation of those surplus funds. So, they
24 have not been enjoying those subsidies
25 recently. All that we have been doing here
26 is really just aimed at the non-Government
27 class. Those rates right now currently

1 average \$1.75 and will go to \$2.16 in 2006,
2 are projected to go to \$2.50 in 2007. the
3 base rate is \$2.64; but because we have
4 applied those caps, in 2008, we are going to
5 have to recover some of that lost revenue
6 because of the implementation of those caps.
7 So, we have to go a little above those base
8 rates before we come back down to the base
9 rate in 2009 and beyond. So, if we were to
10 put those into a chart, this is what it
11 looks like. As you see, the red line on
12 this chart represents what would have
13 happened with the base if we didn't apply
14 any caps. Those caps, although relatively
15 insignificant for the board as a whole, are
16 quite significant for those who are affected
17 by it. So, it has the approach of smoothing
18 out those rates, stabilizing those rates
19 while maintaining a well-funded and stable-
20 funded position.

21 So, right now, our
22 assets, we do have some surplus funds that
23 are on our books as a rate transition
24 reserve. We have committed to using those
25 to transition these rates to the
26 unsubsidized rates, but they're going to
27 vanish very quickly as this red line comes

1 down to the top of the targeted funded
2 position. The board's target funded
3 position is to have assets equal to the
4 liabilities. The liabilities represent the
5 value of the promises that the board has
6 made to all the workers who are currently
7 disabled. Right now there are a number of
8 people who are in receipt of benefits, and
9 those benefits are expected to continue for
10 quite some time. The value of those
11 benefits right now for the people who are
12 currently disabled and receiving benefits is
13 just shy of 100 million dollars, and that's
14 expected to grow as more people
15 unfortunately do become disabled. The
16 targeted contingency reserve is the money we
17 have set aside for the adverse events. Bad
18 things will happen. We may not earn the
19 investment income we have targeted. We may
20 earn more investment income that we had
21 targeted, but we've got to protect ourself
22 from the adverse events. There may be a
23 catastrophe. Fortunately this board has not
24 seen a catastrophic event that really
25 impacts their claims. Some day
26 unfortunately that will happen; and it's
27 better to have that money there now, you've

1 got it, keep it, so that when that event
2 does happen, you do have funds to pay for
3 it.

4 The claims experience
5 will go up and down. There is some
6 volatility in there. You should have funds
7 set aside for those, and that's what that
8 targeted contingency reserve is. We spent a
9 lot of time looking at various scenarios as
10 to what level that should be, and this is
11 the level that the actuaries, the
12 accountants and the board have all agreed on
13 as being an appropriate level.

14 Now, how did we set
15 those base rates? What we have been doing
16 is we do have claims experience going back
17 to 1992, and this is where I think you will
18 hopefully see the process that we have gone
19 through. All of this, up until now, I think
20 has just really been the background and the
21 framework that we've had to do all this
22 with. We look at the average claims
23 experience over the last 10 years, and it's
24 a rolling 10 years. We do recognize that
25 there will be some outlay or some very high
26 claims, and we do use some collective
27 liability approaches so that the very high

1 claims cost years are shared amongst all the
2 industries, and we've got some examples of
3 those. So, here is the claims experience of
4 all the industry, going back to 1992. You
5 can see that the claims cost, we have had
6 some good years and some not so good years.
7 Now, we can only go back to '92, because
8 although the board has been in existence
9 longer than that, the computer systems and
10 the ability to track the claims in an easily
11 accurate manner only goes back to 1992; but
12 from that, we are able to look at some
13 general trends.

14 Now, the interesting
15 thing here was when we set this plan up,
16 when we did this review in 1998 and set
17 things in place for - we were looking at
18 experience to 1997. So, if you were looking
19 at that chart from '92-to-'97, would you
20 have anticipated what happened after that?
21 We were at a nice downward trend.
22 Everything was looking very rosy. Things
23 seemed to stabilize, '96, '97, '98, things
24 seemed to have stabilized at a nice low
25 rate. We set the rates, we thought, at a
26 relatively conservative level with that red
27 line. That red line hasn't changed that

1 much over the years. So, we thought we had
2 been relatively conservative; but as you can
3 see, since then we've had claims losses in
4 each and every year, '99-to-2004, although
5 it seems that the trend is going the right
6 way right now.

7 So, we then can drill
8 this down and look at it by any risk group.
9 Here we've looked at construction, Risk
10 Group A, the low risk group. Now, here is
11 where this collective liability and sharing
12 of the risks occurs when the claims costs
13 are very high. '98 and 2001 had very high
14 claims costs. So, when we were looking at
15 the averages, we capped those, shared those
16 amongst the other risk groups. So, they
17 benefited from that in '98 and 2001. In
18 2000, '97, '95, there were others that were
19 beneficiaries, and the construction
20 association was picking up the tabs for some
21 of those other claims. So, this is the
22 approach that we do. We have got charts.
23 If anyone is interested in their risk group,
24 we have got them for all 10 risk groups. We
25 have just shown you one right here. We also
26 look at each of the 53 industry groups, and
27 we have those charts available for you; and

1 I think those charts by risk group are over
2 on the table over here so that if you want
3 to look at your industry, we have a chart of
4 your industry.

5 Now, what we have on
6 this is the bars represent the claims costs,
7 which is the value of the benefits that have
8 gone out to the workers in that industry.
9 The dotted red line represents the
10 assessments that the employers are paid, and
11 the solid line represents the base rate that
12 we have put in place for 2006, the
13 unsubsidized rate for 2006.

14 Now, we have also
15 included a little bit more information on
16 each of these. We have shown how the
17 assessments, since 1992, so during the last
18 13 years, how the assessments have compared
19 to the claims costs. Now, this has a loss
20 of 269,000. A lot of that claims loss was
21 anticipated, was expected and was planned;
22 because the assessments that are shown here
23 are the actual assessments, not the
24 unsubsidized assessment rates. But
25 employers have benefited from these
26 subsidies since 1992, and that is what these
27 numbers are intended to show, how much they

1 have benefited.

2 We then have a chart
3 that shows how those base rates, the
4 unsubsidized rates have changed from 2005 to
5 2006. Now, the government's large increases
6 have different issues, and we won't really
7 get into those right now.

8 I think that's enough
9 from me unless anyone has got any questions
10 or feedback. We would be quite interested
11 in any of this feedback, whether you think
12 that this is a process - if we've missed
13 anything in this process or have any
14 questions about the process.

15 (No audible response)

16 **Peter Muirhead:** I think that we have a
17 break planned right now. After that, maybe
18 you'll have some questions.

19 **Chair Craig Tuton:** Just before we go on a
20 break, I know that Peter is very good with
21 the numbers but I'm going to put it to you
22 in an even simpler form. I had a difficult
23 time wrapping my head around this without my
24 buddy, Jimmy, the guys with the numbers; but
25 when you come from private enterprise to
26 here, and the first thing that I had to deal
27 with was what Jimmy calls "an expected loss

1 of 30.5 million dollars over five years",
2 "an expected loss". I know in my business,
3 I don't expect to lose anything, but that
4 expected loss of 30.5 million dollars was
5 the actual subsidy that the board, after
6 listening to what the Auditor General had
7 said, because of the excess in funds had to
8 do something with them. The board at that
9 time thought that the best thing to do with
10 those funds was to give it back to the
11 people who created the excess. What the
12 board didn't realize was that in that same
13 period there was going to be what I like to
14 call an "unexpected loss" of another 37
15 million dollars, which totalled a loss over
16 the five years of 67 million dollars. I
17 think that we can all relate to, and that
18 number, the 37 million dollar side of it,
19 came into being for a number of reasons. In
20 1999, we had the workers advocate office, we
21 had the WCAT that we had no idea at what
22 point that would affect our bottom line. We
23 also had CL73 and CL35, which had a huge
24 impact. It doesn't matter what kind of an
25 actuary you are, you can't project those
26 kinds of things, because they are things
27 that happen out of the ordinary; but if the

1 one slide was up there that showed the years
2 prior to 1999 being a very flat line, if we
3 could have covered this side and just looked
4 at that and said, "If we could expect this
5 to go straight across the board, we wouldn't
6 be where we are today." But those kinds of
7 things, along with an increase in the
8 numbers of claims, the types of claims and
9 the duration of claims have caused us to be
10 where we are today. And I think you can
11 see, in some of the numbers, that if you
12 look - and we can just pull one category,
13 which is 202, which is building
14 construction, over that five-year period of
15 time, they have paid to the board 2.6
16 million dollars and in benefits or in the
17 claims side, they have benefited to the tune
18 of 11.6 million dollars. So, there is a
19 difference of 9 million dollars in what came
20 in and what went out. So, that's why we're
21 in the position we're in today to try and
22 address that problem. We said prevention is
23 a part of it, safety is a part of it. There
24 are a whole number of things that are a part
25 of it.

26 So, why don't we take a
27 break now, grab a coffee; and as soon as we

1 come back, I want to give you one other
2 presentation and hopefully that will give
3 you a moment to collect your thoughts and
4 maybe an ability to ask some questions.

5 (Meeting Adjourned at 4:22 p.m.)

6 (Meeting Resumed at 4:40 p.m.)

7 **Chair Craig Tuton:** We have been talking
8 today about safety and prevention and
9 culture and all those things that surround
10 that, and I wanted to share with you
11 something that really hit home with me when
12 I went down to the public forum; and as I
13 said Melanie, from the Contractor's
14 Association was there, too, but it was
15 hosted by the A.W.C.B.C., and there was a
16 presentation by a gentleman who is the
17 director of corporate planning for Workplace
18 B.C. His name is Terry Bogyo. It is
19 actually based on something that he actually
20 observed while he and his wife were on
21 vacation. We're not meaning this in any way
22 to be poking ridicule or fun at anyone but
23 simply to show everyone how important it is
24 to change your attitude around the workplace
25 so that we all feel okay about speaking out
26 about something we see that we recognize as
27 not being a safe situation.

1 So, if you're looking at
2 the picture, what actually happened was when
3 Jerry was leaning over the balcony in his
4 room, he actually spotted, on the balcony,
5 three loose tiles that had fallen off, and
6 that was over time. Unfortunately, those
7 tiles were above a canvas awning and they
8 weren't near any guestroom windows, so they
9 weren't easily accessible, so they couldn't
10 really get at it.

11 So, I guess the work
12 crew decided they could fix this. You'll
13 notice down here there is a stepladder, and
14 over here there is a stepladder and
15 underneath that stepladder this stepladder
16 is resting on a folding table; and on this
17 stepladder they have an extension ladder
18 that is going up so that someone can reach
19 and fix the tiles. So, the person is
20 standing on top of the ladder, not on the
21 step but on the very top of that stepladder,
22 and he's using the other ladder, balanced
23 over here, to balance himself. Down below
24 we've got that other ladder that is
25 supporting it; but as you can see, it is
26 only supported on one rung by one small
27 extension to that stepladder, and here is a

1 worker who has one hand holding the ladder,
2 and there are at least one, two, three and
3 one over here who are watching this fellow
4 hold that ladder. As I said, that's a
5 banquet table, and you can see clearly that
6 it has folding legs. There is the other
7 stepladder. But there is a girl, who is
8 well-balanced, as you can see by her feet,
9 holding that stepladder. This is about the
10 angle we see that. It's about -16 feet
11 there, 16 feet from the bottom to the top
12 and five feet on the stepladder. But if you
13 look closely at the top of that ladder that
14 they're using, there are two broken rungs.
15 Now look very closely and you'll probably
16 spot some other danger things that you can
17 see, but what is really wrong with that
18 picture, do you think, aside from that
19 stepladder and the table, the other
20 stepladder, the guy who is up there and all
21 these people who are standing around,
22 looking at the situation? There are eight
23 of them, eight people, and not one of those
24 eight people feels empowered to stop this
25 poor guy from going up that very unsafe work
26 situation.

27 So, that was taken at a

1 major chain hotel within a couple of hours
2 of Vancouver, and Terry and his wife were
3 there on a weekend, celebrating a holiday.
4 So, Terry snapped that picture, and the good
5 news is that no one was hurt. Terry went
6 down and said to them, "Do you really think
7 that what you're doing is safe and that you
8 should continue? Maybe you should stop."
9 And they did.

10 Then the manager came
11 out and after talking with Terry for a
12 period of time, he agreed that probably
13 scaffolding would be a much better and safer
14 thing to use to fix those three tiles that
15 were on the balcony wall. That, I think, is
16 just a good, clear indicator of what I meant
17 by "empowering each and every one of us"
18 when we see a situation that's occurring,
19 and we know that it shouldn't.

20 You know, personally I
21 used to walk in front of workplaces all the
22 time, and I saw situations that perhaps back
23 then I didn't understand. I think it was
24 about two months, we had just left a
25 stakeholder meeting here and I had to go to
26 the bank; and when I was walking out of the
27 bank, these two young gentlemen were across

1 the street, and they came running, hell-bent
2 for leather straight at me. I'm thinking,
3 "Holy Christ," because, as you know, with my
4 background, I thought maybe it was a hockey
5 player or a ballplayer that got mad at me
6 and maybe he was after me personally. I
7 just sort of stopped when I saw them coming,
8 and I said, "Hi."

9 And they said, "Are you
10 still in the Ikea Building there with WCB?"

11 And I said, "Yes, I am."

12 These two were young
13 people, probably in their early 30's. They
14 said, "We just walked across the street,
15 about a block up and to our left, and there
16 were a number of workers out there who were
17 cutting some concrete. They didn't have any
18 hardhats on. The guy who was cutting the
19 concrete, there was a guy directly in front
20 of him, directly in front of the saw,
21 sitting down watching him, with no glasses,
22 no safety protection whatsoever. But these
23 two young people felt compelled to come to
24 me to tell me that this workplace didn't
25 look safe.

26 I thought, "You know
27 what, maybe what we are starting to do here

1 is starting to make a difference." So, of
2 course, we took immediate action and that
3 stopped; but imagine how it got to that in
4 the first place! And imagine, with a
5 concrete saw and pieces of concrete and no
6 eye protection and sitting directly in front
7 of a saw what could have happened! I mean,
8 it's scary. So, that's what we talk about
9 when we say, "We've got to change the
10 culture." You know, we have this Prevention
11 and Safety Committee, and I can tell you the
12 makeup of that committee, each and every
13 member is dedicated to try to change the
14 culture and the way we think about safety.
15 Raising the rates, that has nothing to do
16 with it. All that does is reflect what the
17 true costs to the system are, and that has
18 to happen; because as Peter aptly put it,
19 you can either pay today or you can pay
20 tomorrow. We only have two sources of
21 income: One is from the employers, and the
22 other is from our investments. The
23 investment market over the last number of
24 years hasn't been very good.

25 I truly believe that we
26 will make a difference. I hope that you've
27 had an opportunity now to think about some

1 things and maybe you do have some questions
2 for me. When we do have the prevention
3 consultant in place, which I hope is going
4 to be within the next few months, that you
5 will be able to take advantage of that
6 individual and see what we can do to get a
7 safer and ... Maybe it's a safety committee.
8 Maybe it's just a simple, little thing like
9 a small safety manual so that when you hire
10 a worker or a worker comes to work, he
11 spends five minutes reading it and prevents
12 things like that from happening.

13 So, are there any
14 questions? Yes, sir.

15 **Alan Byrom:** Yes, I think prevention
16 is definitely the answer, but I think you
17 need to broaden your concept of prevention.
18 I think it's too narrow. You should apply
19 it to the quality control claims management,
20 because one of the key causes of escalating
21 claims costs is the mismanagement of claims.
22 So, for the benefit of employers, if an
23 injured worker files a claim and it's
24 rejected and it's a legitimate claim, he
25 goes to the advocate. He goes to the appeal
26 tribunal. If the medical consultant makes a
27 wrong assessment, he goes to a specialist.

1 So, that's what drives up the claims cost if
2 they apply the wrong policy.

3 So, that prevention, it
4 says here that "on the principles of
5 approach":

6 "Significant subsidies should be
7 removed before prevention incentive programs
8 are introduced."

9 Well, employers should
10 insist on prevention being applied to
11 quality control of claims before those
12 subsidies are removed; because otherwise,
13 you're paying for the mismanagement of
14 claims. You're paying higher premiums. For
15 example, the high risk industries that are
16 going to be asked to pay higher premiums, if
17 they're in that seasonal framework, like
18 construction, their workers are going to get
19 less money, and the board and the
20 administration will expend more money to
21 undermine a legitimate claim that's going to
22 last for a long time.

23 **Chair Craig Tuton:** Sir, you have made a
24 very good point.

25 **Alan Byrom:** Thank you.

26 **Chair Craig Tuton:** We are very, very proud
27 of the claims people that we have and the

1 system that we have, and nothing is ever
2 perfect.

3 **Alan Byrom:** Right.

4 **Chair Craig Tuton:** But the board just did a
5 review of our claims management system over
6 the last few months, and we are going to be
7 effecting some changes in that area. There
8 are going to be some additions to our
9 medical staff. There are going to be new
10 ways we can look at early return to work,
11 rehabilitation. We're going to be looking
12 at new and increased partnerships with the
13 medical community, the medical providers.
14 Our legislators have been very adept in
15 providing legislation that will look after
16 our injured workers properly. We're not in
17 the business of prevention. We are in the
18 business of training our workers after they
19 have been injured in the workplace. That's
20 our business.

21 Occupational Health and
22 Safety, on the other hand, is in the
23 business of prevention and safety; but
24 Workers' Compensation only has one duty to
25 perform, and that is to ensure that the
26 worker who is injured on the job is fairly
27 and adequately treated. I know our people

1 in claims take great pains to make sure that
2 happens, and all we can do is continue to
3 try and improve on the system; and I can
4 assure you that we are doing that now and
5 that we will continue to do that in the
6 future.

7 Thank you for your
8 question. Anybody else? We will continue,
9 as we have over the years, to have our
10 stakeholder advisory committee meetings on a
11 regular basis, and we look forward to
12 continuing that.

13 Rob, did you have a
14 question?

15 **Robbie King:** When you're finished.

16 **Chair Craig Tuton:** No, go ahead.

17 **Robbie King:** We talked quite a bit
18 here about claims costs here and escalating
19 claims costs. A lot of these claims costs
20 arise out of treatment, costs of treatment;
21 and if someone here goes home tonight and
22 gets into a \$2,000 fender-bender and the
23 next year, they get into the same fender-
24 bender and claim from the A.I.M., and now
25 it's \$3,000. Nothing has changed. There's
26 the cost of the parts, the cost of the
27 labour, et cetera. So, the claims costs are

1 directly affected by the costs of the
2 treating personnel. So, how is the board
3 allocating money, knowing that treating
4 costs are going up all the time. Instead of
5 just saying to everybody, "Claims costs went
6 up again this year." Well, they're going to
7 go up every year because of possible costs
8 and whatnot. How is the board going to
9 cover that?

10 **Chair Craig Tuton:** Claims costs are only
11 going to go up every year if we have claims.
12 The lower number of claims that we have is
13 one part of the equation. The length or the
14 duration of those claims is another part of
15 the equation; and yes, our medical costs and
16 our rehabilitation costs and all of those
17 things are continuing to rise. But part of
18 this new strategy, the prevention and safety
19 strategy, is to form alliances and
20 partnerships with just those kinds of
21 people, with the medical community, with our
22 medical service providers, which are
23 rehabilitation providers, and that's
24 wherever we can find them. The one thing I
25 can say, as the chairman of the board here,
26 is that our injured workers here are
27 probably getting if not better, equal

1 treatment to those on the Outside; because
2 if we are not able to provide the service in
3 either a medical capacity or in a
4 rehabilitation capacity in a timely manner
5 in the Yukon, then we will quickly get that
6 treatment Outside of the Territory. So, we
7 have that ability, and what we want to do to
8 make life a lot easier for those injured
9 workers in the Yukon is to encourage,
10 through the partnerships with the medical
11 community and the rehabilitation community,
12 the capable and valuable treatment services
13 right here in the Territory. It is going to
14 be tough to get there, Rob, but do you know
15 what, with your help and the Injured Workers
16 Association and all our other partners,
17 we'll get there.

18 **Robbie King:** Oh, I applaud the
19 direction the Board is taking. I think it's
20 about time. It's good!

21 **Chair Craig Tuton:** Thanks. Anybody else?

22 **Sandy Babcock:** Craig, it's Sandy
23 Babcock with the Yukon Chamber of Commerce.
24 Can you update us on any progress you've
25 made with the Department of Education in
26 introducing the Passport to Safety Program?

27 **Chair Craig Tuton:** Yes, at our last

1 prevention and safety committee meeting, our
2 education advisor - is that the right word
3 for it, Jim - our education person in
4 Occupational Health and Safety has recently
5 met with the Yukon Teachers Association and
6 is scheduled to meet this month, September,
7 with the YTA and the department to talk
8 about not only the Passport to Safety
9 Program but also to talk about implementing
10 safety and prevention programs right in the
11 curriculum of the school. They have done a
12 scan in, I think, is it Prince Edward Island
13 and Nova Scotia that have programs in place.
14 So, we're just waiting for those to come
15 back. We should have those in our hands
16 fairly quickly so that we're able to present
17 them to the department. As I have said
18 before and it's no secret, one of the
19 stumbling blocks we, at Workers'
20 Compensation, because this is new - we've
21 been trying to talk to the Department of
22 Education for a number of years about
23 getting the programs in the curriculum.
24 Part of the problem is that the Department
25 of Education has a roadblock at "We follow
26 the B.C. curriculum, and if it isn't in the
27 B.C. curriculum, we don't want to deal with

1 it." But we're starting to get around that
2 resistance, and now we're starting to get
3 some buy-in from that department; and with
4 the partnership of the Yukon Teachers
5 Association and for Melanie, who was at the
6 public forum, we had an opportunity to
7 listen to one of the members of the B.C.
8 Teachers Association, and she was a very
9 powerful speaker. They have made some
10 tremendous inroads on behalf of safety and
11 prevention, Workers' Compensation, into the
12 B.C. Education Program. I have given that
13 contact to our people, so I think we're
14 moving ahead. You have to remember that
15 we're trying to meld the Education
16 Department with a safety and prevention
17 department for the Workers' Compensation, so
18 it's going to take time; but I see very,
19 very positive movements happening. So,
20 we're happy.

21 **Steve Cardiff:** Just a clarification,
22 Craig. Are you saying in B.C. there is a
23 move to put the Passport to Safety Program
24 into the schools, as well, then or not?

25 **Chair Craig Tuton:** No.

26 **Steve Cardiff:** Because there should be;
27 and that would clear up the problem about

1 the B.C. curriculum.

2 **Chair Craig Tuton:** The Passport to Safety
3 is only one small piece.

4 **Steve Cardiff:** It's only part of it,
5 yes.

6 **Chair Craig Tuton:** It's only one small
7 part. It's a big part for us, because we're
8 very proud to display the posters that we
9 have around town and around our building
10 about employers who are bringing the
11 Passport to Safety as part of the process to
12 become a worker, but that's only one part.
13 You know, the other parts are to actually
14 offer courses from kindergarten to Grade 12
15 that start to embody that safety and
16 prevention thought in the minds of our
17 youngsters right from the start until the
18 end; and that's the difficulty, because it's
19 not really recognized as part of the
20 curriculum in most Departments of Education.
21 Ontario I know has one, but as Peter said,
22 as with most things, if you try to lay an
23 Ontario model on the Yukon, you crush
24 yourself. So, we have to try and find
25 something. Prince Edward Island and Nova
26 Scotia are fairly close in size, so we're
27 going to look at that and see if there is a

1 fit; but it's a priority for us.

2 **Steve Cardiff:** One other comment you
3 made: You were giving legislators credit
4 for delivering good legislation, but I'm
5 just wondering if you've got any inside
6 information or have heard anything about
7 when the Act review might be moving on to
8 the next stage. I know that we're probably
9 a couple of years behind the schedule that's
10 on the website, but we're long past when
11 they said that they would have the
12 legislative changes ready. So, I'm just
13 wondering if you know when the next round of
14 consultation is going to begin

15 **Chair Craig Tuton:** It's too bad most of the
16 press left, because this is one of the few
17 times that you and I will see eye-to-eye
18 entirely on everything, but I agree with
19 you. My understanding, as you know, the
20 board met with the minister and suggested
21 that there may be an opportunity to bring in
22 an Outside consultant who is very, very
23 familiar. My understanding is that he has
24 completed that report, that it is in front
25 of the panel, the act review panel, and
26 that's as far as I know. I haven't been
27 made privy to any other information.

1 Our staff are preparing
2 for something very soon. Our understanding,
3 and there's nothing really concrete because
4 it hasn't been official, but I know we're
5 getting our people prepared to deal with it
6 in October hopefully.

7 **Steve Cardiff:** Hopefully.

8 **Chair Craig Tuton:** Hopefully.

9 **Steve Cardiff:** Yes, because it was my
10 understanding that the consultant had
11 completed his work back in the spring or
12 early summer, and we haven't seen anything.
13 It's just concerning that it seems to be
14 dragging on longer than it needs to, and I
15 think it's important that the changes -

16 **Chair Craig Tuton:** Well, and the other
17 area, Steve, is the Occupational Health &
18 Safety Regulations. We did the same thing.
19 We got the same individual to review that
20 and to make some recommendations to the
21 minister. I'm not sure where that is, but I
22 do know that he's completed his report. He
23 was, among other things, being the president
24 or the present CEO of B.C. Workers'
25 Compensation. Prior to his holding that
26 position, he was the author of the
27 Occupational Health & Safety Regulations in

1 B.C. So, he has an understanding.

2 **Steve Cardiff:** You read my mind for the
3 next question.

4 **Chair Craig Tuton:** Well, I thought I'd get a
5 jump on you, because I figured you would ask
6 it!

7 **Robbie King:** I was at the courthouse
8 on Monday, and there was a case there:
9 *Workers' Compensation Appeal Tribunal v. the*
10 *Workers' Compensation Board.* It was a real,
11 I thought, trivial matter about a
12 rehabilitation plan. That's quite a cost to
13 the board to go to the Supreme Court level.
14 I think over the last three years, they have
15 been there now I think four times; and this
16 is, of course, a cost that employers fund.
17 Especially the appeal tribunal being taken
18 to court by the board. If the board funds
19 the tribunal and funds their lawyer, I don't
20 understand this. What's going on here? Why
21 are you going to court all of a sudden?

22 **Chair Craig Tuton:** Well, we do go to court
23 quite a bit.

24 **Robbie King:** Over the last few years,
25 and the A.W.C.B.C. Program sure doesn't take
26 effect.

27 **Chair Craig Tuton:** The majority of the

1 times, Rob, we're going to court to defend
2 our actions, not as the aggressor; but as
3 you know, we do have legislation and we do
4 have policies, and we must act and abide by
5 those policies. That's how we live and die.
6 And if the system tries to work outside of
7 those policies, the only option that we
8 have, outside of legislative change, is
9 through the courts. And we only do that in
10 the very, very rarest of occurrences. So,
11 you're right, we have been in court a number
12 of times recently, --

13 **Robbie King:** Yes.

14 **Chair Craig Tuton:** But probably only once
15 where we were the aggressor. But that's the
16 only option we have when somebody or
17 something tries to work without the system
18 that we have to work within.

19 **Alan Byrom:** Say it's proven the
20 other way, that you were actually outside
21 the system, and that's why they went to
22 court? It goes both ways.

23 **Chair Craig Tuton:** Well, nothing has been -
24 well, if it was, it would be.

25 **Alan Byrom:** What I'm curious about
26 is that the minister responsible removed
27 from the appeal tribunal a lawyer; Jefferson

1 is a lawyer, a lawyer with integrity, and it
2 would seem to me -

3 **Chair Craig Tuton:** Well, sir, with the
4 greatest of respect, what the minister does
5 is not my concern or the board's concern or
6 Workers' Compensation. So, if you have a
7 question -

8 **Alan Byrom:** But it is an issue of
9 the claims cost.

10 **Chair Craig Tuton:** Well, I guess in your
11 opinion, but that would be best addressed -

12 **Alan Byrom:** No, in the sense that
13 the decisions made -

14 **Chair Craig Tuton:** Sir, sir -

15 **Alan Byrom:** I'm the one who's
16 speaking.

17 **Chair Craig Tuton:** I know, but you can't
18 take the position of chairman of an appeal
19 board. That is something that is done
20 strictly and entirely by the minister.

21 **Alan Byrom:** That's right.

22 **Chair Craig Tuton:** So, any question that
23 relates to that, sir, I would appreciate
24 very much if you would address them to him.
25 We have no control over the appeal panel,
26 and therefore, we have no comment.

27 **Alan Byrom:** I agree with all that,

1 but it is a compensation issue, because it
2 is the minister, and it is an issue of
3 claims, claims costs; and I just wanted to
4 make the comment that by removing somebody
5 of that quality, the chances, the
6 opportunities to reject appeal decisions and
7 go to court increase. Do you know what I
8 mean? It's like if you've got somebody
9 there who really knows what they're doing
10 and they remove them and you have any
11 questions as to why claims costs are going
12 up, -

13 **Chair Craig Tuton:** Well, sir, that's not
14 why claims costs are going up.

15 **Alan Byrom:** - that's another thing
16 to look at for employers. Why would you
17 remove somebody of that competence.

18 **Chair Craig Tuton:** Anybody else?

19 **Alan Byrom:** Is that political
20 interference, that's the question there.

21 **Phil Dyke:** We all sit at the
22 pleasure of the minister.

23 **Chair Craig Tuton:** The appeal tribunal has
24 nothing to do with the Board. Let's get
25 that perfectly clear. That operates totally
26 separate. So, the board will not respond to
27 any questions or have any comment.

1 **Alan Byrom:** Okay, but it is part of
2 the claims costs, isn't it?

3 **Chair Craig Tuton:** Well, I guess you could
4 argue that it would be part of the claims
5 costs if, in fact, decisions were ruled on,
6 but we still don't have any control over
7 what those are.

8 **Alan Byrom:** But who pays for that
9 tribunal?

10 **Chair Craig Tuton:** Well, I can tell you who
11 pays for it, employers.

12 **Alan Byrom:** There you go, that's
13 what I'm talking about.

14 **Phil Dyke:** The Board pays for it.

15 **Alan Byrom:** That's what I'm talking
16 about, what you have to pay, your premiums
17 and your claims costs. That's what we're
18 talking about.

19 **Chair Craig Tuton:** But it's still
20 legislated; and whether you like the
21 legislation or whether you don't, it's at
22 the pleasure of the legislators.

23 **Alan Byrom:** Right, but they're not
24 there because claims have been managed
25 effectively. They're there because there's
26 a problem. That's why they're there. And
27 some of these claims costs issues you're

1 talking about, it's not what's going to
2 happen next week or next month. It's what's
3 been happening for the last 10 years, the
4 premiums and the costs.

5 **Chair Craig Tuton:** Well, that's a good
6 thing. That's a good thing. It's a good
7 thing that the legislature has put into
8 place a hearing officer process so that if a
9 claimant doesn't agree with what the
10 adjudicators adjudicate the claim at, there
11 is a level of appeal here at the board so it
12 goes to the hearing officer; and then, if
13 they don't agree with that, there is another
14 level of appeal, and that's good. You know,
15 a lot of decisions that come out of the WCAT
16 are good decisions, but they're all human
17 decisions, and everybody means to do a good
18 job.

19 **Alan Byrom:** Based on law.

20 **Chair Craig Tuton:** Based on law, that's
21 right.

22 Anybody else?

23 (No audible response)

24 **Chair Craig Tuton:** Nobody else? If there
25 are no other questions, I thank you very
26 much, and all of the information is
27 available. My office is always open. If

1 somebody wants to raise any questions,
2 please feel free to contact Pauli. If she
3 can't answer them ... So, thanks for coming,
4 and let's look forward to a successful year
5 of partnerships.

6
7 (Meeting Adjourned at 5:15 p.m.)
8

9 I hereby certify the foregoing to
10 be a true and accurate transcript
11 of the proceedings transcribed
12 to the best of my skill and ability.
13

14 _____
15 Joyce C. Bachli, Court Reporter
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