



Working Together

with Yukon Workers and Employers



ANNUAL REPORT 2001

YUKON WORKERS' COMPENSATION
HEALTH AND SAFETY BOARD

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



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AU TRAVAIL DU YUKON

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Yukon Workers' Compensation Health and Safety Board

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

The governing body of the YWCHSB is a 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 on the board as non-voting members.

The Board of Directors is responsible for setting all policies and orders. It is the role of the administration of the YWCHSB to implement the Workers' Compensation Act and the Occupational Health and Safety Act, as well as all board policies and orders.

The office of the president supports human resources,

staff development, the board secretary, 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.

Programs encompasses all of the services provided to claimants and all aspects of administering the Occupational Health and Safety Act.

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

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

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 employers for

damages. Workers are protected because they are guaranteed compensation if they get a work-related injury or illness—compensation includes lost wages, payment of related health care costs, and assistance in returning to work.

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



The YWCHSB provides Yukon workers with the best benefit package in the country and at the same time offers Yukon employers some of the lowest assessment premiums in Canada.

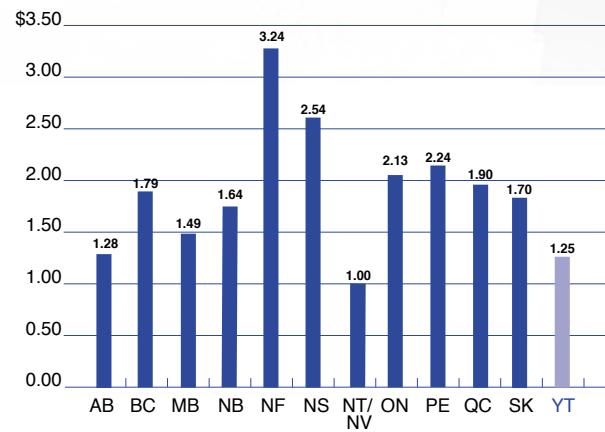
In 2001, Yukon employers' assessment premiums averaged \$1.25 per \$100 of payroll—the second lowest premium in the country. The maximum benefit paid to workers was \$897.54 per week—the highest benefit paid in Canada.

Yukon employers receive a minimum subsidy of 45% on assessment premiums, and in some cases, up to 79%. The only exception is the government sector, which receives no subsidy.

The investment climate in 2001 was a challenging one. Many Canadian boards lost substantial amounts on their investments, in particular in the third quarter, and were forced to increase their assessment premiums for 2002. The YWCHSB had a positive return of 3% in the third quarter of 2001, the highest in the country.

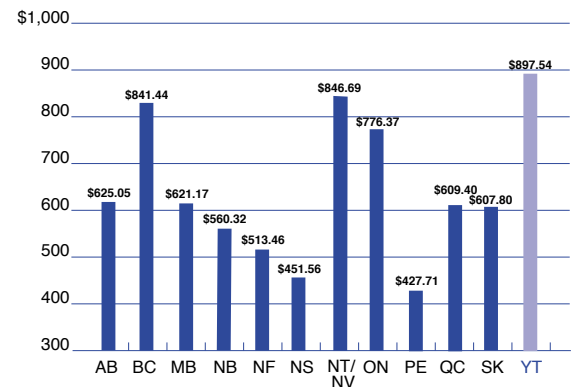
At the end of 2001, the Board of Directors decided to freeze assessment premiums for 2002. The board intends to take assessment premium issues to public review in 2002.

PROJECTED AVERAGE ASSESSMENT RATE PER \$100 OF ASSESSABLE PAYROLL



Source: AWCBC

WEEKLY BENEFITS FOR TEMPORARY DISABILITY



Source: AWCBC



Board of Directors: Seen from left to right are employer representatives Barry Enders and John Pert, chair Dale Schmekel, worker representative Michelle Kolla, president and CEO Tony Armstrong, worker representative Barb Evans, alternate chair Arthur Mitchell, employer representative Ivan Dechkoff, and worker representative Doug Rody. Missing is appeal tribunal chair Heather MacFadgen.

Advisory Committees Update

In 2001, three joint meetings of the workers' and employers' advisory committees were held.

Topics discussed at the meetings included the stakeholder survey, the draft interest policy, financial incentive plans for employers, and the revisions to the strategic plan.

Members of the workers' and employers' advisory committees joined with a new policy working group and participated in the discussions on draft policies as well as the omnibus policy framework (turn to page 20, for more information).

The Board of Directors thanks the advisory committee members for their contributions in 2001.

Board of Directors' Message

In 2001, the Board of Directors expanded from seven members to 10. The Bill 83 amendments made it possible for the board to grow from a total of four voting members to six.

In July, John Pert joined Ivan Dechkoff and Barry Enders as employer representatives on the board; and Michelle Kolla joined Barb Evans and Doug Rody as worker representatives on the board.

Later in August, alternate chair Arthur Mitchell was appointed to the board. Having a full contingent of board members helped ease the workload and allowed our members to apply their talents to various specific projects, such as the policy working group, the review of the strategic plan and the implementation of the investment policy.

The board's policy work in 2001 was focussed on the omnibus policy framework, loss of earnings benefits, and interest. Both the interest policy and the loss of earnings benefits policy went to public consultation in 2001. A new interest policy was approved in November. (To see a full list of the policies we worked on in 2001, turn to page 21.)

A priority for the board was implementing the new investment policy and reviewing proposals from

prospective fund managers. We believe the new policy is more reflective of the current investment climate and will build on the excellent financial management the fund has experienced in the past.

In August the board agreed to rescind the CL-35 application document, which had been in effect from February 12, 1997 to December 31, 1999. The application document provided staff with guidelines on the determination of average weekly earnings benefits. Controversy surrounded this document and the board felt that it was an impediment to progress on a new loss of earnings benefits policy.

In conclusion, it has been a very productive year for the board—one in which we realized many of the goals we set for ourselves at the beginning of the year.

We would like to thank our two stakeholders—workers and employers—for their comments and suggestions throughout the year. The board would also like to thank the staff at the YWCHSB for their dedication to delivering quality service to Yukon workers and employers, and for helping to make Yukon workplaces safer.

Dale Schmekel
Chair

President's Message

The year 2001 was a busy and productive one for the YWCHSB.

Customer service continued to be administration's main focus. We completed our stakeholder survey of workers, employers and staff. The results from this survey will help us to make service improvements in the areas our clients identified. Our sincere thanks go to the participants in these surveys who took the time to answer our many questions. (To read more about the stakeholder survey, turn to page 14.)

In 2001, we revisited our strategic plan, *ideal workplaces*, originally developed in 1998 and 1999. A multi-branch, multi-level strategic planning team was established, including representatives from the Board of Directors. This team worked to update the plan and develop a new three-year business plan. This three-year business plan was then used to develop a one-year operational plan, which in turn was used to create the 2002 budget.

One of our goals in 2001 was to implement organization-wide performance planning with all YWCHSB staff. Performance planning instills the goals of the strategic plan

into every employee's work plan and ensures that the organization shares common goals and values.

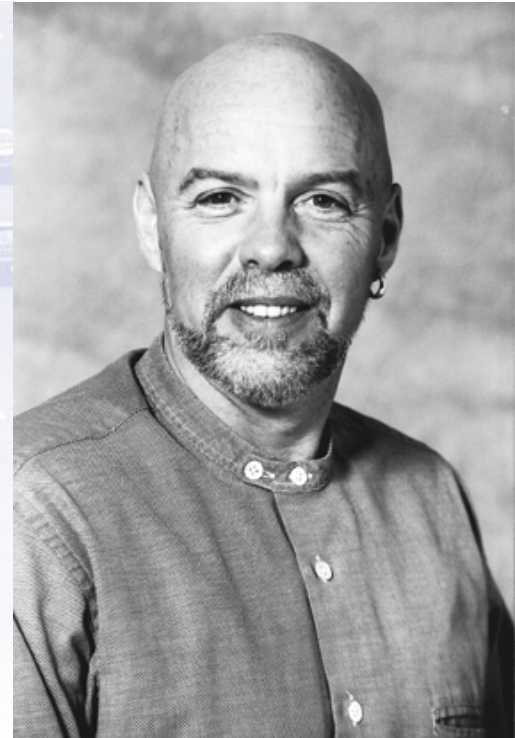
Another successful corporate planning activity was the completion of our information systems plan. This plan will form the basis of any future system improvements we undertake.

Also in 2001, a team of board members and staff worked on implementing the new investment policy. Two new investment managers were chosen in December: TAL Institutional Management and Jarislowsky Fraser Limited. The new investment policy allows for an annual review and increases the variety of assets available for investment.

On behalf of all of the staff at the YWCHSB, I would like to thank our two stakeholder groups – employers and workers – and our clients for their feedback and support in 2001. We look forward to serving you in 2002.



Tony Armstrong
President and Chief Executive Officer



We look forward to serving you in 2002.



Why the concern about young workers?

Young workers aged 15-17 are at higher risk of workplace injury than other workers. More than half work-related injuries occurring during a young worker's six months on the job—happen within the first month of employment.

Young people don't have work in construction, for or manufacturing to be exposed to workplace risks. In fact, most workplace injuries occur in the hospitality and retail service industries, where the majority of young Yukon workers are employed.

If you are an employer or parent of someone between 12 and 24, you may wish to pick up a copy of our *Yukon Employers Guide to Young Worker Safety* or our *Message to Parents: Who's Keeping them Safe Now?* Both guides are also available on our website for downloading and printing.



Young Worker Safety Program

In 2001, we produced and distributed two new young worker safety guides—one for employers and one for parents.

During the summer of 2001, we launched an awareness campaign aimed at youth. The Young Worker Safety Contest was designed to raise young people's awareness that they are in a risk group for workplace injuries. In order to enter the contest, youth between 12 and 17 needed to answer three questions:

1. True or False. Young workers, especially those starting new jobs, are more likely to be injured on the job than older workers.

2. Most on-the-job injuries to young people occur in which industry?

- Construction Forestry Manufacturing
 Service

3. True or False. Yukon workers have the right to refuse unsafe work.

Answers are: True, Service, True.

**Give
workplace
injuries
the
boot!**



Safety Training and Education

A major 2001 initiative of safety training and education was producing and distributing the young worker safety material.

We arranged for the parent guide **Message to Parents: Who's Keeping them Safe Now?** to be distributed in Yukon students' report cards.

The **Yukon Employers Guide to Young Worker Safety** was given to Yukon employers who hire young workers. In the spring of 2001, our staff arranged meetings with employers who expected to hire young workers in the upcoming summer season. We gave these employers an overview of the material in the guide, as well as the guide itself, and answered any questions they had on safety in the workplace.

We collaborated with Skills Canada to raise youth's awareness of the importance of on-the-job safety and also to educate them on the opportunities that exist for pursuing a career in safety. Shayne Triggs, a student at Vanier Catholic Secondary, was coached by one of our staff members and won a bronze medal in Worksite Safety at the National Skills Canada Competition in Edmonton in June.

Our training focus in 2001 was on confined spaces and on safety committees.

Workers who work in confined spaces are more likely to be exposed to serious hazards such as entrapment or asphyxiating fumes.

Safety committees put into practice the principle that labour and management must work together to solve occupational health and safety issues.

We also organized four seminars with over 100 participants: Target Risk, the Foreman's Safety Conference, Due Diligence, and Safety Committees Best Practices.

Activity

37 educational courses	345 participants
4 educational seminars	117 participants
Consultations by phone & email	629
Site visits	74
Occupational health investigations	13

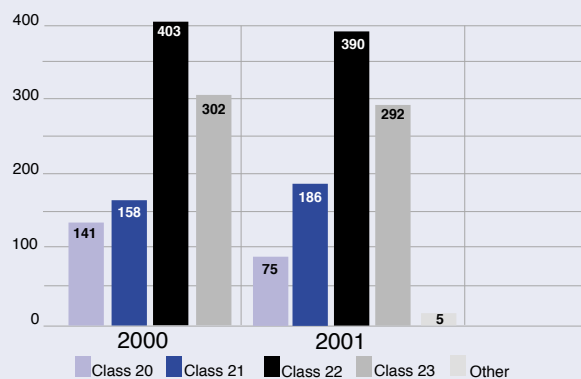
Total number



Target Risk with Dr. Gerald Wilde

In February, we hosted a seminar with Dr. Gerald Wilde, an international specialist on safety and risk management. Dr. Wilde held two public information sessions—one on risk theory and evidence and another on applications to safety and health. Wilde is best known for his book **Target Risk** in which he puts forward his theory of risk homeostasis. According to the theory, individuals develop a personal target of how much risk they find acceptable. A person's behavior will tend to maintain risk exposure at that target level.

ACCEPTED CLAIMS BY CLASS



Classes

20 - Resources and trucking • 21 - Construction
22 - Services • 23 - Government

Inspections and Compliance

Inspections and compliance organized two information mail outs in 2001—one on first aid requirements and another on scaffolding requirements. Our safety officers also spent 600 hours consulting with workers, supervisors and employers, applying a pro-active approach to safety in the workplace.

In general, our safety officers were pleased to notice an increase in safety compliance at Yukon placer mining worksites in 2001.

We encourage Yukon employers and workers to call us if they have any difficulty understanding the requirements of the safety regulations. For the busiest months of the year (May to September), we have a duty officer in the building during

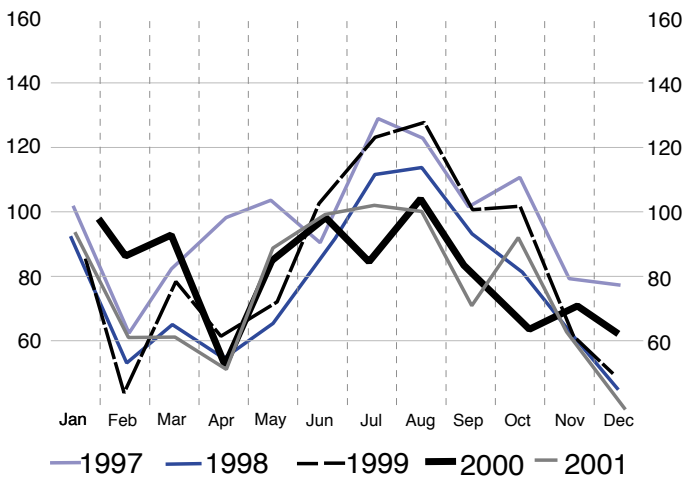
business hours to answer employers' and workers' telephone calls and assist them with compliance. Anyone requiring 24-hour emergency customer service can also contact our emergency stand-by officer at 667-5450.

This year we developed a comprehensive procedures manual to guide our safety officers through all aspects of their duties. A new internal reporting and master inspection log system was implemented to aid in tracking data and statistics.

Partnership activities included building our working relationship with federal safety officers and working with the Department of Indian Affairs and Northern Development to develop a mine safety protocol.



CLAIMS BY MONTH OF OCCURRENCE

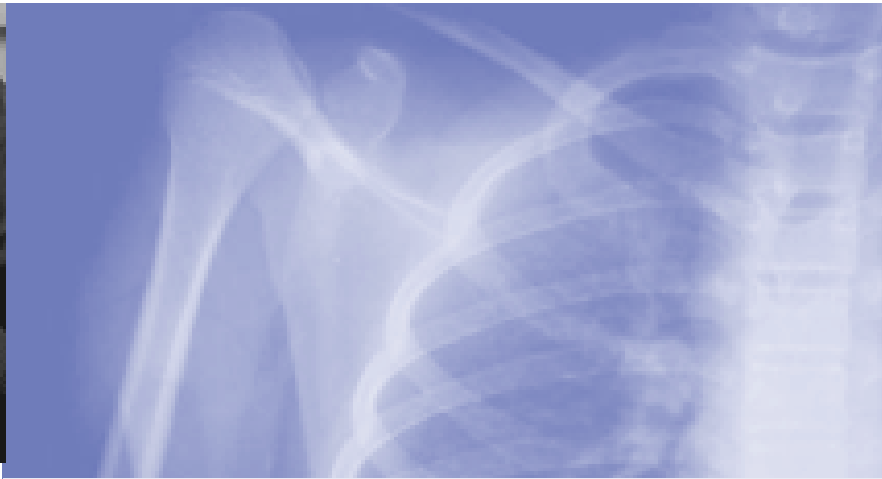


Activity

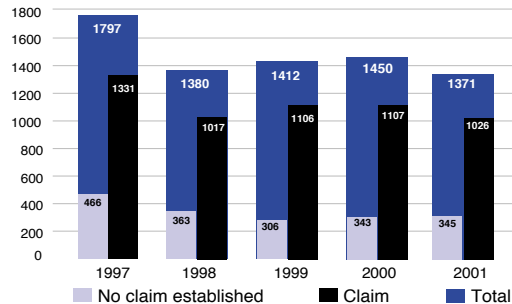
Total number

Worksite inspections	475
Occupational health inspections	69
Serious injury or serious accident investigations	39
Other investigations	49
Consultations	592
Safety program evaluation	30
Sanctions	8 warning letters
	0 penalty levies
Prosecutions	1

Note: We have expanded the way we report safety training and education, and inspections and compliance statistics from the methodology used in previous annual reports. Previously, these two units' statistics were grouped together. We have now separated the two units' activities and added more detail to the activity descriptions.



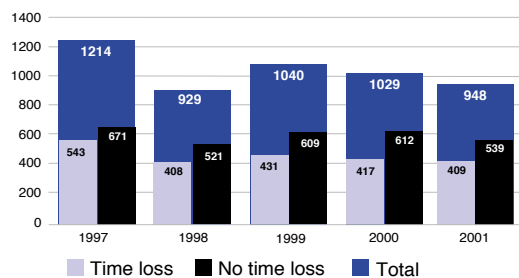
INCIDENTS REPORTED



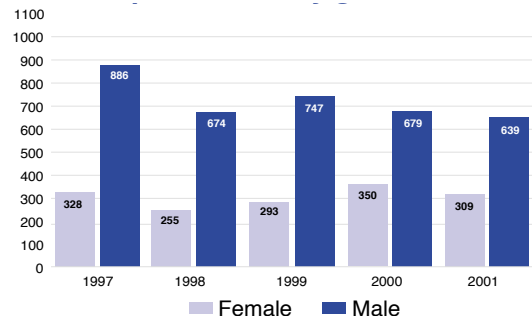
CLAIMS BY DECISION STATUS



TIME LOSS/NO TIME LOSS ACCEPTED CLAIMS



ACCEPTED CLAIMS BY GENDER



Incidents

An incident is any injury or illness reported to the YWCHSB by a worker, employer or physician. Not all incidents result in the establishment of a claim.

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.

Note: Previous year statistics are revised as of January 31, 2002. Some of the numbers provided in the 2000 annual report will have changed in this report. These changes occur because of appeal decisions; because some new evidence or information was received; or because an award was given for permanent impairment of function.



SOURCE OF INJURY FOR ACCEPTED CLAIMS

Chemicals & chemical products	28
Containers	86
Furniture & fixtures	38
Machinery	61
Parts & materials	122
Persons, plants, animals & minerals	220
Structures & surfaces	104
Tools, instruments & equipment	114
Vehicles	37
Other sources	137
Unknown	1
Total	948

TYPE OF ACCIDENT FOR ACCEPTED CLAIMS

Assaults & violent acts	17
Bodily reaction & exertion	396
Contact with objects & equipment	318
Exposure to harmful substances or environments	87
Falls	99
Fires & explosions	0
Transportation accidents	20
Other events or exposures	10
Unknown	1
Total	948

NATURE OF INJURY FOR ACCEPTED CLAIMS

Infectious & parasitic diseases	3
Multiple diseases, conditions & disorders	0
Neoplasms, tumors & cancer	6
Symptoms, signs & ill-defined conditions	23
Systemic diseases & disorders	85
Traumatic injuries & disorders	745
Other diseases, conditions & disorders	5
Nonclassifiable	78
Unknown	3
Total	948



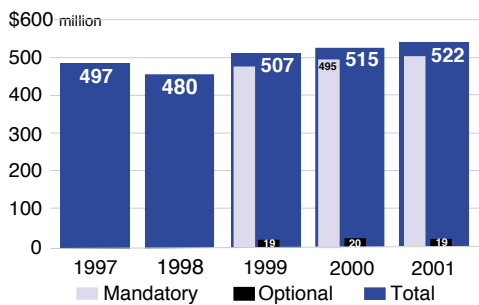
PARTS OF THE BODY AFFECTED FOR ACCEPTED CLAIMS

	2000	2001
Body systems injuries	31	17
Head injuries-		
Hearing loss related		
Noise induced	34	27
Other hearing loss related	1	0
Total hearing loss related	35	27
Other head injuries	114	111
Head injuries Total	149	138
Neck injuries	14	28
Upper extremity injuries (arm, hand, finger)	302	269
Multiple body parts injuries	49	43
Trunk injuries (chest, back, shoulder, abdomen)	346	295
Lower extremities injuries (leg, foot, toes)	131	148
Other body parts	7	8
Nonclassifiable	0	0
Unknown	0	2
Total	1029	948

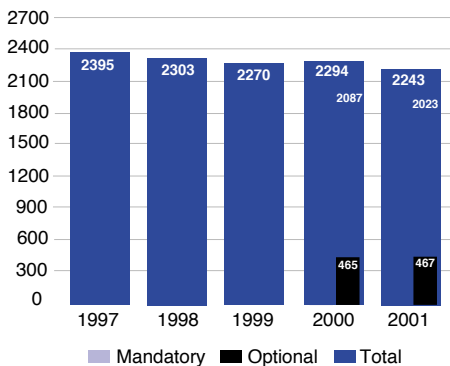
*For the 2000 & 2001 annual reports, the reporting includes additional detail for head injuries (to break out hearing loss claims).



ASSESSABLE PAYROLL REPORTED



EMPLOYERS REGISTERED



Definitions: An "employer" is an individual operating in one or more industries. One employer may have many businesses.
 Note: The sum of mandatory and optional employers does not equal employers since an employer with mandatory coverage may also have optional coverage and vice versa.

Assessment Premiums

Assessments are the premiums employers pay for workers' compensation coverage. Assessment premiums are calculated using payroll amounts and subcontractor information, together with the premium rate that has been established for that industry classification.

Investments provide just over 50% of the YWCHSB's income, the rest is provided by employers' assessment premiums.

Assessment premium rates are set by looking at the claims cost of your entire industry classification. Our actuaries calculate assessments to cover the current and future costs of injuries in your industry. This means that if a worker is injured on your job site, your premiums will not automatically rise. Only if the claims costs of your entire industry classification group go up will you see an increase. You can keep the assessment premiums of your industry low by preventing workplace injuries and illnesses.

What do employers get for their assessment premiums?

Protection from lawsuits

Under workers' compensation legislation, workers give up their right to civil action against employers and co-workers in return for guaranteed compensation.

related injuries and illnesses, provides survivor benefits and permanent impairment awards, and supports return to work.

No-fault insurance

The YWCHSB does not consider who is at fault when determining benefits.

Prevention and safety programs

The YWCHSB provides training and education programs that help employers and workers prevent injuries and illnesses from happening at their worksite.

Workplace insurance benefits

Workers' compensation coverage replaces lost earnings, covers healthcare costs resulting from work-

Return to work

The YWCHSB helps workers get effective health care and return to work.



2001 Service Improvements

Employers

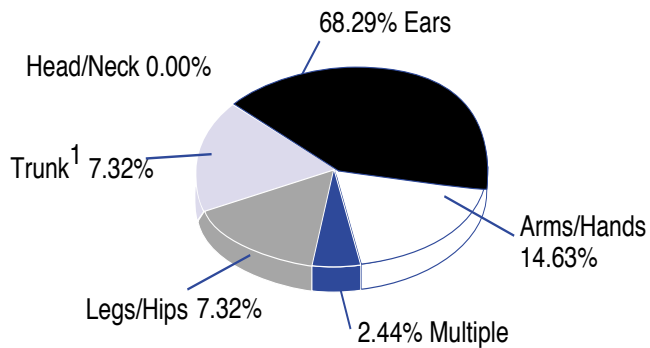
- We have a stand-by safety officer available 24 hours a day, ensuring clients access to around-the-clock emergency service.
- For the busiest time of the year (May to September), we have an inspections and compliance duty officer available during business hours, to answer clients' compliance inquiries.
- In January and February, we offered free, drop-in employer payroll return (EPR) clinics in the communities and in Whitehorse to employers who needed help filling in their EPRs.
- Our service teams introduced themselves, and the full range of our services, to over 300 Yukon employers and their employees during on-site visits.
- We offered employers the option of monthly reporting, as well as yearly reporting.
- Assessment premiums can now be paid by MasterCard, as well as Visa.

Workers

- Our rehabilitation counsellors received training in Myers-Briggs personality typing and can now offer this service to clients requiring vocational rehabilitation services.
- Information available in our public register (e.g. policies, appeal decisions, annual reports) can also be accessed on-line on our website at www.wcb.yk.ca.
- Our "Notice to Workers" poster clearly outlines what to do when you are injured at work. It was mailed to every employer registered with the YWCHSB and must be posted in every Yukon workplace.



PERMANENT IMPAIRMENT AWARDS BY BODY PARTS



¹ Includes back, shoulders, & abdomen

Accepted claims—
fatalities/permanent
impairment awards

FATALITIES 0
PERMANENT
IMPAIRMENT
AWARDS 41



Stakeholder Survey

In 2001, the Yukon Bureau of Statistics conducted a stakeholder survey of:

- workers who recently experienced a workplace injury and dependants,
- employers registered with the YWCHSB, and
- YWCHSB staff.

The main purpose of the survey was to give us information on our level of service and to reveal opportunities for improvement. The survey also asked questions about workplace safety and employers' and workers' general awareness of YWCHSB programs. The staff survey focussed on quality perceptions, such as quality of supervision, and the work environment.

The Yukon Bureau of Statistics conducted the surveys in the spring and summer of 2001. Survey data quality is of a high level due to the number of respondents—over 1,130 employers and nearly 780 workers were interviewed. These survey results will lead to service improvements in 2002 and beyond.

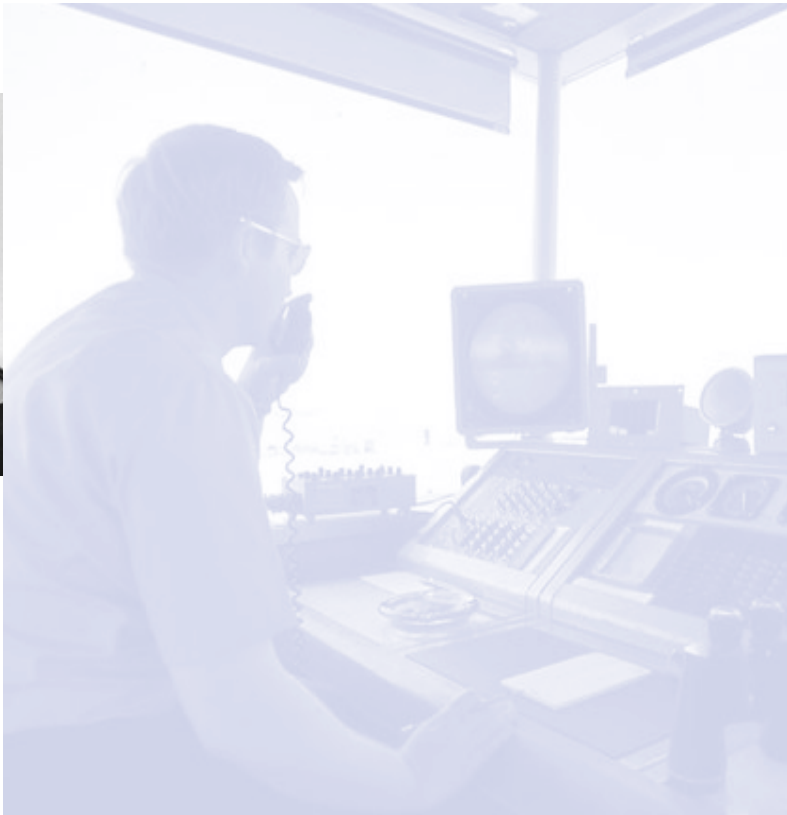
In the survey results, all three stakeholder groups show predominately positive perceptions of our programs, services and outcomes.

Workers who had been clients of the YWCHSB rated the overall service quality at over 70 points out of 100. Friendliness and courtesy of the staff rated even higher at nearly 80. The survey also clearly outlines the expectations that workers have for timeliness. A majority of workers see a timeframe of 30 days or less as a reasonable amount of time for processing a claim.

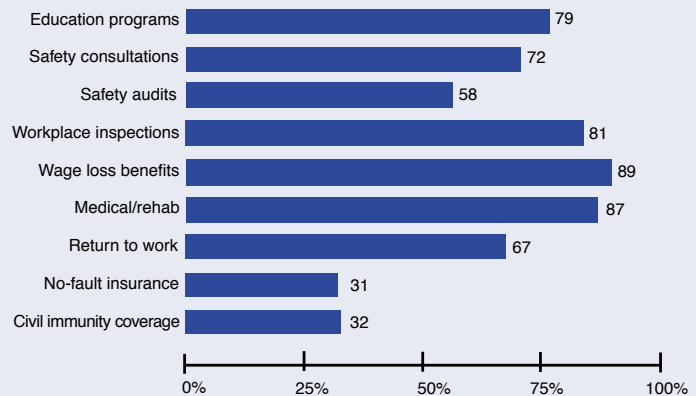
Employers also had positive responses about their interaction with the YWCHSB and the majority indicated that our level of service met their expectations. However the survey shows that employers have low levels of awareness of the effectiveness of YWCHSB services such as those provided to workers.

Some of the strongest results in the survey are in staff satisfaction with their work environment. Over 90% of our staff believe the YWCHSB is true to its vision and mission, that units produce good work, and that they receive the training they need to do their job. An overwhelming 97% said they like their job.

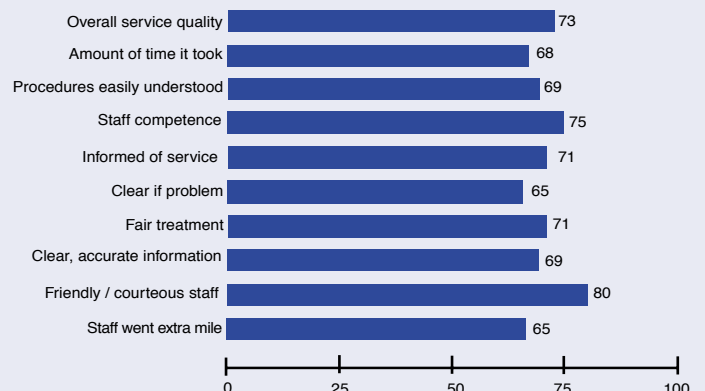
Anyone interested in getting a copy of the stakeholder survey results can pick them up at the YWCHSB building or download them from our website.



EMPLOYER AWARENESS OF YWCHSB PROGRAMS AND SERVICES (% AWARE)



WORKERS' PERCEPTION OF QUALITY OF A RECENT YWCHSB SERVICE (SATISFACTION INDEX MAX = 100)





Events and Community Visits

In 2001, our service teams made community visits to Watson Lake, Teslin, Haines Junction and Dawson City. The service teams also visited over 300 Yukon work sites and introduced employers and employees to the full range of services we offer.

Saturday, April 28 was the Annual Day of Mourning for workers who have been killed or injured on the job. We worked together with the Yukon Federation of Labour to publicize the day of mourning and the federation organized an event on April 27 in the Elijah Smith building in Whitehorse.

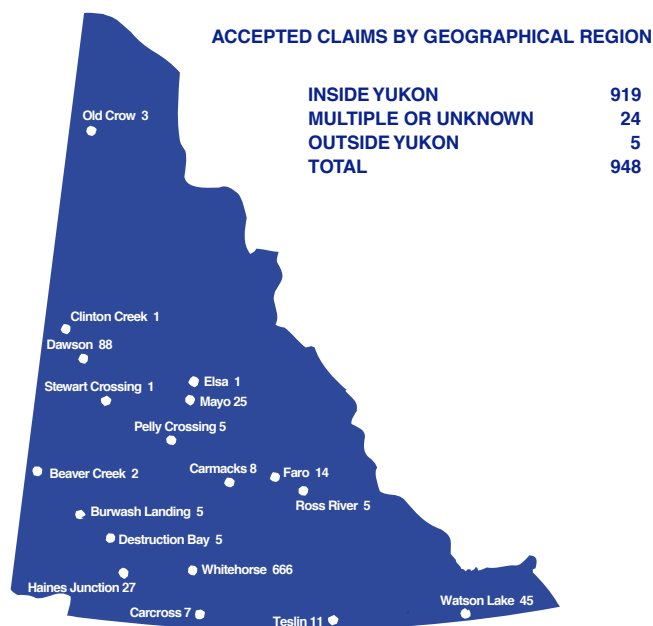
During North American Occupational Safety and Health Week we ran an awareness campaign emphasizing the importance of safety at work.

For the Lion's Trade Show in Whitehorse, we developed a display on the connection between stress and back pain. The public was invited to take a four-question survey to determine their susceptibility to back problems and we provided material and demonstrations on proper lifting techniques.

Our annual meeting was held on September 12 and 13. A summary of the meeting is posted on our website or can be picked up at our office.

Tourism Industry Association Presentation

The Tourism Industry Association invited us to do a presentation at their annual meeting in Haines Junction on April 20. Our presentation included an overview of the workers' compensation and occupational health and safety system, information on the most common injuries in the retail and hotel industries and how to prevent them, and an introduction to our service teams and the services we provide.



Managing Information Well

Information systems provides technological support, statistical analysis and records management to the YWCHSB. In addition to our daily support role, we provided direct support to a number of corporate initiatives in 2001.



Some 2001 initiatives:

- Enhanced support for handling Visa and MasterCard in the assessment system.
- Added functions to the assessment system to enable employers to report payroll on a monthly basis.
- Provided data to enable the stakeholder surveys (employers and workers) to be completed.
- Supported the new interest policy by providing impact analysis and identifying eligible claims.
- Designed and developed a new occupational health and safety activity tracking system.
- Continued development of national statistics as part of the Association of Workers' Compensation Boards of Canada key statistical measures project.
- Provided background statistics for the young worker safety campaign.
- Provided claims information on the hospitality industry for presentation to the Tourism Industry Association.



Records Unit

Our records unit provides release of information services to workers and their dependants, employers, the workers' advocate, ombudsman, Board of Directors, and the Workers' Compensation Appeal Tribunal. In 2001, the unit coordinated 304 information releases, maintaining a turn-around time of 10 working days per file.

In 2001, the records unit continued to implement the standard records management classification system. This includes converting records from previous filing systems, implementing changes to the classification system, and identifying vital and Access to Information and Protection of Privacy Act sensitive records.

Requests for release of information

	2001	2000	1999
Worker or dependant	35	39	32
Employer	1	1	0
Workers' advocate	224	238	165
Ombudsman	0	0	0
Release under the Access to Information & Protection of Privacy Act	1	0	3
Appeal panel counsel	0	1	20
Workers' Compensation Appeal Tribunal	30	9	n/a
Other (i.e. Inter-jurisdictional Agreement Reviews)	13	13	
Total	304	301	226



Reviews and Appeals

The Workers' Compensation Act and the Occupational Health and Safety Act provide workers and employers with the right to appeal decisions made by the YWCHSB.

Claim appeals are heard by the hearing officer, and if the appellant is not satisfied with that decision, it may be appealed to the Workers' Compensation Appeal Tribunal. Only in cases where the appeal tribunal does not have jurisdiction, will an appeal panel of the board hear a compensation claim appeal.

Assessment and occupational health and safety appeals are heard by an appeal panel, made up of one employer representative and one worker representative from the Board of Directors, as well as the chair.

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

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 or the lack of an order.
- Decisions made by an adjudicator on a worker's claim for compensation.

Workers have the right to appeal:

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

Hearing Officer

Reviews	2001	2000
Notice of Claim Reviews (NCRs) received	46	28
NCRs withdrawn by the appellant	17	5
NCRs rejected (no jurisdiction)	1	1
Review pending	6	2
Review postponed at the request of the appellant	2	0
Review heard	20	20
Decisions reviewed	20	21
Decisions confirmed	10	10
Decisions reversed	5	9
Decisions varied	3	2
Pending	0	0
No jurisdiction	2	0



Appeal panel

Occupational Health and Safety Appeals	2001	2000
Appeals registered	2	3
Appeals withdrawn by the appellant	0	0
Appeals pending	0	0
Appeals heard	2	3
Decisions reviewed	2	3
Decisions confirmed	0	2
Decisions reversed	2	0
Decisions varied	0	1
Decisions pending	0	0
Assessment Appeals		
Appeals registered	3	1
Appeals withdrawn by the appellant	0	0
Appeals pending	1	0
Appeals heard	2	0
Decisions reviewed	2	1
Decisions confirmed	0	1
Decisions reversed	1	0
Decisions varied	1	0
Decisions pending	0	0
Claims Appeals		
Appeals registered	1	0
Appeals withdrawn by the appellant	0	0
Appeals pending	0	0
Appeals heard	1	0
Decisions reviewed	1	0
Decisions confirmed	0	0
Decisions reversed	1	0
Decisions varied	0	0
Decisions pending	0	0

Note: We have changed the way we report appeal statistics from the methodology used in previous annual reports. Previously, appeals were accounted for in the year they were heard. In this report and in the future, reviews, appeals and decisions will be accounted for in the year that the review was received and the appeal was registered. This methodology is similar to the one used for reporting claim statistics. Previous year statistics will be revised as of January 31 of every year. Some of the numbers provided in previous annual reports will change in subsequent reports. These changes occur because pending or postponed reviews and appeals will have occurred.



Policy Working Group

A policy working group—comprised of members of the workers' and employers' advisory committees, the Board of Directors and administration—was established in 2001. This group worked on developing a draft policy framework—the omnibus policy framework—that outlines guiding principles and values for policy development on compensation claims. The work of this group informed the drafting of policy CL-35 Loss of Earnings Benefits, which went to public consultation in 2001.

Public consultations

Two policies went to public consultation in 2001: CL-52 Payment of Interest on Compensation Benefits and CL-35 Loss of Earnings Benefits.

The draft interest policy was open to public comment from August 22 until October 2. A policy information session originally scheduled for September 11 required rescheduling to October 2, when all government buildings were closed due to the events of that day. Subsequently, the deadline for submitting

comments was moved from the original deadline of September 30 to October 2. The board received two submission on the draft policy.

The draft loss of earnings benefits policy was open to public comment from November 2 until December 15. The board received 10 submissions on the draft policy. A consultation document outlining the submissions received is available on our website or for pick up at our office.



Board Policies Approved or Amended in 2001

- BD-04 Policy Development Process
- CL-52 Payment of Interest on Compensation Benefits
- GC-05 Reviews and Appeals (Amended)

The implementation of clause G (b) of interim policy CL-35 Average Weekly Earnings was suspended by the Board of Directors for the year 2001 and until February 28, 2002.

Board Policies Revoked in 2001

The CL-35 application document was revoked in 2001.

Board Orders Approved or Amended in 2001

- 2001- 01 Appeals Rules of Procedure
- 2001- 02 Maximum Wage Rate 2002
- 2001- 03 Maximum Assessable Earnings 2002

You can find the YWCHSB's policies and orders on our website or in our library. If you would like to have a copy of a policy or order mailed to you call 867-667-5645 or 1-800-661-0443 (toll free).

Occupational health and safety regulation review update

In 2001, draft three of the general safety, mine safety and blasting regulations was reviewed by an internal committee. The final draft of the regulations developed by this committee will be presented to the Board of Directors in spring 2002. Final approval of the regulations will be at the discretion of cabinet.

Our Employees: A Part of the Community

Our employees are strong contributors to the northern community. In 2001, they volunteered for a wide variety of events, fundraisers, non-profit societies and community organizations including:

Active Living Program
Annual Litter Challenge
Bike Safety Rodeo
The Big Band
Breast Cancer Awareness Month
Canadian Cancer Society
Canadian Parks and Wilderness Society—Yukon Chapter
Christmas Adopt-A-Family Program
Circle of Hope Breast Cancer Support Group
Coronary Health Improvement Project
Fireweed Montessori Preschool
Frostbite Music Festival
Heart and Stroke Foundation
Klondike Road Relay
Klondike Toastmasters
Lions Clubs
Look Good—Feel Better Foundation
Oldtimers' Hockey
Polarettes Gymnastics Club
Rendezvous Pancake Breakfasts
Rotary Club—Whitehorse
Rotary Music Festival
Run for Mom
St. John Ambulance
Sundog Toastmasters Club
Suzuki Strings Association Yukon
United Way of Yukon
Whitehorse Community Choir
Whitehorse Cross Country Ski Club
Whitehorse Minor Hockey
Whitehorse Women's Hockey
Yukon Environmental Training Trust Fund
Yukon Indigenous Games Team
Yukon Music Camp Society
Yukon Northwestel Loppet
Yukon Outdoors Club

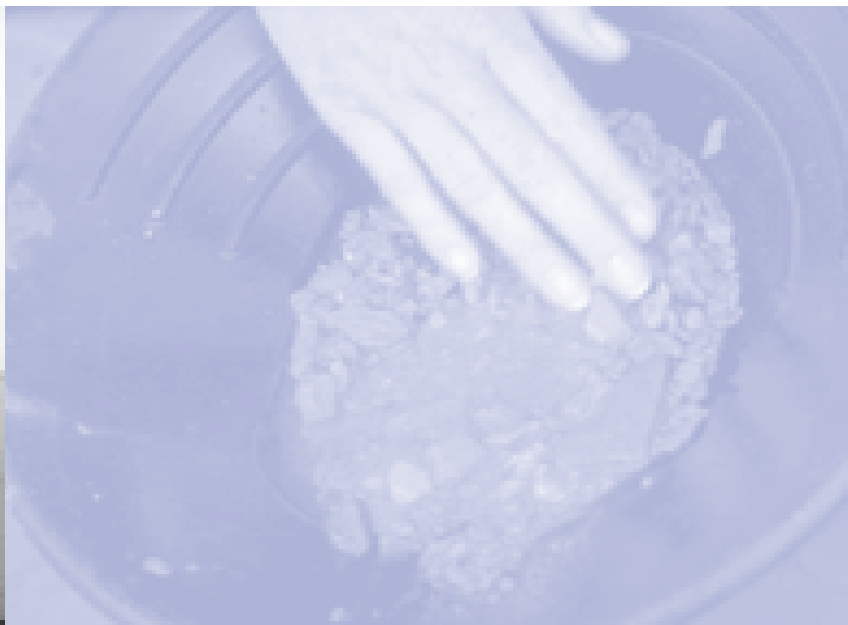


Whitehorse Star Photo

United Way of Yukon Annual Breakfast

In 2001, our staff hosted for the second year the United Way of Yukon Annual Breakfast. This year we moved the event to the main floor of the YTG building so we could serve more people. It worked! Over 500 people came for breakfast and over \$7,000 was raised for the United Way. Big thanks go to

Government Services and to Linda Ellerton and the cafeteria staff for helping us put together such a successful event. Special thanks go to CBC and CKRW radio for providing live coverage of the event and to CBC radio for organizing the entertainment.



Learning, Growth and Development

Our staff's growth and development is a vital component of our corporate culture at the YWCHSB. Our learning objectives are to:

- Provide staff with the skills to consistently deliver respectful, compassionate, quality service to our clients.
- Ensure staff are able to function effectively in a team environment.
- Provide staff with skills for maintaining personal security in the work environment.
- Train new staff in key areas, and refresh the knowledge of existing staff.
- Ensure managers acquire the leadership skills to effectively contribute to organizational goals.

In 2001, all staff and managers received advanced training in performance planning and review. Managers received additional training in performance management. An additional eight staff members received an orientation to strategic planning and participated in the review and update of our strategic plan.

Five staff members completed coursework in the Leadership in Quality Customer Service program in 2001. Three staff members from rehabilitation services gained the qualifications to offer the Myers-Briggs Type Inventory test to clients. The three service teams and the resource team participated in five in-house training workshops on team building and service

delivery.

Specialized training in adjudication and investigation of claims was delivered to claimant service employees by a senior adjudicator from the British Columbia Workers' Compensation Board. Three staff members also participated in on-the-job training as benefit entitlement clerks.

Seven employees enrolled in college or university programs leading to diplomas in Disability Case Management, Occupational Health and Safety, Canadian Registered Safety Professional, Records Management and Business Administration. We also had one employee complete the academic requirements in the Ryerson University

Occupational Health and Safety Program. Our prevention consultant achieved Certified Health and Safety Consultant designation from the Canadian Society of Safety Engineering.

Two employees continued coursework leading to professional accounting designations. One senior manager completed the Yukon Government Leadership Forum and is currently serving as an executive coach for Yukon government personnel. Our director of human resources attended the Queen's University executive human resource program.



Our Core Values

Commitment

Our daily actions reflect our vision and mission.

Quality of Service

We provide effective, timely and efficient services.

Communication

We actively listen and provide clear feedback.

Integrity

We are honest, ethical and fair.

Trust

We demonstrate sensitivity, fairness 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.

Financial Statements

Our year 2001 financial statements will be available at the beginning of July 2002. 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

**Yukon Workers'
Compensation
Health and Safety Board**

**Audited Financial Statements
2001**



**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, 2001, 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.

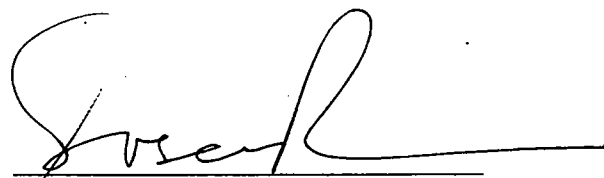
Board members (the Board) are responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board exercises its responsibilities through the Finance, Investment, and Audit Committee. The Finance, Investment, and Audit Committee has reviewed the 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



Susan J. Ryan, CMA
Vice President, Operations

March 22, 2002

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, 2001, for the purpose of providing input to the Balance Sheet of the Fund at December 31, 2001.

Our estimate of the benefits liability of \$78,174,000 represents the actuarial present value at December 31, 2000 of all expected payments which will be made in future years and which relate to claims occurring on or before December 31, 2001.

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.

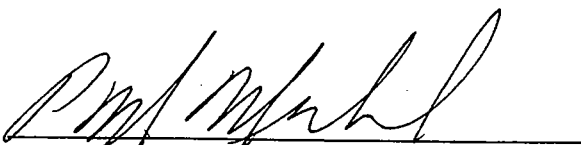
Our valuation was based on the provisions of the Yukon Workers' Compensation Act in effect as of December 31, 2001, the current practices and administration procedures of the Yukon Workers' Compensation Health and Safety Board and historical claims experience.

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

March 22, 2002



AUDITOR'S REPORT

To the Honourable Sue Edelman
Minister responsible for the Compensation Fund (Yukon)

I have audited the balance sheet of the Compensation Fund (Yukon) as at December 31, 2001 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, 2001 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, proper books of account have been kept, the financial statements are in agreement therewith and the transactions of the Compensation Fund that have come to my attention 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.

A handwritten signature in cursive script that reads "Ron Thompson".

Ronald C. Thompson, CA
Assistant Auditor General
for the Auditor General of Canada
Ottawa, Canada
March 22, 2002

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

	<u>2001</u> <u>(\$000s)</u>	<u>2000</u> <u>(\$000s)</u>
Assets		
Accounts receivable (note 3)	\$ 216	\$ 260
Investments (note 4)	136,874	137,475
Capital assets (note 5)	<u>3,284</u>	<u>3,349</u>
	<u>\$ 140,374</u>	<u>\$ 141,084</u>
 Liabilities and Reserves		
Bank overdraft	\$ 75	\$ 382
Accounts payable (note 3)	2,575	1,811
Benefits liability (note 6)	<u>78,174</u>	<u>80,792</u>
Total liabilities	80,824	82,985
Reserves (note 7)	<u>59,550</u>	<u>58,099</u>
	<u>\$ 140,374</u>	<u>\$ 141,084</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
Dale Schmekel

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

	2001 (\$000s)	2000 (\$000s)
	<u>Total</u>	<u>Total</u>
Revenue		
Assessments	\$ 7,165	\$ 6,814
Investment (note 4)	9,004	10,982
Recoveries and miscellaneous	412	805
	<u>16,581</u>	<u>18,601</u>
Expenses		
Claims expenses (note 6)	17,548	14,257
Administration and prevention (note 11)		
Administration	5,464	4,945
Occupational health and safety	952	896
Workers Advocate office	309	195
Appeal Tribunal office	194	144
Total expenditures	<u>24,468</u>	<u>20,437</u>
Operating deficit for the year	(7,887)	(1,836)
Effect of change in assumptions (note 6)	9,337	-
Final operating surplus (deficit)	1,450	(1,836)
Reserves, beginning of year	58,099	59,935
Reserves, end of year (note 7)	<u>\$ 59,549</u>	<u>\$ 58,099</u>

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

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

	<u>2001</u> <u>(\$000s)</u>	<u>2000</u> <u>(\$000s)</u>
Cash flows from operating activities		
Cash received from:		
Employers, for assessments	\$ 6,783	\$ 5,573
Recoveries and miscellaneous	821	1,077
Investment revenue	8,686	12,250
	<u>16,290</u>	<u>18,900</u>
Cash paid to:		
Claimants or third parties on their behalf	(10,764)	(7,754)
Suppliers, for administrative and other goods and services	(6,143)	(5,676)
	<u>(16,907)</u>	<u>(13,430)</u>
Cash (used in) provided by operating activities	<u>(617)</u>	<u>5,470</u>
Cash flows from investing activities		
Sales and maturities of investments	156,043	145,706
Proceeds on disposal of capital assets	1	1
Purchases of investments	(154,648)	(151,163)
Purchases of capital assets	(472)	(380)
	<u>924</u>	<u>(5,836)</u>
Cash provided by (used in) investing activities	<u>924</u>	<u>(5,836)</u>
Net increase (decrease) in cash	307	(366)
Bank overdraft, beginning of year	(382)	(16)
Bank overdraft, end of year	<u>\$ (75)</u>	<u>\$ (382)</u>

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

Compensation Fund
Notes to Financial Statements
December 31, 2001

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.

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.

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.

(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.

2. Significant Accounting Policies (continued)

(b) Allocation of reserves (continued)

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.

(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.

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.

2. Significant Accounting Policies (continued)

(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 development	3 years

(h) Employee future benefits

Under the 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 pro-rated on service. The remainder was calculated assuming all employees would receive the benefits on valuation date.

(i) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect 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

	2001 (\$000s)	2000 (\$000s)
Receivable		
Assessments	\$ 184	\$ 194
Other receivables	32	66
	<u>\$ 216</u>	<u>\$ 260</u>
Payable		
Government of Yukon	\$ 867	\$ 275
Other payables	1,708	1,536
	<u>\$ 2,575</u>	<u>\$ 1,811</u>

4. Investments and investment revenue

	2001 (\$000s)		2000 (\$000s)	
	Carrying Value	Market Value	Carrying Value	Market Value
(a) Fixed-term securities				
Federal Bonds	\$ 73,452	\$ 74,527	\$ 65,315	\$ 67,188
Provincial Bonds	22,794	23,834	37,030	37,626
Corporate Bonds	35,087	36,120	28,170	28,306
	<u>\$ 131,333</u>	<u>\$ 134,481</u>	<u>130,515</u>	<u>133,120</u>
Equities				
Canadian	10,245	9,926	9,787	10,525
United States	1,355	1,091	1,410	1,200
Overseas	1,802	1,424	1,777	1,685
	<u>13,402</u>	<u>12,441</u>	<u>12,974</u>	<u>13,410</u>
Cash and short-term investments				
Cash	1	1	3	3
Treasury Bills	2,363	2,363	3,959	3,959
Accrued interest income	1,313	1,313	1,577	1,577
	<u>3,677</u>	<u>3,677</u>	<u>5,539</u>	<u>5,539</u>
Custodial and investment management fee accrual	(83)		(141)	
Deferred investment gains	(11,455)		(11,412)	
	<u>\$ 136,874</u>	<u>\$ 150,599</u>	<u>\$ 137,475</u>	<u>\$ 152,069</u>

4. Investments and Investment Revenue (continued)

	2001 (\$000s)	2000 (\$000s)
(b) Deferred investment gains		
Balance, beginning of year	\$ 11,412	\$ 13,660
Realized net gains for the year	1,125	(1,407)
Amortization	(1,082)	(841)
Balance, end of year	<u>\$ 11,455</u>	<u>\$ 11,412</u>
(c) Investment Income		
Fixed-term investments	\$ 7,914	\$ 7,861
Equity investments	427	2,624
Short-term investments	5	2
Less: Investment fees	(424)	(346)
	<u>7,922</u>	<u>10,141</u>
Amortization of investment gains	1,082	841
Investment Income	<u>\$ 9,004</u>	<u>\$ 10,982</u>

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

2002	1,213
2003	1,005
2004	922
2005	825
2006 to 2032	7,490
	<u>\$ 11,455</u>

The fixed-term investments mature as follows:

1 to 5 years	\$ 61,397
6 to 10 years	40,270
11 to 20 years	10,104
More than 20 years	19,562
	<u>\$ 131,333</u>

The weighted average interest rate for fixed-term securities at December 31, 2001 is 6.85% (2000-8.35%).

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 equity investments in February 2002. This disposition resulted in a \$1,076,000 loss, and this loss will be deferred and amortized over five years. New equity managers were appointed and the new managers have reinvested in different equities.

4. Investments and Investment Revenue (continued)

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. Investments in US\$ total \$2,073,482 (2000 - \$2,202,585).

Interest Rate Risk Management

Fluctuations in interest rates can impact the market value of the fixed-term 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>2001 Net Carrying Value (\$000s)</u>	<u>2000 Net Carrying Value (\$000s)</u>
Land	\$ 390	\$ -	\$ 390	\$ 390
Buildings	3,188	(750)	2,439	2,467
Furniture and equipment	468	(366)	102	124
Computer equipment and software development	1,668	(1,315)	353	368
	<u>\$ 5,714</u>	<u>\$ (2,430)</u>	<u>\$ 3,284</u>	<u>\$ 3,349</u>

6. Benefits Liability

	2001 (\$000s)			2000 (\$000s)	
	Medical Aid & Compensation	Pension	Annuity	Total	Total
Balance, beginning of year	\$ 56,758	\$ 21,768	\$ 2,266	\$ 80,792	\$ 74,144
Effect of change in assumptions	(7,995)	(1,342)	-	(9,337) ⁽¹⁾	
Adjusted Balance, beginning of year	\$ 48,763	\$ 20,426	\$ 2,266	\$ 71,455	\$ 74,144
Add: Claims Costs incurred:					
Current year injuries	10,038	-	-	10,038	12,571
Prior years' injuries	3,611	1,166	808	5,585	1,686
Impact of appeal decisions	1,925	-	-	1,925 ⁽²⁾	-
	<u>15,574</u>	<u>1,166</u>	<u>808</u>	<u>17,548</u>	<u>14,257</u>
Less: Claims payments made:					
Current year injuries	1,966	-	-	1,966	1,839
Prior years' injuries	7,635	1,184	44	8,863	5,770
	<u>9,601</u>	<u>1,184</u>	<u>44</u>	<u>10,829</u>	<u>7,609</u>
Balance, end of year	<u>\$ 54,736</u>	<u>\$ 20,408</u>	<u>\$ 3,030</u>	<u>\$ 78,174</u>	<u>\$ 80,792</u>

⁽¹⁾ Every three years, the methods and assumptions used to value the benefits liability are reviewed by the board's consulting actuary. As part of this review, the board revised its net investment rate of return to 3.5%. (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⁾ 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 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.

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

	2001	2000
Future net investment rate of return	3.50%	3.00%
Future net increase in medical aid	2.25%	1.50%
Future net increase in compensation	2.25%	1.50%
Future net increase in rehabilitation	3.50%	3.00%

7. Reserves

	Prevention and Benefit Enhancement Reserve	
	2001	2000
	(\$000s)	(\$000s)
Balance, beginning of year	\$ 13,772	\$ 12,531
Current allocation	978	1,241
Balance, end of year	<u>\$ 14,750</u>	<u>\$ 13,772</u>

	Target Reserve				
	2001				2000
	(\$000s)				(\$000s)
	Catastrophic Claims	Adverse Claims Experience	Occupational Disease Claims	Total	Total
Balance, beginning of year	\$ 12,480	\$ 11,019	\$ 5,656	\$ 29,155	\$ 27,135
Current allocation	540	266	(184)	622	2,020
Balance, end of the year	<u>\$ 13,020</u>	<u>\$ 11,285</u>	<u>\$ 5,472</u>	<u>\$ 29,777</u>	<u>\$ 29,155</u>
Total available for reserves				\$ 59,550	\$ 58,099
Less: Prevention and Benefit Enhancement Reserve				14,750	13,772
Target Reserve				<u>29,777</u>	<u>29,155</u>
Rate Transition Reserve, end of year				<u>\$ 15,023</u>	<u>\$ 15,172</u>

8. Pension Fund

The Fund and employees of the board, who are deemed to be employees of the Government of the Yukon, make contributions to the Public Service Superannuation Plan administered by the Government of Canada. Effective April 1, 2000, the Fund's contributions will fluctuate from year to year depending on the experience of the Plan. The Fund's contributions represent the total pension obligation of the Fund and are charged to operations on a current basis. The employer's contribution is currently 2.14 times (2000 - 2.14 times) the employees' contribution. The Fund is not required to make any contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

	<u>2001</u>	<u>2000</u>
Employees' contributions	\$ 142,588	\$ 130,146
Fund contributions	304,210	246,565
Total	<u>\$ 446,798</u>	<u>\$ 376,711</u>

9. Related Party Transactions

As an agency of the Government of the Yukon, the board is related to all government departments, agencies and Crown corporations. The Compensation Fund paid the Government \$541,000 (2000 - \$556,000) for building maintenance, computer, office supplies, payroll, recruitment, vehicle and rehabilitation services. The Fund also reimbursed \$4,088,000 for payroll costs (2000 - \$3,670,000). Revenues totaled \$402,000 (2000 - \$406,000) for supplementary benefits. Occupational health and safety mine rescue expenses were not recovered in 2001 (2000 - \$330,000). 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 totaling \$2,134,804 (2000 - \$2,028,919) for post-92 claims. Pre-93 claims costs of \$380,000 (2000 - \$160,000) were reimbursed to the Fund.

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. Due to the measurement uncertainty surrounding this estimate, the actual liability relating to these diseases may be materially different than the amount allocated.

In May 2002, the *Workers' Compensation Act* was amended to raise the annual maximum wage rate used to calculate benefits to workers injured before 1993. In addition, the *Spousal Compensation Act* was assented to in May 2002 to reinstate the benefits to spouses of deceased workers, whose benefits were terminated when the spouses remarried during the period April 1985 to April 1987. The board has yet to determine the impact of these legislative changes in its claims costs, benefits liability, and reserves.

11. Administration and Prevention Expenses

	<u>2001</u> <u>(\$000s)</u>	<u>2000</u> <u>(\$000s)</u>
Salaries and benefits	\$ 4,397	\$ 3,948
Consulting and professional	523	499
Amortization	508	481
Board expenses	232	140
Automobile and travel	227	200
Communications	215	140
Computer systems	209	196
Buildings	193	187
Staffing and recruitment	154	142
General administration	97	94
Printing and publications	94	89
Supplies and stationery	42	48
Furniture and equipment	29	16
	<u>\$ 6,919</u>	<u>\$ 6,180</u>

The net expenses have been allocated as follows:

Administration	\$ 5,464	\$ 4,945
Occupational health & safety	952	896
Appeal Tribunal office	194	144
Workers' Advocate office	309	195
	<u>\$ 6,919</u>	<u>\$ 6,180</u>

12. Comparative figures

Certain comparative figures for 2000 have been reclassified to conform with 2001 presentation.