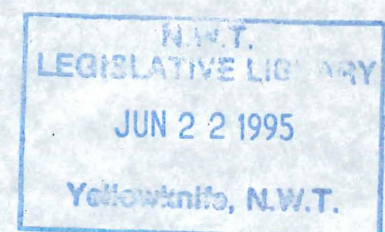


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WORKERS' COMPENSATION BOARD
Northwest Territories

EIGHTEENTH ANNUAL REPORT
1994



OUR MISSION

is to serve injured workers and employers in an effective and efficient manner by promoting accident prevention in the workplace and by providing quality rehabilitation services and fair compensation to injured workers throughout the Northwest Territories.

BOARD MEMBERS

Jeffrey G. Gilmour, Yellowknife
Chairperson
Appointed March 1, 1993

Don McNenly, Yellowknife
Appointed May 3, 1992,
Renewed May 3, 1993

Gordon Wray, Yellowknife
Appointed March 3, 1992
Renewed May 4, 1993

Fred Coman, Iqaluit
Appointed February 18, 1993

Vivian Stevely, Hay River
Appointed February 18, 1993

Tom Hoefler, Yellowknife
Appointed May 4, 1993

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WORKERS' COMPENSATION BOARD OF THE NORTHWEST TERRITORIES

Box 8888	Telephone	(403) 920-3888
Yellowknife, NT	Toll-Free	1-800-661-0792
X1A 2R3	Fax	(403) 873-4596

The Board's offices are on the 3rd and 4th floors of the Centre Square Building. Public office hours are 9:00 to 4:30, weekdays. Telephone service is available 8:30 to 5:00.

Table 11. Revenues & Estimated Costs by Class, 1992 - 1994

Industrial Class	1994	1993		1992	
	Revenue Estimated Costs (\$000)	Revenue Estimated Costs (\$000)	Revenue Estimated Costs (\$000)	Revenue Estimated Costs (\$000)	Revenue Estimated Costs (\$000)
All classes	25,016	22,912	18,976	18,985	20,486
10 Renewable Resources	369	265	429	153	199
20 Mining	7,016	5,651	5,552	4,459	7,714
30 Oil & Gas	710	789	821	837	993
40 Construction	6,090	5,394	4,114	4,600	4,418
50 Transportation & Communication Utilities	3,925	3,934	3,150	3,156	2,933
60 Trades	1,131	1,183	895	973	705
70 Services	2,307	2,189	1,733	1,827	1,675
80 Public Administration	3,469	3,506	2,283	2,979	1,848

Table 12. Historical Information - Five Year Summary, 1990-1994

	1994	1993	1992	1991	1990
Total Active Businesses:	4,702	4,430	4,514	4,558	5,121
Employers	2,889	3,150	2,913	3,392	3,613
Self employed	1,813	1,280	1,601	1,166	1,508
Claims reported	3,351	3,250	3,379	3,153	3,074
Assessment revenue (\$000)	25,016	21,653	19,105	18,510	19,714
Yearly Maximum Insurable Remuneration (YMIR) \$	47,500	47,500	47,500	40,000	40,000
Supplementary pension increases* (\$000)	0	1,470	5,647	0	0

*Cost of capitalizing pension increases which bring existing pensions to current benefit levels.

May 24, 1995

The Honourable Helen Maksagak,
Commissioner of the Northwest Territories


The Honourable John Todd,
Minister Responsible for the Workers' Compensation Board

In accordance with Subsection 61 (2) of the *Workers' Compensation Act*, it is my pleasure to present the Annual Report of the Workers' Compensation Board of the Northwest Territories for the year ending December 31, 1994, including audited Financial Statements.

Accompanying the Financial Statements is an Actuarial Opinion as to the reasonableness of the Future Pension and Future Claims Liabilities and the adequacy of the Contingency Reserve.

In addition, I have provided general statistics pertaining to the number and types of claims and related costs, employer statistics and financial schedules.

Yours truly,



J.G. Gilmour, Chairperson
Workers' Compensation Board

1994 was another productive year for the NWT Workers' Compensation Board. Although a number of global economic factors reduced our projections for investment returns, these events were offset by reduced operating costs and an increase in assessment revenues. Unlike many of our provincial counterparts in Canada, the NWT Workers' Compensation Board has managed to maintain its status as a fully-funded Board, and finished the year with a significant operating surplus. This fiscal stability was achieved in 1994 without having to increase assessment rates or legislate a reduction in benefits.

I am particularly proud of the achievements and accomplishments made possible by our Board of Directors, the management team and its staff.

All have substantially improved the way the WCB conducts its business and serves its clients. As described in our recent Corporate Plan, the organization continued to take steps in 1994 to improve the level of service offered to all of its stakeholders:

- 1) In consultation with the NWT Medical Association, other Workers' Compensation Boards, and agencies delivering medical and vocational rehabilitation services, the WCB developed an Early Intervention Model.
- 2) The Safety Incentive and Rate Reduction (SIRR) Program was introduced to all NWT employers in 1994.
- 3) The Industrial Classification System was modified in 1994 to amalgamate several subclasses and introduce a multiple-industry classification.
- 4) The WCB substantially completed a systems conversion project to hasten and improve the information provided to the Board and its clients.

WORKERS COVERED BY THE WCB

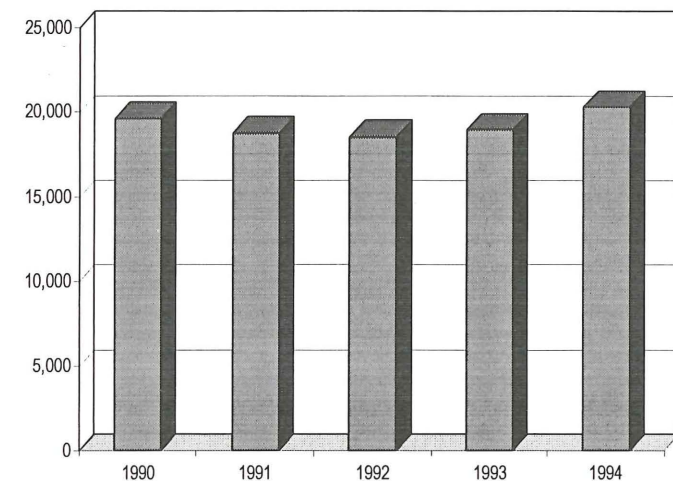


Table 10. Type of Accident, Quantity & Percentages, 1992 - 1994

	Quantity			Percentage		
	1994	1993	1992	1994	1993	1992
Totals	3,551	3,250	3,379	100.0	100.0	100.0
Abrasion	833	751	775	23.5	23.1	22.9
Struck by	618	555	644	17.4	17.1	19.1
Fall, slip	610	551	620	17.2	17.0	18.3
Over-exertion	486	446	442	13.7	13.7	13.1
Bodily reaction	351	307	348	9.9	9.4	10.3
Caught in / on	219	204	204	6.2	6.3	6.0
Temperature / noise	127	119	113	3.6	3.7	3.3
Others	122	148	96	3.4	4.6	2.8
Inhalations	47	24	43	1.3	0.7	1.3
Acts of violence	43	47	18	1.2	1.4	0.5
Highway / transport	41	45	28	1.2	1.4	0.8
Step on stationary object	29	38	23	0.8	1.2	0.7
Contact with radiation & toxins	12	5	6	0.3	0.2	0.2
Explosions	8	3	14	0.2	0.1	0.4
Contact with electricity	5	7	5	0.1	0.2	0.1

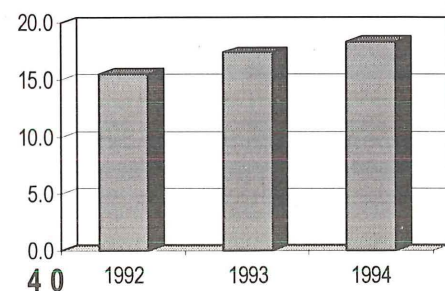
Table 10A. Cumulative Percentage of Types of Accident, 1992 - 1994

	1994	1993	1992
	%	%	%
Abrasion	23.5	23.1	22.9
Struck by	40.9	40.2	42.0
Fall, slip	58.0	57.1	60.3
Over-exertion	71.7	70.9	73.4
Bodily reaction	81.6	80.3	83.7
Caught in / on	87.8	86.6	89.8
Temperature / noise	91.4	90.2	93.1
Others	94.8	94.8	95.9
Inhalations	96.1	95.5	97.2
Acts of violence	97.3	97.0	97.8
Highway / transport	98.5	98.4	98.6
Step on stationary object	99.3	99.5	99.3
Contact with radiation & toxins	99.6	99.7	99.4
Explosions	99.9	99.8	99.9
Contact with electricity	100.0	100.0	100.0

Table 9. Nature of Injury & Percentage of Female Clients, 1992 - 1994

Nature of Injury	Quantity			% Female		
	1994	1993	1992	1994	1993	1992
Totals	3551	3250	3379	18.3	17.4	15.5
Sprains, strains	1171	1045	1054	20.0	18.9	16.9
Laceration	781	713	713	18.6	16.3	15.4
Bruising	684	597	676	20.9	20.3	14.8
Scratches, abrasions	320	288	317	7.8	8.0	7.3
Fractures	135	131	144	5.9	13.0	11.1
Burn or scald	95	73	67	34.7	27.4	26.9
Inflammation	69	56	74	30.4	25.0	31.1
Other occupational injury or illness	46	92	10	17.4	22.8	36.4
Respiratory	39	21	69	15.4	19.0	33.3
Hearing Loss, Impairment	33	24	39	6.1	0	5.1
White hands	21	23	36	0	0	0
Freezing, frostbite	18	7	5	11.1	28.6	20.0
Dislocation	17	14	14	29.4	0	14.3
Chemical burn	17	24	19	5.9	20.8	0
Hernia, rupture	12	10	16	0	10.0	6.3
Dermatitis	12	7	9	8.3	28.6	11.1
Welder's flash	11	16	6	0	0	0
Non personal	11	19	23	9.1	15.8	8.7
Concussion	10	10	9	20.0	10.0	33.3
Asphyxia	10	0	1	40.0	0	0
Amputation	9	4	3	22.2	0	0
Multiple Injuries	8	40	34	12.5	22.5	11.8
Other body system	5	6	8	20.0	33.3	25.0
Unspecified	4	7	4	0	14.3	75.0
Electric Shock / burn	4	5	1	0	20.0	0
Allergy	4	15	17	50.0	33.3	23.5
Poisoning	1	1	0	100.0	100.0	0
Heart condition	1	0	1	0	0	0
Effects of changes in atmospheric pressure	1	0	1	100.0	0	100.0
Infectious disease	1	1	9	100.0	100.0	55.6
Asbestosis	1	1	0	0	0	0

FEMALES AS A PERCENTAGE OF CLIENTS

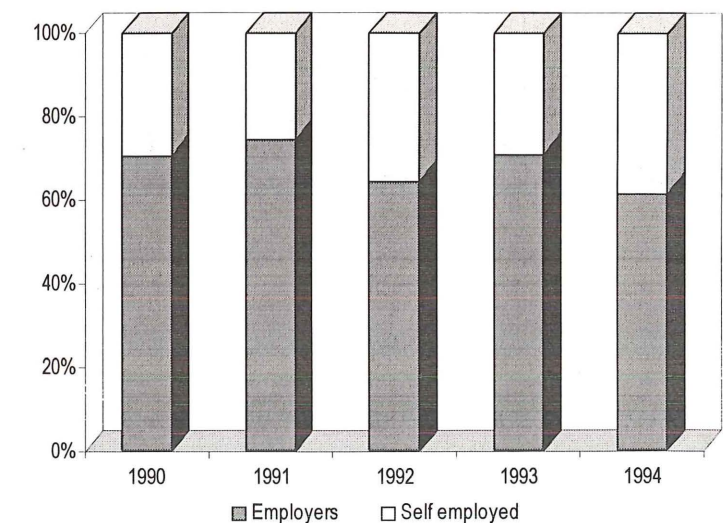


- 5) Service standards and a communications strategy were developed to improve the service to stakeholders from all WCB divisions.
- 6) The Board approved an Affirmative Action Plan and a recruitment strategy, emphasizing priority candidates. Staff orientation and training plans were re-focused to accommodate these changes.
- 7) A backlog of cases was addressed by the Appeals Tribunal last year, and it is anticipated that the interval between appeals filed and decisions rendered will soon be reduced to three months.
- 8) The WCB entered into a Memorandum of Understanding with the GNWT's Department of Renewable Resources to improve the administration and accessibility of coverage for hunters, trappers and fishers.

The NWT Workers' Compensation Board is looking forward to the geopolitical and economic challenges in the North over the coming years. The Board of Directors, management and staff are continually exploring ways and means to improve the efficiency and effectiveness of our organization in response to the demands of our clients.

I am confident we have the commitment to accomplish this goal as well as the objectives described in our three-year Corporate Plan. At the same time, we will maintain our stewardship of the Accident Fund in the best interests of the Board's stakeholders across the Northwest Territories.

COMPOSITION OF EMPLOYERS SERVED BY THE WCB, 1990 - 1994



Following restructuring in 1993, the WCB's Client Services Division was able to focus its efforts on adjudication issues and improved customer service. The result was more timely service to injured workers. Noteworthy achievements also include staff training, a review of the Act and a review of claims and rehabilitation policies.

The average Adjudicator caseload was reduced from 146 files in December 1993, to 106 files in December 1994. With more manageable caseloads, adjudicators

were able to devote time to improved client service, professional development and policy training.

The Early Intervention Claims Management Model was implemented to ensure that injured workers receive the best medical testing and treatment available. As a result of timely treatment, injured workers are recovering quicker and returning to work earlier, with less pain and disruption in their lives.

In 1993, a new philosophy was implemented for the delivery of the Rehabilitation Services program. This new philosophy, "to emphasize and promote the training on the job program," was continued through 1994. As a result, fewer files were referred for vocational rehabilitation assistance.

With continued education and co-operation, employers are now working with the Board to take back more injured workers on a graduated basis or into alternate jobs. Meanwhile, over 50 NWT employers were educated in 1994, on the benefits of Training on the Job programs.

The WCB's Rehabilitation Assistant was upgraded to become an Employment Co-ordinator, with a caseload of injured workers who are employable but require Job Search or Work Assessment assistance to return to the workforce.

CLAIMS ACCEPTED BY THE WCB, 1990-1994

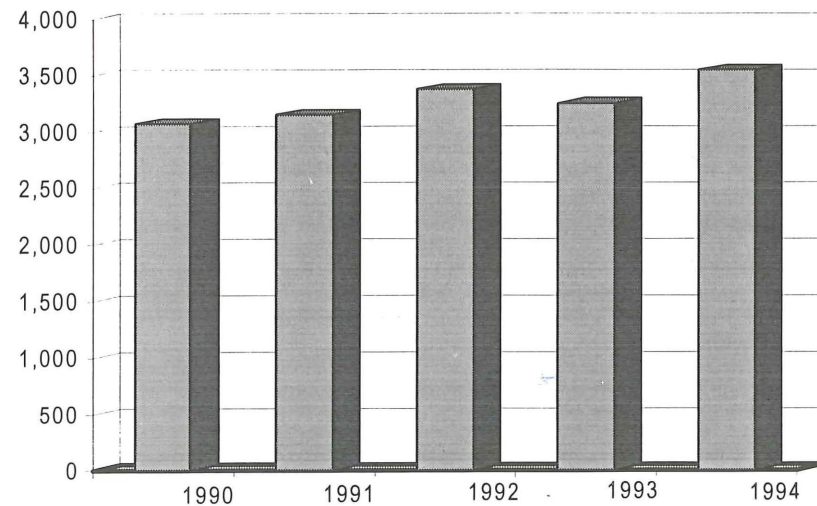


Table 7. Time Loss Back Claims As A Percentage of All Time Loss Claims

	1994	1993	1992	1991	1990
% Time Loss Back Claims	29.3	29.5	29.5	25.7	27.3
Time Loss Back Claims	326	302	336	290	357
All Time-Loss Claims	1,112	1,022	1,138	1,128	1,306

LOST TIME BACK CLAIMS AS A PERCENTAGE OF ALL TIME LOSS CLAIMS

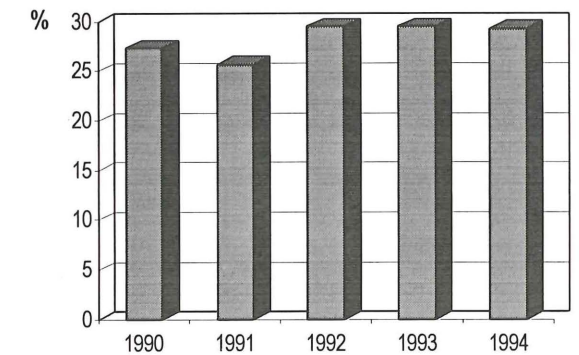


Table 8. Age Distribution of Claimants at Time of Accident, 1990 - 1994

	1994	1993	1992	1991	1990
	%	%	%	%	%
Under 25	17.1	17.6	17.3	19.6	22.8
25 - 44	61.5	62.7	62.1	63.9	61.2
45 - 64	19.0	19.2	17.5	15.3	14.5
Over 64	0.4	0.1	3.0	1.2	1.6

PROPORTION OF CLAIMS WHERE CLIENT IS UNDER 25

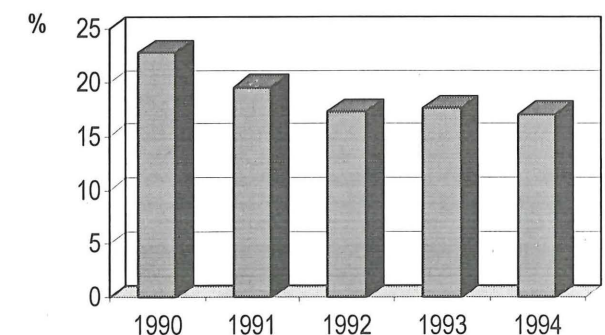


Table 6. Claims By Part of Body And Age Group At Time of Accident

	Totals	%	Age Group				Unknown
			15-24	25-44	45-64	Over 64	
Percentage of claims where age is known			17.1	61.5	19.0	0.4	n/a
Total	3,551	100	578	2,083	643	15	232
Sub-total	603	17.0	102	360	94	1	46
Ear(s)	46	1.3	5	7	11	1	22
Eye(s)	341	10.6	57	227	43	0	14
Mouth & Jaw	48	1.4	14	25	8	0	1
Nose	11	0.3	0	7	4	0	0
Face	62	1.7	13	38	10	0	1
Scalp, skull, head & Brain	95	2.7	13	56	18	0	8
Sub-total	1,242	35.0	232	716	206	6	82
Neck	66	1.9	4	42	16	1	3
Elbow	65	1.8	10	37	15	0	3
Arm	135	3.8	27	80	21	0	7
Wrist	98	2.8	19	57	15	0	7
Hand	242	6.8	49	129	37	2	25
Finger(s)	636	17.9	123	371	102	3	37
Sub-total	959	27.0	122	601	191	3	42
Abdomen	53	1.5	8	29	15	1	0
Back	649	18.3	79	418	120	2	30
Chest	68	1.9	7	35	22	0	4
Hips	25	0.7	1	20	4	0	0
Shoulder(s)	141	4.0	25	86	24	0	6
Trunk	1	0.1	1	0	0	0	0
Multiple parts, upper body	22	0.6	1	13	6	0	2
Sub-total	613	17.3	112	343	125	1	32
Thigh	46	1.3	5	30	8	0	3
Knee	177	5.0	28	94	48	0	7
Leg	93	32.6	15	49	22	0	7
Ankle	132	3.7	27	74	23	0	8
Foot	119	3.4	28	69	15	1	6
Toe(s)	46	1.3	9	27	9	0	1
Sub-total	89	2.5	8	49	19	2	11
Multiple parts	35	1.0	2	26	6	0	1
Respiratory System	48	1.4	3	21	12	2	10
Other body System	6	0.2	3	2	1	0	0
Sub-total	45	1	2	14	8	2	19
Non-personal	11	0.3	0	7	4	0	0
Uncoded	34	1.0	2	7	4	2	19

A Special Needs Committee was formed to address the needs of injured workers requiring such things as home or vehicle modifications. A special needs audit was also conducted on behalf of pensioners with significant disabilities.

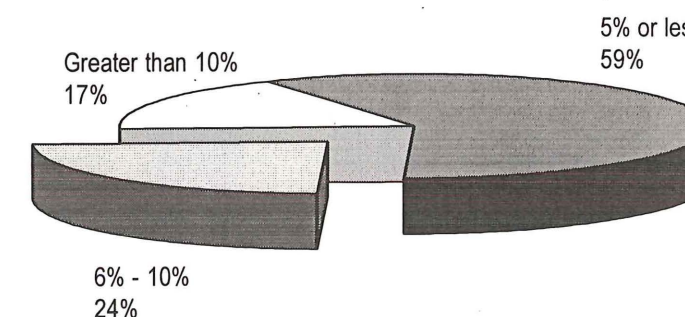
The Pensions Unit was restructured to include a Case Manager and Pensions Specialist. This has resulted in a significant improvement in service in the pensions area.

A Memorandum of Understanding between the Department of Renewable Resources and the WCB was signed and implemented March 17, 1994. It ensures that hunters, trappers and fishers injured in the course of their traditional employment receive fair compensation. Report of Accident forms were specifically developed for all harvesters, and distributed to Hunters' and Trappers' Associations.

The total capitalized value of 1994 pensions was \$7,934,618. Currently, there are 790 injured workers and dependants receiving lifetime monthly pensions totalling \$462,475.50 per month.

Four fatal claims were capitalized in 1994, totalling \$1,105,746. Nine other fatalities are under investigation.

PERCENTAGE DISABILITY OF 1994 CAPITALIZATIONS



1994 marked the first complete year of an amalgamated Employer Services Division, comprising Revenue Services and Safety Education.

Revenue Services dealt with approximately 5,200 clients in 1994, 2,975 of which employed one or more workers. Revenue collected from employers, through assessments, penalties and interest, totalled \$24.6 million, exceeding projections by \$1.8 million.

To offer a better understanding of the WCB and Employer Services, a new handbook was developed and distributed to all employers. Titled "Information for Employers," it provides employers with a general overview and an explanation of the WCB's operations and policies.

The Board undertook a comprehensive review of the Industrial Classification System which included sending a survey to all employers. As a result of this review, the Board reduced the number of subclasses from 43 to 37, effective January 1, 1995.

A new Multiple-Industry Classification was also approved by the Board of Directors for implementation in 1995. Employers who operate in more than one industry can now apply for separate classifications.

The Safety Incentive and Rate Reduction Program was approved in 1994 and will be implemented January 1, 1996. This program penalizes employers whose claim costs exceed the average of their subclass. Employers who take an active role in safety education, in an effort to reduce claim costs and accidents, can reduce or avoid special assessments.

In 1994, WCB Safety Advisors traveled to 16 NWT communities to provide safety training to 1400 participants. Safety Advisors also developed two new courses in 1994: Claims Management, a one day program that will assist employers in effectively managing WCB claims, and Safety Basics, a one day course for employers who are implementing worksite safety programs.

ASSESSMENT REVENUE (\$000), 1992 - 1994

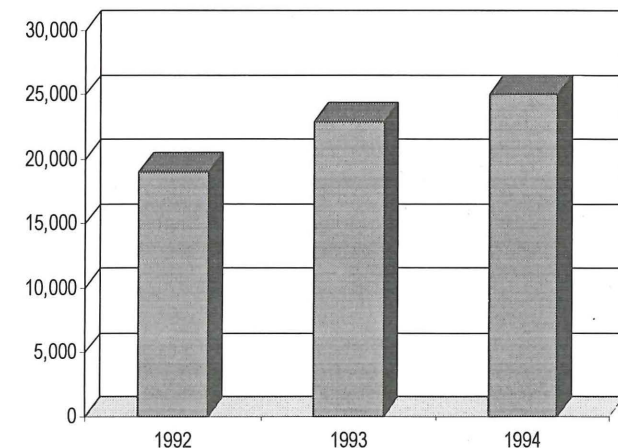
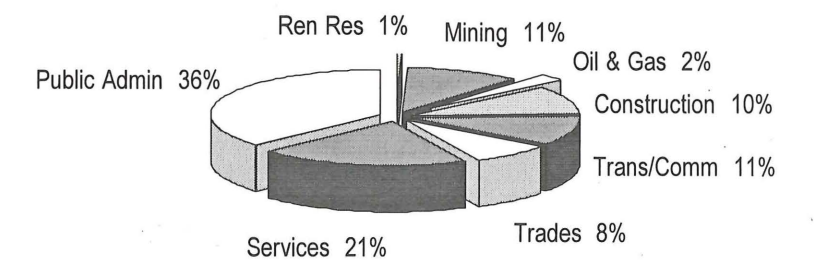


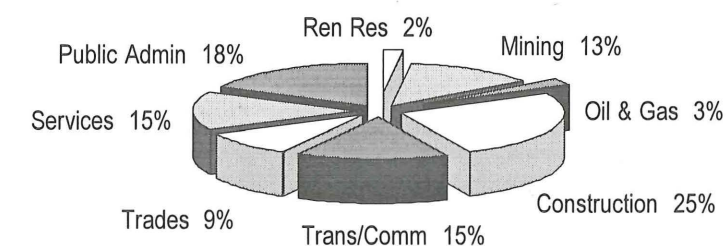
Table 5. Assessable Payroll and Claims by Class, 1992 - 1994

Class	Assessable Payroll (\$000)			Time Loss %			No Time Loss %		
	1994	1993	1992	1994	1993	1992	1994	1993	1992
Total	897,910	858,323	774,904	100	100	100	100	100	100
10 Renewable Resources	4,845	3,867	3,154	1.9	2.9	1.6	0.8	1.0	0.6
20 Mining	100,598	83,813	77,259	13.0	13.4	16.3	26.5	27.6	28.5
30 Oil & Gas	20,635	22,985	19,994	2.7	3.9	2.4	1.4	2.2	2.8
40 Construction	90,347	80,530	75,268	25.4	22.1	25.7	17.7	14.7	16.9
50 Transportation & Communication Utilities	99,468	109,607	100,598	15.0	13.5	13.1	10.2	11.0	10.5
60 Trades	67,416	61,276	56,577	9.5	11.3	8.6	8.8	9.6	7.3
70 Services	184,079	168,316	152,948	14.6	13.8	14.8	19.1	17.8	19.0
80 Public Administration	330,523	327,929	289,108	17.9	19.0	17.6	15.5	16.1	14.4

ASSESSABLE PAYROLL BY CLASS, 1994



TIME-LOSS CLAIMS BY CLASS, 1994

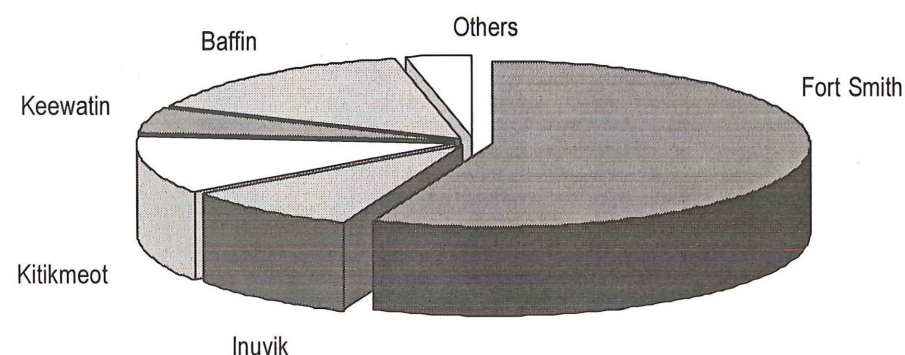


CLAIMS ACCEPTED BY REGION

Table 4. Claims Accepted by Region, 1992 - 1994

	Numbers			Percentages		
	1994	1993	1992	1994	1993	1992
Totals	3,551	3,250	3,379	100	100	100
Fort Smith	1,990	1,683	1,826	56.0	51.8	54.0
Inuvik	331	361	368	9.3	11.1	10.9
Kitikmeot	405	389	422	11.4	12.0	12.5
Keewatin	177	152	140	5.0	4.7	4.1
Baffin	530	540	518	14.9	16.6	15.3
Others	118	125	105	3.3	3.8	3.1

CLAIMS ACCEPTED BY REGION, 1994



CORPORATE SERVICES

The Corporate Services Division provides a variety of professional support services to the Board, including human resources, legal, policy development, program evaluation, medical and public affairs.

The Human Resources section held 18 competitions in 1994 for indeterminate and term positions (one was cancelled and three were unfilled as of December 31, 1994). Sixty-six casual staffing actions were completed. The 400 people who applied for indeterminate/term positions are grouped in the following affirmative action target groups: 33 aboriginal persons, 56 indigenous non-aboriginal persons, five disabled persons, and one woman in a non-traditional occupation. The WCB recruited two aboriginal persons, two indigenous non-aboriginal persons and one disabled person.

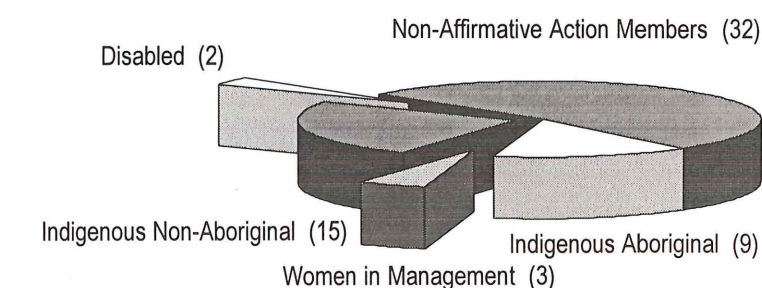
As of December 31, 1994, WCB staff was represented in the following Affirmative Action categories: 17% Indigenous Aboriginal persons, 24% Indigenous Non-Aboriginal Persons and 3% Disabled Persons. 50% of the management team were women. Non-affirmative action members made up 51% of staff.

In staffing casual positions, the WCB continued to use the GNWT Priority One staffing list as its primary source of candidates.

One aboriginal person and four indigenous non-aboriginal students were recruited for summer positions. In cooperation with the Department of Education, Culture and Employment, one aboriginal person was hired as a Trainee. It is anticipated that she will successfully complete the training period ahead of schedule, and be appointed directly to an officer level position by mid - 1995.

Other accomplishments of the Human Resources section include the development of a Corporate Training Plan, ensuring the best use of training dollars; the development of an Employee Orientation Program, along with an updated Orientation Manual; and the adoption of a self-appraisal performance review system.

WCB STAFF PROFILE



CLAIM RATE AND TIME-LOSS CLAIM RATE

Table 3. Claim Rate And Time Loss Claim Rate Estimates*, 1990 - 1994

	1994	1993	1992	1991	1990
NWT. employees*	20,302	18,946	18,563	18,779	19,603
Claims	3,545	3,240	3,369	3,144	3,062
Claims per 100 employees	17.5	17.1	18.1	16.7	15.6
Time loss claims	1,112	1,022	1,138	1,128	1,306
Time loss claims per 100 employees	5.5	5.4	6.1	6.0	6.7

*Excluding the self employed

**NWT employees includes all NWT workers except Federal Government employees (who are covered by the Alberta WCB) in the NWT Workforce figures are monthly average estimates.

Much of Legal Counsel's time was spent monitoring third party actions taken to recover claims costs, and providing legal opinions to support an internal review of the *Workers' Compensation Act*. The Act was amended in March to clarify provisions for hunters, trappers and fishers, and to allow sharing of information with government departments and agencies.

Policy development resulted in Board decisions on late reporting, Renewable Resource Harvesters, chronic pain behaviour, hazardous risk employers, commutation of pensions, the Classification System (including Multiple Industry Classification), the process for the annual review of YMIR and Supplementary Pension Increases, funding arrangements for occupational health & safety, disclosure, cost relief, Impairment Rating Guide, and Delegation of Spending and Signing Authority.

A major policy conversion project was undertaken in 1994. A Policy Development Manual was completed and approved by the Board in October. Work began to consolidate all policy instruments and to create a subject index and control list for a new Policy Instruments Manual.

The Program Evaluation position was filled in May 1994.

A Program Evaluation Plan & Schedule, including development of a fraud strategy, evaluation of the objective setting and stewardship process and development of criteria to measure the effectiveness of the vocational rehabilitation program, was approved by the Board.

In 1994, the Medical Advisors completed 921 formal file reviews and 158 medical examinations of injured workers.

The Public Affairs Officer presented a Communications Strategy for the WCB at the July meeting of the Board of Directors. The WCB published a quarterly newspaper called "Directions," released its 1993 Annual Report and distributed an updated three year Corporate Plan.

CLAIM RATE & TIME-LOSS CLAIM RATE, 1990-1994

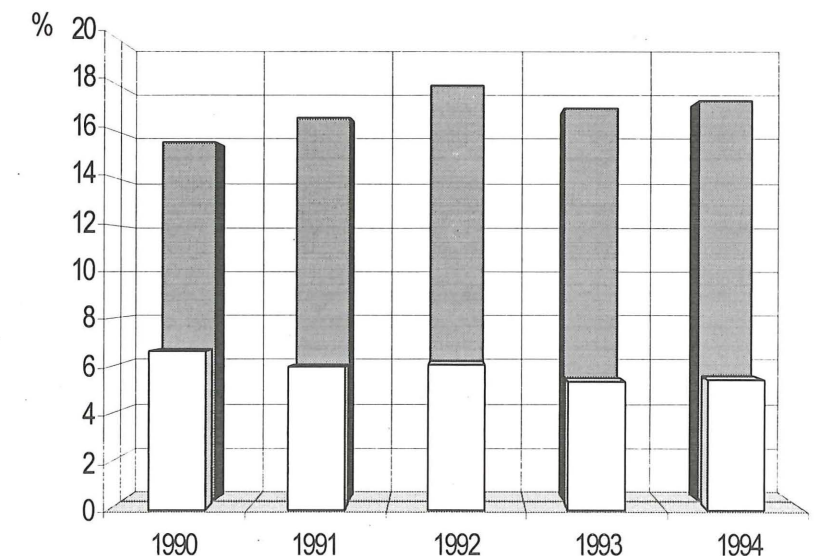


Table 1. Claim Distribution By Category

	1994	1993	1992	1991	1990
Total claims	3,800	3,541	3,639	3,393	3,408
Fatal	15	6	12	7	6
Time loss major	215	224	218	253	334
Time loss minor	897	798	920	875	972
No time loss	1,764	1,547	1,601	1,647	1,720
Industrial disease	24	25	36	27	22
Hearing loss	25	24	38	30	20
First aid	611	626	554	314	n/a
Claims denied	82	86	67	90	81
Unestablished claims	167	205	193	150	253

1994 CLAIMS

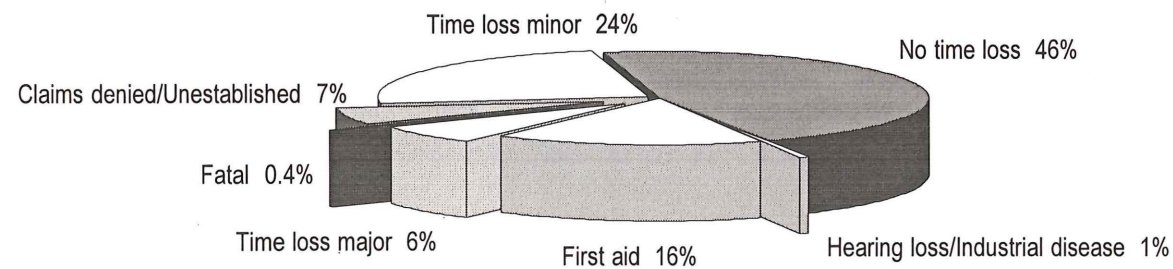


Table 2. Accepted Claims

Unestablished and denied claims are not the responsibility of the WCB, therefore only the following totals are relevant for subsequent statistics:

	1994	1993	1992	1991	1990
Total claims accepted	3,551	3,250	3,379	3,153	3,074

Financial management, accounting, information systems and support services are provided to the WCB by the Finance and Administration Division.

Analysis and programming for the Systems Conversion Project, begun in 1993, was substantially completed for Claims and Revenue programs by year end. Financial system software was also purchased and installed. During 1994, significant training was provided on the PC based system with its new WCB application. A Help Desk was established for system support. Complete conversion to the new system is scheduled for the first quarter of 1995.

A successful Investment Issues Workshop was held for Board members in October. The workshop set the stage for further revisions to the WCB's Investment Policy and for an asset/liability study, wherein WCB assets are matched to liabilities. It is hoped that 1995 will see the completion of a Governance Plan, a revised investment policy, a new asset allocation, revised managerial mandates and portfolio balancing guidelines.

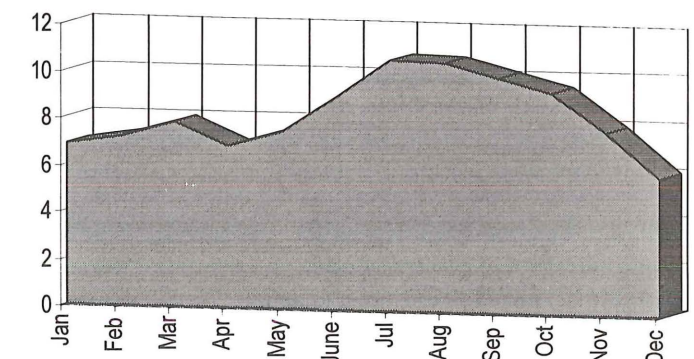
Research and analysis was provided for evaluations of the NWT Impairment Rating Guide, the SIRR Program, the 1993 Annual Report, a model to seasonally adjust and forecast claims statistics and an environmental scan.

Recommended changes were developed for the current YMIR and Supplementary Pension Increase, including alternatives for indexing. A comprehensive survey of investment issues for Canadian Boards was undertaken, collated and circulated to the Board of Directors and other WCBs.

An Emergency Response Plan, including fire evacuation procedures, was developed.

The 1994 financial results were positive, with full provision for a catastrophe reserve and an operating reserve to protect against adverse financial results in future years.

PERCENTAGE OF ANNUAL WORK ACCIDENTS BY MONTH



The Review Committee is the first level of appeal in a two level appeal process. Reviews are documentary and all documentation is reviewed by each of the panel members prior to the hearing.

1994 was the first full year of operation for the restructured Internal Review Committee, composed of a full time Chairperson and the WCB's Divisional Directors.

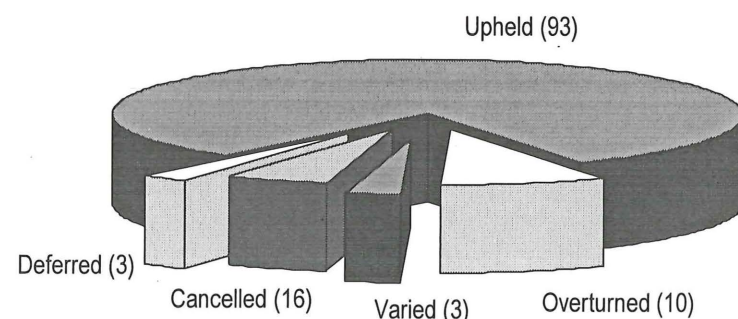
Statistical reports were developed in 1994, for quarterly and annual reports to the Board of Directors and clients of the Workers' Compensation Board. A process was implemented to assist the Divisional Directors to identify program concerns and staff training needs.

A consistent format for Review Committee decisions was established to provide more comprehensive communication with clients.

In 1994, the Review Committee received 136 applications for review: 63 claims issues, 39 pension issues, 22 rehabilitation issues and 12 revenue issues.

One hundred six reviews were concluded by the Review Committee in 1994. Ninety-three decisions were upheld, ten decisions were reversed and three decisions were varied. The Review Committee cancelled six reviews and deferred three hearings to 1995.

REVIEW COMMITTEE DECISIONS, 1994



The following statistics describe claims reported to the Northwest Territories Workers' Compensation Board.

1994 statistics are correct as at the close of business, March 31, 1995 while figures pertaining to previous years have been updated to reflect their status on this date. Due to rounding, individual figures displayed may not necessarily sum to their respective totals.

Should you require further assistance or have any comments relating to WCB statistics, please contact Martin Wright at (403) 920-3854.

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SCHEDULE OF INVESTMENTS

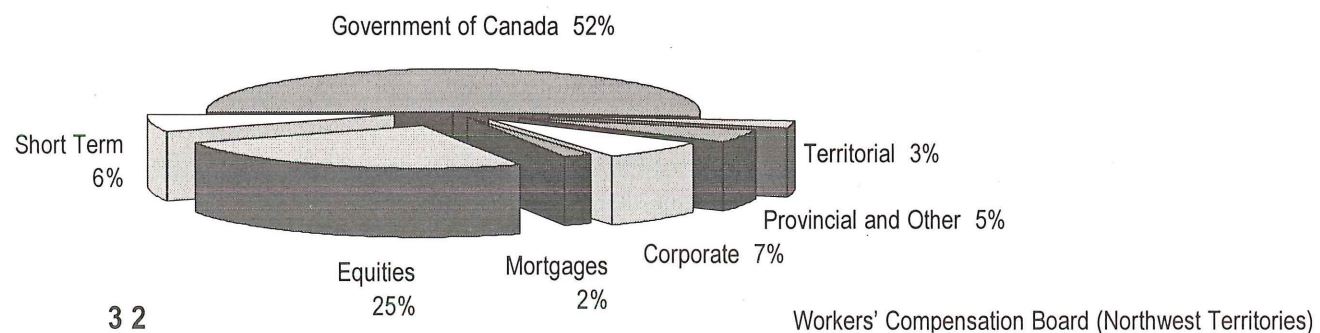
	Amortized Value	1994 Market Value (thousands of dollars)	Amortized Value	1993 Market Value
Bonds				
Government of Canada	\$ 70,274	\$ 68,323	\$ 63,239	\$ 65,111
Territorial	3,488	3,641	2,643	3,233
Provincial and Other	6,905	5,964	10,780	11,627
Corporate	9,804	10,047	15,385	17,146
	<u>90,471</u>	<u>87,975</u>	<u>92,047</u>	<u>97,117</u>
Mortgages				
NHA Guaranteed	2,366	2,330	1,771	1,901
Equities	<u>34,071</u>	<u>37,698</u>	<u>29,460</u>	<u>34,257</u>
Total Long-Term	<u>126,908</u>	<u>128,003</u>	<u>123,278</u>	<u>133,275</u>
Short Term	8,637	8,637	11,349	11,349
Total Investments	<u>\$ 135,545</u>	<u>\$ 136,640</u>	<u>\$ 134,627</u>	<u>\$ 144,624</u>

Custodian: Royal Trust

Investment Managers: Bolton Tremblay Inc.
Elliot & Page Limited
Phillips, Hager & North, Ltd.
Jarislowsky Fraser & Company Limited

Performance Measurement: SEI Financial Services Limited

INVESTMENT PORTFOLIO AS OF DECEMBER 31, 1994



APPEALS TRIBUNAL

The Appeals Tribunal is the final level of the appeals process, as outlined in the *Workers' Compensation Act*.

It is composed of five members appointed by the Minister: one on the recommendation of the Board from among the members of the Board; two on the recommendation of workers' representatives; and two on the recommendation of employers' representatives.

The Tribunal is chaired by the Board member, and sits in hearing panels of three, consisting of the chairperson or acting chairperson, one member representing workers, and one member representing employers. The law firm of Bayly Williams provides legal advice to the Tribunal.

At the end of 1993, 44 cases were outstanding: 25 deferred from 1992 plus 32 received during 1993, less 13 resolved cases.

Between January 1 and December 31, 1994, the Appeals Tribunal received 30 appeals, including four returned by the Board of Directors, and one that was cancelled, having not been heard at the Review Committee level. Of the 30 appeals received, there were 17 claims issues, nine pension issues, three rehabilitation issues and one revenue issue.

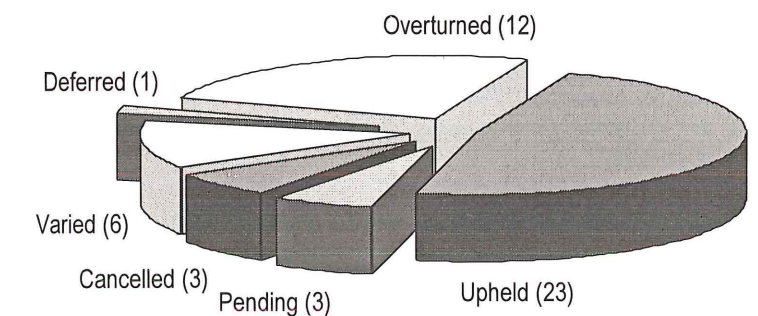
Forty-four appeals were heard by the Tribunal in 1994: 23 claims issues, 17 pension issues, two rehabilitation

issues and two revenue issues. Twelve Review Committee decisions were overturned, 23 decisions were upheld, six decisions were varied and three decisions were pending at year end. In addition, the Appeals Tribunal allowed one request for rehearing and three appeals were cancelled.

Judicial review was sought by an appellant on one Appeals Tribunal decision.

At the end of 1994, 34 cases remain outstanding: 10 from 1993 and 24 from 1994.

APPEALS TRIBUNAL DECISIONS, 1994



March 31, 1995

Management of the Workers' Compensation Board is responsible for the preparation, integrity and objectivity of the financial statements and related information presented in this annual report. The financial statements have been prepared in accordance with stated accounting policies and have been approved by the Board of Directors. Where appropriate, the preparation of financial information contained in this report includes estimates and judgements based on careful consideration of information available to management.

Management has developed and maintains books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information in accordance with the Workers' Compensation Act and regulations, the Financial Administration Act and regulations, and policies of the Board. The Board of Directors ensures that management fulfils its responsibilities for financial reporting, internal control and safeguarding assets.

The Board of Directors appoints certain of its members to serve on the Finance Committee. This Committee oversees management's responsibilities for financial reporting and reviews and recommends the financial statements to the Board for approval.

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

The Coles Group, an independent firm of consulting actuaries, has been engaged to provide an opinion on the adequacy and appropriateness of actuarial valuations of future claims and pension liabilities of the Workers' Compensation Board.



Gerry Meier
General Manager
& Chief Operating Officer



Dorothy M. Chattell
Director,
Finance & Administration

For the year ended December 31, 1994

	<u>1994</u>	<u>1993</u>
	(thousands of dollars)	
Salaries, wages and allowances	\$ 3,892	\$ 3,253
Employer's share of benefits	488	365
Board Members	385	303
Medical services	143	124
Professional services	730	564
Travel	355	289
Office lease and renovations	963	1,020
Communications	251	244
Office furnishings and equipment	324	279
Computer lease and services	95	90
Office services and supplies	168	127
Grants	127	45
Advertising and public information	61	49
Miscellaneous	35	18
	<u>8,017</u>	<u>6,770</u>
Less:		
Allocations to claims management	1,772	1,703
Penalties	243	265
Assessment interest	14	38
Sundry revenue	2	8
	<u>2,031</u>	<u>2,014</u>
	<u>\$ 5,986</u>	<u>\$ 4,756</u>

The Coles Group

Suite 1400 - 999 West Hastings Street, Vancouver, B.C., Canada V6C 2W2
Fax (604) 683-0249 / Telephone (604) 683-7311

WORKERS' COMPENSATION BOARD NORTHWEST TERRITORIES

ACTUARIAL OPINION

We have examined the valuation of the liabilities for future claim payments (Future Claims Liability) and future pension payments (Future Pension Liability) as at December 31, 1994. This valuation was based on the provisions of the **Workers' Compensation Act, N.W.T. 1988**, which was in effect at December 31, 1994. The detailed results of our valuation are presented in two letters dated March 31, 1995.

The valuation of the liabilities has been performed in accordance with methods and assumptions set forth in the Board's **Statement of Funding Policy, Methods and Assumptions - 1993, (April 1994)**. Both the Future Claims Liability and the Future Pension Liability include a provision for future expenses relating to the management of existing claims and pension awards. The Future Claims Liability has been modified to reflect the change in the anticipated level of future rehabilitation program costs. These changes resulted in a decrease in the Future Claims Liability.

In our opinion:

1. The Future Claims Liability of \$49,121,275 makes adequate provision for expected future payments (including rehabilitation benefits) and claim management expenses in respect of claims arising prior to January 1, 1995.
2. The Future Pension Liability of \$93,547,132 makes adequate provision for expected future payments, including future Supplementary Pension Increases and claim management expenses, for pension awards granted prior to January 1, 1995; however, it does not incorporate any provision for further Supplementary Pension Increases which may be granted after 1994 in respect of the period prior to January 1, 1995;
3. The data on which the valuation is based is sufficient and reliable for the purpose of the valuation;
4. The assumptions used are appropriate for the purposes of the valuation; and
5. The methods employed are consistent with sound actuarial principles.

Nonetheless, emerging experience differing from the assumptions will result in gains or losses which will be revealed in future valuations.

Respectfully submitted for
THE COLES GROUP



J. Allan Brown
Fellow of the Canadian
Institute of Actuaries

Employee Benefits Consultants and Actuaries

March 31, 1995



AUDITOR GENERAL OF CANADA

VÉRIFICATEUR GÉNÉRAL DU CANADA

AUDITOR'S REPORT

To the Minister responsible for the
Workers' Compensation Board

I have audited the balance sheet of the Workers' Compensation Board (Northwest Territories) as at December 31, 1994 and the statements of operations, reserves, and changes in financial position for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with 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 Board as at December 31, 1994 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies set out in Note 2 to the financial statements. As required by the Financial Administration 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 and the financial statements are in agreement therewith and the transactions of the Board that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the Workers' Compensation Act and regulations and the Financial Administration Act and regulations.



Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
31 March 1995

BALANCE SHEET

As at December 31, 1994

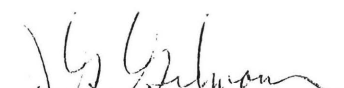
ASSETS	1994	1993
	(thousands of dollars)	
Cash and short-term deposits	\$ 11,881	\$ 6,063
Assessments receivable	5,120	1,873
Accrued interest receivable	1,469	1,383
Investments (note 3)	135,545	134,627
Property and equipment (note 4)	5,477	5,526
	<u>\$ 159,492</u>	<u>\$ 149,472</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 799	\$ 1,320
Lease obligations payable (note 5)	4,366	4,268
Assessments refundable	585	563
Future claims liability (notes 7 & 9)	49,121	49,482
Future pension liability (notes 8 & 9)	93,547	89,566
	<u>148,418</u>	<u>145,199</u>
RESERVES (note 10)		
Catastrophe reserve	4,750	3,325
Operating reserve	6,324	948
	<u>11,074</u>	<u>4,273</u>
	<u>\$ 159,492</u>	<u>\$ 149,472</u>

Approved by Management:

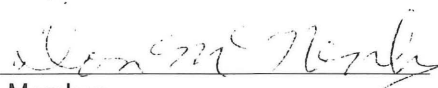


Director, Finance & Administration

Approved by the Board of Directors:



Member



Member

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 1994

12. Related Party Transactions

(a) The Government of the Northwest Territories paid workers' compensation assessments to the Board, in the amount of \$2,098,582 (1993 - \$2,035,139).

(b) The Government of the Northwest Territories provided a reimbursement to the Board for hunters and trappers claims. In 1994, an adjustment in the amount of \$2,178,882 was made to the reserve being held by the Board for hunter and trapper claims.

(c) The Board's investments include bonds of (at amortized cost):	1994	1993
Government of the Northwest Territories		
11.00% maturing June 23, 1998	\$ 596,966	\$ 746,890
Northwest Territories Power Corporation		
11.00% maturing March 9, 2009	\$ 500,000	\$ 500,000
11.125% maturing June 6, 2011	\$ 996,349	\$ 996,112
9.375% maturing May 12, 2014	\$ 999,519	-
Northwest Territories Legislative Assembly Building Society		
13.00% Series A, maturing August 31, 2013	\$ 394,036	\$ 400,000

(d) In addition to those related party transactions disclosed elsewhere in these financial statements, the Board is related to all Government of the Northwest Territories created departments, agencies and Crown corporations. The Board enters into transactions with these entities in the normal course of business.

13. Comparative Figures

Certain of the 1993 comparative figures have been reclassified to conform to the presentation adopted in 1994.

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 1994

11. Contingencies

(a) Assessment Revenue

Preliminary information has been received from an employer that some current and prior years' assessable payroll may have been reported in error, resulting in a possible overstatement in revenue. This may represent a contingent liability for the Board. No formal request has been made and no adjustment has been made for prior years. Any adjustment will be recorded in the year accepted by the Board.

(b) Accounts Payable

Preliminary information has been provided from the GNWT Department of Health that some past costs may not have been invoiced to the Board and may represent a contingent liability on the part of the Board. Any adjustment will be recorded in the year accepted by the Board.

(c) Legal Claims Receivable

The Board has a number of legal claims outstanding for recovery of compensation expenses from third parties. These claims are not recorded in the accounts because of their contingent nature. In the opinion of management and the Board's legal representatives, it is expected that the Board could recover approximately \$1,773,517. Settlement of legal claims are recognized in the year in which the settlement occurs. Legal claims settled during 1994 resulted in recoveries of \$2,292,604 (1993 - \$190,594).

The Board has commenced an action against a third party as a result of the deaths of nine miners in an explosion on a worksite. At this time potential recoveries cannot be determined.

STATEMENT OF OPERATIONS

For the year ended December 31, 1994

REVENUES	1994	1993
	(thousands of dollars)	
Assessments	\$ 24,643	\$ 22,455
Investments	4,837	13,620
Recoveries (note 12b)	2,179	(206)
	<u>31,659</u>	<u>35,869</u>
EXPENSES		
Cost of claims (note 6)		
Current year's claims	\$ 19,439	\$ 18,976
Prior years' claims	(567)	6,979
	<u>18,872</u>	<u>25,955</u>
Administration and general (schedule)	<u>5,986</u>	<u>4,756</u>
	<u>24,858</u>	<u>30,711</u>
INCOME FROM OPERATIONS	<u>\$ 6,801</u>	<u>\$ 5,158</u>
TRANSFERS		
Transfer to catastrophe reserve	\$ 1,425	\$ 3,325
Transfer to operating reserve	5,376	1,833
	<u>\$ 6,801</u>	<u>\$ 5,158</u>

STATEMENT OF RESERVES

For the year ended December 31, 1994

CATASTROPHE RESERVE	1994	1993
	(thousands of dollars)	
Balance at the beginning of the year	\$ 3,325	\$ -
Transfer from operations	<u>1,425</u>	<u>3,325</u>
Balance at the end of the year	<u>\$ 4,750</u>	<u>\$ 3,325</u>
OPERATING RESERVE		
Balance at the beginning of the year	\$ 948	\$ (885)
Transfer from operations	<u>5,376</u>	<u>1,833</u>
Balance at the end of the year	<u>\$ 6,324</u>	<u>\$ 948</u>

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 1994

9. Actuarial Valuation

Valuations by the actuary indicate that as at December 31, 1994:

- the future claims liability of \$49,121,275 is sufficient to meet both the future costs of reported claims, and the cost of possible unreported claims;
- the future pension liability of \$93,547,132 is sufficient to meet the calculated liabilities.

10. Reserves

The Board is fully funded at the end of 1994 and is able to meet its obligations for the future pension and future claims liability.

The target level for the catastrophe reserve, set by the Board, provides for the average cost of a disaster. The target level of the reserve at the end of 1994 is \$4,750,000.

The target level for the operating reserve is based on a number of factors relating to the financial risks which could impact on the financial position of the Board. A range of 75% to 125% of the target level has been set as a target range. The target level at the end of 1994 is \$3,791,346 and hence the target range is \$2,843,510 to \$4,739,183.

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 1994

8. Future Pension Liability	<u>1994</u>	<u>1993</u>
	(thousands of dollars)	
Current year's claims		
Provision from operations	\$ 1,833	\$ 696
Prior years' claims		
Changes in valuation assumptions	-	(85)
Provision from operations	1,094	1,259
Provision for supplementary pension increases	879	1,470
Provision from future claims liability	<u>7,627</u>	<u>8,994</u>
	11,433	12,334
Pension payments and management	<u>7,452</u>	<u>8,435</u>
Increase for the year	3,981	3,899
Balance at the beginning of the year	<u>89,566</u>	<u>85,667</u>
Balance at the end of the year	<u>\$ 93,547</u>	<u>\$ 89,566</u>

Provision for supplementary pension increases of 1.037% was approved in 1994 (1.72% in 1993).

STATEMENT OF CHANGES IN FINANCIAL POSITION

For the year ended December 31, 1994

FUNDS PROVIDED FROM (USED FOR)	<u>1994</u>	<u>1993</u>
	(thousands of dollars)	
OPERATING ACTIVITIES		
Income from operations	\$ 6,801	\$ 5,158
Items not affecting cash		
Amortization of		
bond premiums and discounts	84	244
property and equipment	546	482
Provisions and investment income allocations		
Future pension liability	3,806	3,341
Future claims liability	<u>11,976</u>	<u>19,209</u>
	<u>23,213</u>	<u>28,434</u>
Payments from		
Future pension liability	(7,452)	(8,435)
Future claims liability	<u>(4,710)</u>	<u>(8,476)</u>
	<u>(12,162)</u>	<u>(16,911)</u>
Changes in		
Assessments and accrued interest receivable	(3,333)	(597)
Accounts payable and assessments refundable	<u>(499)</u>	<u>792</u>
	<u>(3,832)</u>	<u>195</u>
Funds provided from operating activities	<u>7,219</u>	<u>11,718</u>
FINANCING ACTIVITIES		
Additions to lease obligations payable	288	-
Lease payments	<u>(190)</u>	<u>(174)</u>
Funds provided from (used for) financing activities	<u>98</u>	<u>(174)</u>
INVESTING ACTIVITIES		
Funds utilized for investments	(1,002)	(8,777)
Purchase of property and equipment	<u>(497)</u>	<u>(667)</u>
Funds used for investing activities	<u>(1,499)</u>	<u>(9,444)</u>
Increase in cash and short-term deposits	5,818	2,100
Cash and short-term deposits		
Balance at the beginning of the year	<u>6,063</u>	<u>3,963</u>
Balance at the end of the year	<u>\$ 11,881</u>	<u>\$ 6,063</u>

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 1994

1. Authority, Mandate and Operations

The Workers' Compensation Board was established by, and is responsible for the administration of the Workers' Compensation Act.

The mandate of the Workers' Compensation Board is to protect workers against the result of work injury. The Board provides compensation for injury or death by accident arising out of, and in the course of, employment. Assessments required to meet the costs of compensation, pension awards and administration are levied upon employers on the basis of a percentage of their assessable payroll.

2. Accounting Policies

The significant accounting policies are as follows:

(a) Investments

Investments are recorded at cost at the time of purchase. For fixed-income investments, discounts or premiums are amortized on a straight-line basis over the periods remaining from the time of purchase to the maturity dates of the investments.

(b) Property and equipment

Property and equipment are recorded at cost and amortized over their estimated useful life under the straight-line method as follows:

- Furnishings 10 years
- Equipment (purchased and leased) 5 years
- Leasehold improvements and Building (leased) Over the term of the lease

Assets recorded as capital leases are amortized on the straight-line method over the lease term. Obligations recorded under capital leases are reduced by rental payments net of imputed interest.

(c) Administration and general expenses

A portion of administration and general expenses is allocated as claims management costs between current year's claims and prior years' claims based on the proportion of claims expenditures processed. The costs allocated are the direct costs related to the managing of claims, pensions and rehabilitation services.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1994

7. Future Claims Liability

	<u>1994</u>	<u>1993</u>
	(thousands of dollars)	
Current year's claims		
Provision from operations	\$ 14,536	\$ 14,861
Prior years' claims		
Changes in valuation assumptions	-	(299)
Provision from operations	(2,561)	4,647
Provision to future pension liability	(7,627)	(8,994)
Claims payments and management	(7,002)	(8,667)
Recoveries (note 11c)	<u>2,293</u>	<u>191</u>
Increase (decrease) for the year	(361)	1,739
Balance at the beginning of the year	<u>49,482</u>	<u>47,743</u>
Balance at the end of the year	<u>\$ 49,121</u>	<u>\$ 49,482</u>

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 1994

6. Cost of Claims	1994	1993
	(thousands of dollars)	
Current year's claims		
Compensation	\$ 1,598	\$ 1,906
Medical Aid	902	1,036
Claims management	570	477
	3,070	3,419
Provisions:		
Future claims liability	14,536	14,861
Future pension liability	1,833	696
Total current year's claims	19,439	18,976
Prior year's claims		
Compensation	3,100	4,236
Medical Aid	2,958	3,484
Pension	7,193	8,142
Claims management	1,202	1,226
	14,453	17,088
Recoveries (note 11c)	(2,293)	(191)
	12,160	16,897
Provisions:		
Future claims liability	(14,700)	(12,652)
Future pension liability	1,973	2,734
Total prior years' claims	(567)	6,979
 Total cost of claims	 \$ 18,872	 \$ 25,955

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 1994

(d) Future pension liability

The future pension liability represents the present value of future payments in respect of pension awards. The amount required for the capitalization of pensions awarded for the current year's claims is provided annually from operations. The amount required for the capitalization of supplementary pension increases awarded for all existing pensions is provided from operations. The amount required for the capitalization of pensions awarded for prior years' claims is provided from the future claims liability.

(e) Future claims liability

The future claims liability represents the present value of amounts required to be paid in the future for all accident claims still in process at the end of the fiscal year.

This includes a provision from operations for current year claims. All medical aid benefits, compensation payments and the capitalized value of pension awards granted after the year of injury are charged to this liability.

(f) Funding policy

The funding policy of the Board is to maintain both the future pension liability and the future claims liability at a fully funded level at each year end.

The amount of liability is determined on a basis which allows for future inflationary increases by using a discount for interest at the rate of 3% per annum.

(g) Catastrophe and operating reserves

The catastrophe and operating reserves are maintained to provide a margin of protection against adverse financial experience which could unduly burden future employers. Such adverse experience could arise in respect of the following risks:

- (i) disasters and catastrophes
- (ii) lower than expected investment results
- (iii) other unanticipated events such as lower than anticipated assessment or investment revenues or higher than anticipated claims costs.

Assessment rates are adjusted to bring the reserve to its target level over 2 years if the reserve is above or below the target range.

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 1994

3. Investments

	Par Value	1994 Amortized Cost	1993 Amortized Cost
(thousands of dollars)			
Government of Canada Bonds	\$ 69,075	\$ 70,274	\$ 63,238
N.H.A. mortgage-backed securities	2,529	2,367	1,771
Provincial and Territorial Bonds	10,381	10,391	13,424
Corporate Bonds	9,844	9,804	15,385
Common Stocks	34,072	34,072	29,460
	<u>125,901</u>	<u>126,908</u>	<u>123,278</u>
Cash and short-term deposits held by investment managers	8,637	8,637	11,349
	<u>\$ 134,538</u>	<u>\$ 135,545</u>	<u>\$ 134,627</u>

The approximate market value of investments as at December 31, 1994 was \$136,639,563 (1993 - \$144,626,064).

4. Property and Equipment

	Cost	1994 Accumulated Amortization	1994 Net Book Value	1993 Net Book Value
(thousands of dollars)				
Furnishings	\$ 247	\$ 122	\$ 125	\$ 142
Equipment - Purchased	885	481	404	320
- Leased	628	542	86	176
Leasehold improvements	1,653	317	1,336	1,421
Building - Leased	4,535	1,009	3,526	3,467
	<u>\$ 7,948</u>	<u>\$ 2,471</u>	<u>\$ 5,477</u>	<u>\$ 5,526</u>

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 1994

5. Lease Obligations Payable

(a) Office space

The Board is committed to payments of \$523,875 per annum under a 20 year office space lease agreement which expires in 2010. The Board holds an option to purchase the space included in the lease agreement after five years at \$117.50 per square foot. The Board is also responsible for a proportional share of operating and maintenance expenses based on its share of space occupied. The present value of the lease obligation payments based on an implicit interest rate of 9.9% is \$4,124,755 (1993 - \$3,947,582).

(b) Computer and telephone equipment

The Board is committed to payments of \$159,600 per annum under a capital lease agreement for computer and telephone equipment which expires February 28, 1997. The lease payments include maintenance costs. The interest rate implicit in the lease payments is 18% and the equipment is available to be purchased by the lessee at the end of the lease for a nominal amount. The present value of the lease payments is \$260,420 (1993 - \$320,422).