



YUKON WORKERS' COMPENSATION
HEALTH AND SAFETY BOARD
COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ
AU TRAVAIL
DU YUKON

News Release

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Formula in Legislation Affects Workers' Benefits and Employers' Assessments in 2004

The *Workers' Compensation Act* requires the Yukon Workers' Compensation Health and Safety Board to use a different formula to determine maximums affecting workers' benefits and employers' assessment payments in 2004.

The formula means the maximum wage rate, and maximum assessable earnings, will decline from \$66,200 in 2003 to \$65,800 in 2004.

The decline means those workers receiving benefits at or near the maximum in 2003 will see a reduction – about \$25 per month in 2004. This will affect roughly 50 claimants, out of roughly 750 who receive payments.

"It is not typical for the maximum wage rate to decline," said Tony Armstrong, President and CEO of the YWCHSB. "However, the formula in the *Act* is based on numbers. There is no discretion except in extraordinary circumstances."

"We feel it is important to inform both workers and employers as to why this is happening."

The decline affects employers paying the maximum in assessment premiums. However, they won't necessarily be paying less, because the YWCHSB's planned reductions to subsidies will continue in 2004.

The maximum wage rate and maximum assessable earnings are the same number. They are ceilings used in calculations.

The maximum wage rate is used in calculations to determine maximum loss of earnings benefits for injured workers. Maximum assessable earnings is a number used when calculating employers' assessment payments. It determines the maximum level of earnings on which employers can be assessed.

Both the maximum wage rate and maximum assessable earnings are updated every year, following methods laid out in the *Act*.

From 1998 to 2003, the *Act* required the YWCHSB to use a complex projection method to determine the maximums. "That involved the Board actually determining the amount and setting it," said Armstrong.

However, Section 117 of the *Act* says that starting with 2004, the YWCHSB must determine the maximums based on 'average wages', using data from Statistics Canada. It lays out a formula for determining average wages.

"When you plug in the numbers, the maximum wage rate declines for 2004," said Armstrong.

Under the *Act*, the same formula was used from 1994 to 1997. The maximum wage rate declined once during that period – in 1996.

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Relevant Sections of the *Workers' Compensation Act*

117.(1) In this Act,

"average wage" **for a year means the sum of the wage measure for each month in the 12 month period ending on June 30 of the immediately preceding calendar year;**

"**maximum assessable earnings**" means,

- (a) for 1993, \$43,000, and
- (b) for the years 1994 to 1997 inclusively, an amount equal to the aggregate of
 - (i) the product of
 - (A) \$43,000 times
 - (B) the quotient obtained when the average wage for the year is divided by the average wage for 1993, and
 - (ii) \$3,000 for each year after 1993,rounded to the nearest multiple of one hundred dollars,
- (c) for each year after 1997 it shall be equal to the maximum wage rate for the year
but at no time may it exceed the maximum wage rate for the year.

"**maximum wage rate**" for a year means

- (a) for 1993, \$50,000,
- (b) for 1994 to 1997 inclusively, the product of
 - (i) \$50,000, and
 - (ii) the quotient obtained when the average wage for the year is divided by the average wage for 1993,rounded to the nearest multiple of one hundred dollars,
- (c) for 1998 until 2003 inclusively, an amount determined by the board, such that the maximum wage rate will increase in equal amounts until 2003 at which time it will be equal to the yearly earnings of 90 percent of workers, and
- (d) for each year after 2003, an amount equal to the product of
 - (i) the maximum wage rate for 2003, and
 - (ii) the quotient obtained when the average wage for the year is divided by the average wage for 2003,

rounded to the nearest multiple of one hundred dollars;

"**wage measure**" for a month means the average weekly wages and salaries, for the month, of

- (a) the Industrial Aggregate in the Yukon as published by Statistics Canada, or
- (b) in the event that the Industrial Aggregate for the Yukon ceases to be published, such other measure for the month as is prescribed, or

(c) where, in the opinion of the board, there are extraordinary circumstances that cause an unusual fluctuation in the Industrial Aggregate in the Yukon, an amount deemed by the board.

How the 2004 Maximum Wage Rate was Calculated

Calculation of Quotient				
Year	From	To	Sum of the average weekly wages from June to July ("Average Wage")	Quotient
2003	July 2001	June 2002	8,897.94	1.000000
2004	July 2002	June 2003	8,844.00	0.993938
Calculations for Maximum Wage Rate				
Year		Base rate	Base rate x quotient	Rounded to the nearest hundred
2003		66,200.00 (Maximum wage rate for 2003)		
2004			66,200.00 x .993938 = 65,798.69	65,800.00 (Max Wage Rate for 2004)