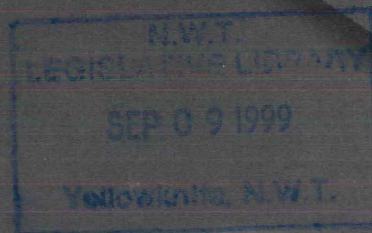




WORKER'S COMPENSATION BOARD
Northwest Territories

1998 Annual Report



Mission Statement

The mission of the WCB is to serve 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.

Principles

The Workers' Compensation Board must:

- be representative of and sensitive to the needs of clients;
- maintain a compensation system which is fair and equitable;
- be effective, efficient and committed to providing excellent services;
- be committed to communicating effectively and efficiently with its stakeholders;
- be committed to maintaining benefits in a cost effective manner; and
- be committed to accident prevention.

WCB Board Members

JoAnne Deneron - Chairperson (Fort Liard)

Appointed October 2, 1997 - Member

Appointed January 1, 1998 - Chairperson

Gordon Wray - Deputy Chairperson and Public Interest

Representative (Yellowknife)

Appointed March 3, 1992

Don McNenly - Worker Representative (Yellowknife)

Appointed May 3, 1992

Vivian Stevely - Worker Representative (Hay River)

Appointed February 18, 1993

Lydia Bardak - Public Interest Representative (Yellowknife)

Appointed February 17, 1995

Resigned August 31, 1998

George Kuksuk - Employer Representative (Arviat)

Appointed March 1, 1996

Jessie Sloan - Employer Representative (Yellowknife)

Appointed February 6, 1997

C O N T E N T S

NWT LEGISLATIVE LIBRARY



3 1936 00049 715 4

1998 Basic Statistical and Financial Data 3

Letter of Transmittal 3

From the Chairperson 4

From the President 5

Year in Review 6

Financial Statements 11

 Management's Responsibility for Financial Reporting 11

 Auditor's Report 12

 Balance Sheet 13

 Statement of Operations 14

 Statement of Reserves 15

 Statement of Cash Flow 16

 Notes to Financial Statements 17

 Actuarial Opinion 30

Summary Information 31

Accident Statistics 32

Financial Statistics 38

Employer Statistics 40

Prevention Statistics 42

Rehabilitation and Pension Statistics 44



1998 Basic Statistical and Financial Data

Population	68,000
Number employed in NWT (industrial aggregate)	25,912
Average weekly earnings (industrial aggregate)	\$730
Number of reported claims	2,939
Number of accepted claims	2,731
Number of time loss claims	773
Number of fatalities	3
Number of employers registered	3,461
Number of classes / sectors	8
Number of rate groups	30
Provisional average assessment rate	\$1.87
Actual average assessment rate	\$1.93
Maximum annual insurable earnings	\$52,000
Total assessable payroll	\$1,058,923,000
Assessment revenue	\$19,364,000
Investment income	\$27,553,000
Total assets	\$241,937,000
Total WCB staff positions	97.5
Administration expenses	\$8,909,000
Total benefits cost	\$21,977,000
Total liabilities	\$172,671,000
Catastrophe reserve	\$18,000,000
Operating reserve	\$44,541,000
Safety Incentive and Rate Reduction reserve	\$225,000
Special reserve	\$6,500,000
Total reserves	\$69,266,000
Funded ratio	127%
Some items listed above are not shown according to the standard Association of Workers' Compensation Boards of Canada (AWCBC) definitions. The comparative AWCBC values are shown below:	
Current year benefit costs incurred	\$13,774,000
Benefit payments for all years paid during 1998	\$14,513,000
Benefit costs incurred	\$18,683,000
Total benefit liabilities	\$158,162,000
Administrative costs	\$9,854,000

L E T T E R O F T R A N S M I T T A L

May 28, 1999

The Honourable Dan Marion
Commissioner of the Northwest Territories

The Honourable J. Michael Miltenberger
Northwest Territories Minister Responsible
for the Workers' Compensation Board

The Honourable Helen Maksagak
Commissioner of Nunavut

The Honourable Kelvin Ng
Nunavut Minister Responsible
for the Workers' Compensation Board

In accordance with Subsection 61(2) of the *NWT and Nunavut Workers' Compensation Acts*, it is my pleasure to present the Annual Report of the Workers' Compensation Board for the year ending December 31, 1998, 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 their costs, employer statistics and financial schedules.

Yours truly,



JoAnne Deneron, Chairperson
Workers' Compensation Board

F R O M T H E C H A I R P E R S O N

1998 proved, yet again, to be an exceptional year for the Workers' Compensation Board. With a continued focus on sound financial planning, effective claims management and a fair and equitable system of assessment, the WCB confidently met the needs of both workers and employers.

For the fourth year in a row, the WCB reduced employer assessment rates for 1999 – a reduction the WCB has committed to maintain through 2002.

Workers benefited from the WCB's efforts to improve workers' compensation in the North, as increases to both workers' benefits and pensions were approved for 1999.

The WCB also strengthened its involvement in promoting workplace safety in the North. A relatively new feature of the WCB, responsibility for occupational health and safety, is translating into a lower number of worker injuries and a reduction in overall employer claims costs.

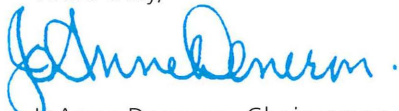
Like many northern companies and organizations, the WCB has taken significant strides to meet head-on the challenges of division and year 2000 compliance. With challenge comes opportunity, and the WCB has worked very hard to ensure that the level of service that employers and workers have come to expect from the WCB will not be negatively affected.

Moreover, we will continue to seek ways to return more workers to their jobs, provide better quality medical care and reduce accidents.

As the Chairperson of the WCB for the past year, I have seen first-hand what hard work and dedication achieves – the WCB's Board Members, President and staff should all be very proud of what they have accomplished on behalf of workers and employers in the North.

With their support, I am able to assure stakeholders across the North that we will continue to succeed. Despite a changing economic and political environment, we will always be mindful of our mission to serve injured workers and employers in an effective and efficient manner.

Yours truly,



JoAnne Deneron, Chairperson
Workers' Compensation Board

F R O M T H E P R E S I D E N T

Despite a fairly tumultuous year in the financial markets, the WCB's financial strategies resulted in a fourth successive year of solid investment performance. With an 11.5 per cent market rate of return on its investment portfolio, the WCB once again surpassed expectations.

The WCB's surplus grew in 1998, despite assessment revenues falling by 16.5 per cent due to a slight decrease in economic activity in the North and a reduction of 12.3 per cent in the average assessment rate.

The WCB's Client Services Division administered 2,939 new claims in 1998, a reduction of 19 per cent from the previous year. Employers in the North deserve credit for contributing to this decline. Permanent partial disability pensions were awarded to 99 injured workers, resulting in a total of 849 individuals receiving lifetime monthly pensions at year end.

Based on a recommendation from the Board of Directors, the Legislative Assembly increased the WCB's Yearly Maximum Insurable Remuneration (YMIR) to \$60,000, effective January 1, 1999, and a significant cost-of-living increase was awarded to all pensioners for 1999. The Board also announced that the average employer assessment rate for 1999 would be reduced by 35 per cent, a rate reduction that will be maintained for three years.

In fulfilling its responsibility for occupational health and safety in the North, the WCB completed 478 inspections in the industrial safety sector and 184 in the mining sector. Twenty-eight workplace accidents were investigated. The Prevention Services Division also provided 110 safety education workshops, covering eight core safety courses. This training was conducted in 19 communities, in all six regions, with a total of 1,168 participants.

The WCB undertook a number of new and exciting initiatives in 1998. In addition to planning for the division of the Northwest Territories in April 1999, the Board examined alternative case management models, explored alternative dispute resolution as a means to improve the claims review process and prepared for year 2000 compliance. Performance measurement was evaluated as a tool to provide management and staff with improved information about the impact of the WCB's activities.

Many of these initiatives were identified in the Corporate Plan for 1998-2000. The Plan outlines four strategic issues, which will determine the WCB's future as the compensation and enforcement agency in the North.

The achievements outlined in this Annual Report reflect the efforts and dedication of Board staff, of whom I am very proud.

Sincerely,



Gerry Meier, President

Workplace Safety

To promote safe workplaces by:

"...balancing the WCB's mandated responsibilities for education and enforcement..."

The WCB'S promotion of safe workplaces is led by the Industrial Safety and Mine Safety units of the Prevention Services Division.

The industrial safety officers and trainers were active in conducting safety workshops in 1998. They provided 110 safety education workshops, covering eight core safety courses, in 19 communities. This included all six regions, with a total of 1,168 participants.

Education materials provided by the WCB on Safety Programs, Safety Audits, Occupational Health and Safety Committees and Study Guides for Supervisors' examinations were also developed or revised.

The mine safety inspectors and the mine rescue and safety co-ordinator were also active in conducting seminars and examinations. In total, 278 certificates were issued under the *Mine Health and Safety Act*, and 223 certificates under the *Explosives Use Act*.

Inspections completed in 1998 totalled 478 in the industrial safety sector and 184 in mining. There were 28 workplace accident investigations. Specialist inspections were completed by an ergonomist at nine work sites, and by contract mechanical, electrical and geotechnical inspectors at all major mine sites.

"...promoting partnership and commitment between the WCB, employers and workers..."

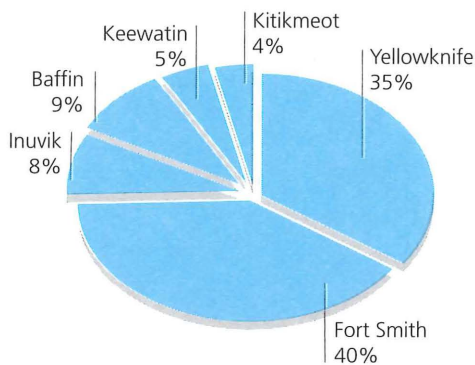
Inspection protocols were established and incorporated into the new and comprehensive Prevention Services procedures manual. The manual provides an overview of the mandate and functions, duties and responsibilities, code of conduct for inspections and investigations, on call procedures and procedures for working with other regulators. Our objective is to ensure consistent enforcement of safety legislation at work sites across the north.

The WCB again organized events for North American Occupational Safety and Health Week, sponsored an Industrial First Aid Competition and was the primary organizer of the Mine Rescue Competition. Staff also participated in the Iqaluit, Yellowknife and Hay River trade shows, and the WCB's booth was present at the Prospects North and Geoscience Forum events in Yellowknife.

The Mine Occupational Health and Safety Legislation Committee's (MOHSLC) final report was prioritized. Three issues were resolved by directive of the Chief Inspector of Mines, and three through amendments to the *Mine Health and Safety Regulations*. Sixty items were included in a Letter of Instruction for Legislative Counsel. The first draft of the revised *Regulations* was received in December 1998, and further work will be completed in 1999.

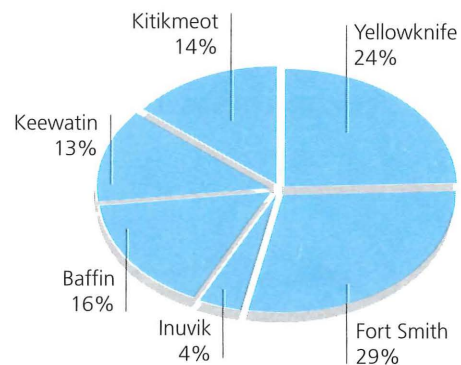
Prevention Services

Safety Education Workshops by Region



Prevention Services

Inspections by Region



"...and targeting safety measures to industries and sectors with a high incidence of accidents..."

Under the Safety Incentive and Rate Reduction (SIRR) Program, special assessments of \$257,966 were levied on 40 employers. With the integration of Occupational Health and Safety staff into the WCB in 1996, safety officers and mining inspectors have the ability to access claims information by industry. This information was used in 1998 to target industries, and firms within those industries, which were responsible for the majority of time loss major claims. Safety officers and inspectors have worked with these firms to establish and develop safer workplaces. When serious accidents have occurred due to violations of the Acts administered by the WCB, appropriate action has been taken, including prosecution. In 1998, the WCB successfully prosecuted one company for violations of the *Safety Act*, and prepared two other cases in cooperation with Crown Counsel.

Achieving Excellence

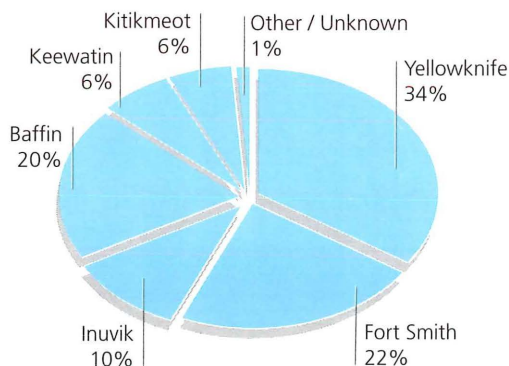
To demonstrate continued commitment to excellence by:

"...evaluating existing programs and services to ensure that stated objectives are being met..."

An independent company was contracted in 1998 to conduct monthly telephone surveys of employers and claimants. The survey results were then reviewed and evaluated to determine where service could be improved.

Client Services

Accepted Claims by Region



Key performance measurement criteria and data tracking procedures were implemented to allow for inter-jurisdictional comparisons and monitoring of program areas.

The current claims adjudication process was reviewed and documented in preparation for evaluation and refinement.

In the area of Vocational Rehabilitation, follow up surveys were completed to determine the employment status of previously assisted claimants.

An internal evaluation of the new appeals tracking system was completed.

An independent consultant completed a quality assurance review of the Revenue Services area, and also reviewed funding needs and organizational issues related to the provision of assessment services after the April 1, 1999, division of the NWT.

"...exploring alternatives to existing programs and services..."

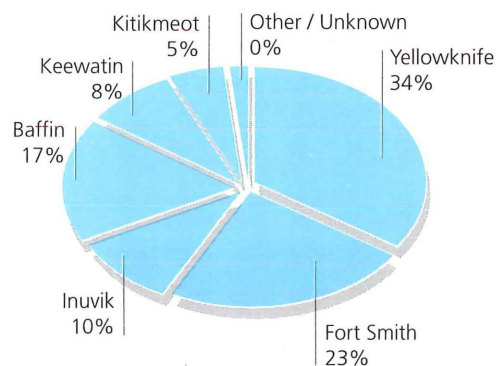
Alternative case management and adjudication models were reviewed after canvassing the WCBs in other jurisdictions.

Other North American re-employment incentive programs were reviewed and compared to existing WCB programs.

The Safety Incentive and Rate Reduction (SIRR) Program was cancelled effective December 31, 1998, as it had achieved its objectives. It drew employers' attention to the cost of claims, and motivated employers to improve workplace safety.

Client Services

Time Loss Claims by Region



The employer payroll audit program was revised after the development and implementation of new audit procedures. In 1998, an additional \$730,073 of employer assessments were billed as a result of this program.

An internal projection model was developed in 1998, by the Board's actuary, to allow WCB staff to streamline the calculation of claims and pensions liabilities.

"...providing ongoing training and development for staff to support continued high performance..."

Ongoing training offered to WCB staff included workshops and courses on customer service, cross-cultural awareness, computer software, conflict management and interpersonal communications. All supervisors were provided training on progressive discipline.

Specialized training on fraud detection and investigation was offered to employees in the Financial Services, Corporate Services and Client Services divisions. Prevention Services officers and inspectors received training in accident investigation and due diligence, in addition to ongoing professional development.

"... ensuring that information systems adequately support service delivery, decision making and accountability..."

Like most other organizations, the WCB has been preparing for the Year 2000 (Y2K). A dedicated effort was made in 1998 to prepare the WCB's internal

systems for operation in the year 2000. Programming changes and initial testing of the WCB's internal Y2K compliant system were completed in December 1998.

The development and implementation of a management information system, which will support the organization's decision-making process, was completed in 1998. In addition, with the expansion of our regional offices, information systems were expanded from a local area network in the Yellowknife office to a wide area network, which will link the two regional offices to the Yellowknife office.

The Disaster Recovery Plan was implemented to establish an offsite backup operating location for the WCB. This would allow staff to continue with the critical operations of the WCB in the event of a serious information system or office shutdown.

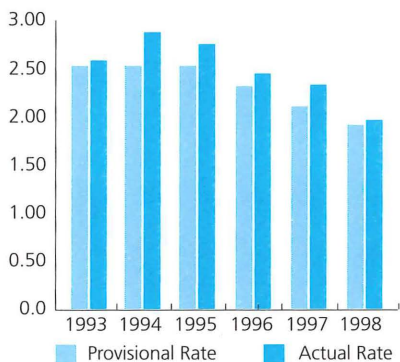
"...and communicating program initiatives and decisions to employers, workers, the medical profession, the public and staff..."

Client Services staff travelled to five communities to provide education and information to stakeholders on the WCB's programs and services, including information on the Renewable Resource Harvesters Program. Information packages were developed for injured workers receiving vocational rehabilitation assistance.

Assessment staff of the Revenue Services unit attended, and distributed information at, trade shows in Iqaluit, Yellowknife and Hay River, as well as the

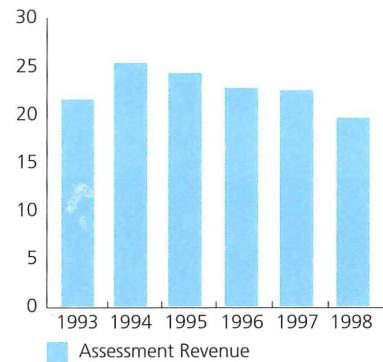
Financial Services

Average Assessment Rate per \$100 of Insurable Earnings



Financial Services

Assessment Revenue (\$000)



Prospects North and Mining Week events.

Medical advisors met weekly in Yellowknife with medical personnel and hospital staff. Educational sessions were provided to local and regional health care service providers during visits to complete medical impairment exams. Regional trips were made to Inuvik, Rankin Inlet, Iqaluit, Hay River and Cambridge Bay. An educational session was also provided for doctors during the 1998 NWT Medical Association's Annual General Meeting in June.

Implementation of the 1998 Communication Strategy included publishing the 1999-2001 Corporate Plan, redesigning the WCB's "Directions" newsletters for workers and employers, preparing the division related media strategy, and revising radio, television and print advertising and promotions.

Governance

To work toward a structure which:

"...identifies the respective roles...clarifies relationships...and supports Board Members and staff while they carry out their responsibilities..."

In an effort to ensure effective and efficient leadership to its management and staff, members of the WCB's Board of Directors participated in a workshop on governance in October 1998. Members of the Board of Directors also attended the Association of Workers Compensation Boards of Canada (AWCBC) Congress and College sessions held

in 1998. These sessions provided an opportunity to interact with peers and review governance issues with other jurisdictions.

Members of the Board's Finance Committee also participated in Investment Manager reviews in Yellowknife during August.

Division

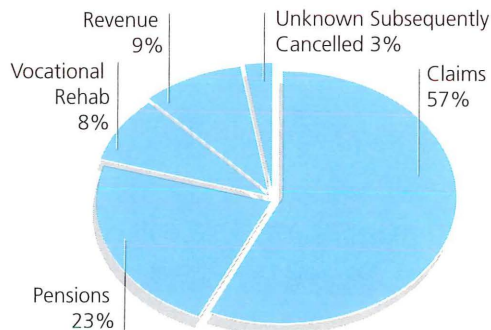
To promote a smooth transition by:

"...assisting the Legislative Assembly in amending the Workers' Compensation Act to allow for one joint, or two stand-alone, Boards..."

Section 29 of the federal *Nunavut Act* automatically duplicates the NWT *Workers' Compensation Act* in Nunavut on April 1, 1999. If the two future governments were to share a Workers' Compensation Board, the NWT and the future Nunavut *Workers' Compensation Acts* would need to be amended. Due to the unique nature of the proposed "shared" arrangement, there were no legal precedents to examine. WCB staff were involved in advising the government representatives on the impact proposed legislative amendments might have on stakeholders. In December 1998, the NWT Legislative Assembly, on the recommendation of the Interim Commissioner for Nunavut, amended the NWT and Nunavut *Workers' Compensation Acts* to allow for a shared agency after April 1, 1999. A draft inter-governmental agreement, outlining how the WCB would be governed, the time

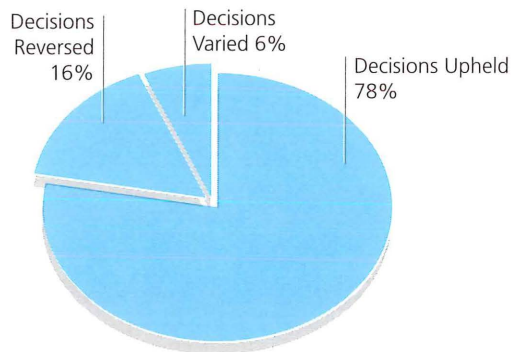
Review Committee

Review Committee Issues



Review Committee

Review Committee Decisions



period for the shared arrangement and the formula to be used if the WCB's assets are eventually divided, was negotiated.

"...developing options for program delivery in the Northwest Territories and Nunavut..."

WCB staff were in the best position to understand the cost implications of various service delivery models that were under consideration by the two governments' negotiators. Projections were prepared to assist the negotiators in their analysis of the proposed service delivery options. In consultation with the Western Coalition and the Office of the Interim Commissioner of Nunavut, requests were received for further costing of models. The WCB provided this information to all parties.

"...and preparing WCB operations for the service delivery option that is to be implemented..."

The WCB had a fiduciary responsibility to plan for all contingencies to ensure uninterrupted service to its stakeholders on April 1, 1999. Operational models and budgets were developed for all service delivery options. The WCB continued to train Inuit staff, monitor the staffing level and communication requirements in Nunavut, and take the necessary steps to ensure cost effective program delivery in both territories on April 1, 1999.

Appeals Tribunal

The five member Appeals Tribunal is appointed by the Minister Responsible for the Workers' Compensation Board and is the final level of the appeals process, as outlined in Section 7.1 of the *Workers' Compensation Act*.

The appeals tracking system developed in 1997 was operational for 1998, with some minor modifications being completed in October. All new requests for appeal have been entered into the system upon receipt. The Tribunal's legal counsel prepared a new draft of the Rules of Practice, and began drafting an information pamphlet, which briefly outlines the Appeals Tribunal's role and procedures.

The Appeals Tribunal received 27 appeals, covering 34 issues, plus two requests for reconsideration and one rehearing via the Supreme Court in 1998. It heard 37 appeals during 1998 and at year-end, 21 appeals remained outstanding.

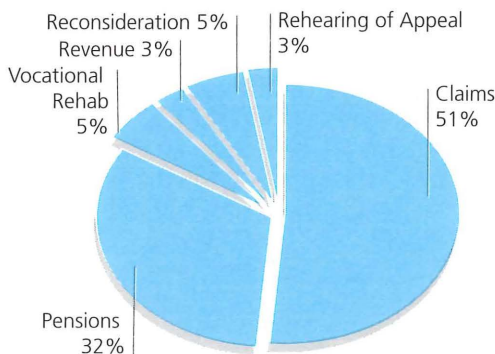
Workers' Advisor

The Workers' Advisor office, located in Yellowknife, was established to provide advice and assistance to injured workers or their dependants with respect to their rights and privileges under the *Workers' Compensation Act*.

Although funded by the WCB, an independent service provider, recruited and monitored by an independent contract consultant, operates this office.

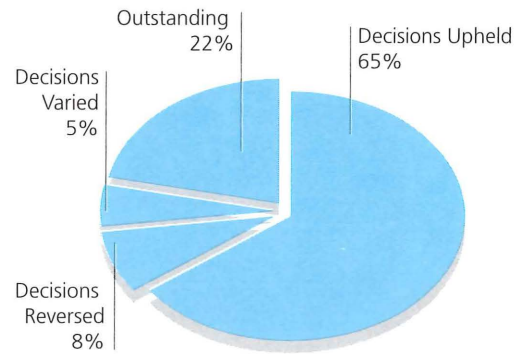
Appeals Tribunal

Appeals Tribunal Issues



Appeals Tribunal

Appeals Tribunal Decisions



March 19, 1999

Management's Responsibility for Financial Reporting

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 generally accepted accounting principles 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 accounts, 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 fulfills 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 of the English and French versions of the financial statements for the purpose of expressing his opinion on these 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.

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

Gerry Meier
President

John W. Doyle
Director, Financial Services



AUDITOR GENERAL OF CANADA

VÉRIFICATEUR GÉNÉRAL DU CANADA

AUDITOR'S REPORT

To the Minister of the
Worker's Compensation Board

I have audited the balance sheet of the Workers' Compensation Board (Northwest Territories) as at December 31, 1998 and the statements of operations, reserves and cash flows 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, 1998 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles. 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 by the Board, 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 Part IX of the *Financial Administration Act* and regulations and the *Workers' Compensation Act* and regulations.

A handwritten signature in black ink, appearing to read 'Dm2' followed by a long horizontal stroke.

Donald M. Young, FCA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
March 19, 1999

F I N A N C I A L S T A T E M E N T S

Workers' Compensation Board (Northwest Territories)

Balance Sheet

as at December 31, 1998

(thousands of dollars)

ASSETS	1998	1997
Cash and short-term investments (note 3a)	\$ 1,306	\$ 2,965
Assessments receivable	1,586	3,602
Accrued interest receivable	3,592	4,289
Other accounts receivable	1,470	997
Investments (note 3)	228,899	203,094
Property and equipment (note 4)	5,084	5,228
	<u>\$ 241,937</u>	<u>\$ 220,175</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,510	\$ 1,822
Deferred revenue (note 11c)	115	240
Lease obligations payable (note 5a)	3,240	3,410
Assessments refundable	1,588	2,026
Benefits liability (note 6)	166,218	162,025
	<u>\$ 172,671</u>	<u>\$ 169,523</u>
RESERVES		
Catastrophe reserve	\$ 18,000	\$ 9,800
Safety incentive rate reduction reserve	225	642
Operating reserve	44,541	35,710
Special reserve	6,500	4,500
	<u>69,266</u>	<u>50,652</u>
	<u>\$ 241,937</u>	<u>\$ 220,175</u>

CONTINGENCIES (note 9)

Approved by Management:



Director, Financial Services

Approved by the Board of Directors:



Chairperson, Board of Directors



Chairperson, Finance Committee

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

F I N A N C I A L S T A T E M E N T S

Workers' Compensation Board (Northwest Territories)

Statement of Operations

for the year ended December 31, 1998

(thousands of dollars)

REVENUES	<u>1998</u>	<u>1997</u>
Investment revenue	\$ 27,553	\$ 23,929
Assessments	20,165	23,255
GNWT contribution (note 11c)	607	1,077
Recoveries (note 11b)	1,175	461
	<u>\$ 49,500</u>	<u>\$ 48,722</u>
EXPENSES		
Cost of claims (note 6)		
Current year's claims	\$ 17,172	\$ 17,619
Prior years' claims	4,805	(2,238)
Actuarial Revaluation	-	5,033
Total Claims	<u>21,977</u>	<u>20,414</u>
Administration and general (schedule)	8,909	8,083
	<u>\$ 30,886</u>	<u>\$ 28,497</u>
INCOME FROM OPERATIONS	<u>\$ 18,614</u>	<u>\$ 20,225</u>
TRANSFERS		
Transfer to catastrophe reserve	\$ 8,200	\$ 4,900
Transfer to safety incentive rate reduction reserve	258	279
Transfer to operating reserve	8,156	10,546
Transfer to special reserve	2,000	4,500
	<u>\$ 18,614</u>	<u>\$ 20,225</u>

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

F I N A N C I A L S T A T E M E N T S

Workers' Compensation Board (Northwest Territories)

Statement of Reserves

for the year ended December 31, 1998

(thousands of dollars)

CATASTROPHE RESERVE	<u>1998</u>	<u>1997</u>
Balance at the beginning of the year	\$ 9,800	\$ 4,900
Transfer from operations	8,200	4,900
Balance at the end of the year (note 8)	<u>\$ 18,000</u>	<u>\$ 9,800</u>
OPERATING RESERVE		
Balance at the beginning of the year	\$ 35,710	\$ 25,164
Transfer from operations	8,156	10,546
Transfer from SIRR reserve	675	
Balance at the end of the year (note 8)	<u>\$ 44,541</u>	<u>\$ 35,710</u>
SAFETY INCENTIVE RATE REDUCTION RESERVE		
Balance at the beginning of the year	\$ 642	\$ 363
Transfer from operations	258	279
Transfer to operating reserve	(675)	
Balance at the end of the year	<u>\$ 225</u>	<u>\$ 642</u>
SPECIAL RESERVE		
Balance at the beginning of year	\$ 4,500	\$ -
Transfer from operations	2,000	4,500
Balance at the end of the year	<u>\$ 6,500</u>	<u>\$ 4,500</u>

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

F I N A N C I A L S T A T E M E N T S

Workers' Compensation Board (Northwest Territories)

Statement of Cash Flow

for the year ended December 31, 1998

(thousands of dollars)

	1998	1997
CASH FLOW FROM OPERATING ACTIVITIES		
Cash received from:		
Employers, for assessments	\$ 21,500	\$ 23,350
Investment revenue - short term	125	77
	\$ 21,625	\$ 23,427
Cash paid to:		
Claimants or third parties on their behalf	\$ 14,131	\$ 14,946
Suppliers, for administration and other goods and services	\$ 11,156	9,222
	\$ 25,287	\$ 24,168
Net cash provided by operating activities	\$ (3,662)	\$ (741)
CASH FLOW FROM INVESTING ACTIVITIES		
Transfers to investment managers	\$(16,268)	\$ (6,178)
Transfers from investment managers	18,741	5,224
Purchases of capital assets	(470)	(1,139)
	\$ 2,003	\$ (2,093)
Net cash provided (used) by investing activities	\$ 2,003	\$ (2,093)
Net increase (decrease) in cash and cash equivalents	\$ (1,659)	\$ (2,834)
Cash and short term investments, beginning of year	\$ 2,965	\$ 5,799
Cash and short term investments, end of year	\$ 1,306	\$ 2,965

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

Workers' Compensation Board (Northwest Territories)

Notes to Financial Statements

for the year ended December 31, 1998

1. Authority, Mandate and Operations

The Workers' Compensation Board (the Board) was established by, and is responsible for, the administration of the *Workers Compensation Act*. Effective April 16, 1996, the Board also assumed responsibility for safety enforcement under the *Mine, Health and Safety Act*, the *Safety Act* and the *Explosives Use Act*.

The mandate of the 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. In addition, the mandate of the Board includes accident prevention. The Prevention Services Division is responsible for developing safety awareness and for monitoring safety in the workplace.

The *Nunavut Act* will create the Nunavut Territory effective April 1, 1999, resulting in the division of the Northwest Territories. The Government of the Northwest Territories has negotiated a Transition Agreement to allow the Workers' Compensation Board to remain as a single entity serving both territories until December 31, 2002.

2. Accounting Policies

The significant accounting policies are as follows:

(a) Accounts receivable and payable

Fair value approximates carrying value as these amounts are short term.

(b) Investments

Equity investments are valued using a moving average market value method, using a five year amortization of gains and losses that arise on the sale of investments, or that arise as a result of changes in the market value of those investments.

Fixed term investments are recorded at cost at the time of purchase. The realized gain or loss on the sale of an investment is amortized over the remaining period to maturity of the investment, based on the average period for these securities disposed of during the year. For pooled funds, the amortization period is five years.

Investments denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the end of the year. Income is translated at the rate in effect at the time of receipt.

Workers' Compensation Board (Northwest Territories)

Notes to Financial Statements

for the year ended December 31, 1998

Exchange gains and losses resulting from the translation of foreign currency balances and transactions are amortized into investment income over a five year period.

The Board's international investment manager uses derivative financial instruments to manage operating exposure to foreign exchange fluctuations. These contracts are carried on a market value basis. Premiums paid or received on these instruments are treated as revenue at the time of purchase. Net receipts or payments are recognized in income on an accrual basis in the same period and the same financial statement category to which the contract is related.

(c) 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 5 years
- Leasehold improvements and office space (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.

(d) Administration and general expenses

A portion of administration and general expenses is allocated as claims management costs between current years' 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.

(e) Benefit Liability

The Benefits Liability is estimated annually using an actuarial valuation and is comprised of:

- i. the future pension liability which represents the present value of future payments in respect of approved pension awards;
- ii. the future claims liability which represents the present value of future payments in respect of medical aid benefits, compensation payments and the capitalized value of future pension awards for all claims arising from accidents occurring prior to the end of the fiscal year; and

Workers' Compensation Board (Northwest Territories)

Notes to Financial Statements

for the year ended December 31, 1998

- iii. provision for claims management expenses, at 12% of the future claims liability and 3.6% of the future pension liability.

Many assumptions are required in the calculation of the liability, including estimates of future inflation, interest rates and mortality rates. The amount of liability is determined on a basis which allows for future inflationary increases by using a discount rate of 3% per annum. Actual claims expenses are not predictable with certainty and, accordingly, may vary from the actuarial valuation of the 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.

(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. The catastrophe reserve was created by the Board of Directors whereas the operating reserve was created by the *Workers Compensation Act*. Such adverse experience could arise in respect of the following risk:

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

Assessment rates are adjusted to bring the reserve to its target level over a period of between 2 years and 10 years depending on the margin by which the operating reserve is above or below the target range.

(h) Safety Incentive Rate Reduction reserve

Under the Safety Incentive and Rate Reduction (SIRR) policy, implemented by the Board in 1996 and cancelled effective January 1, 1999, special assessments are levied on employers whose claims costs exceeded assessment revenues over a three year period. These special assessment revenues were transferred to the SIRR reserve. By Board approval, 75% of these revenues were transferred to the operating reserve on December 31, 1998, while the remaining 25% will be used in 1999 to deliver safety programs.

Workers' Compensation Board (Northwest Territories)

Notes to Financial Statements

for the year ended December 31, 1998

(i) Special reserve

In addition to the catastrophe and operating reserves, the Board created a special reserve of \$6,500,000 for the one time impact of events such as division of the Territories, other legislative amendments or court challenges, which are not catastrophic but are beyond the Board's control.

(j) Employee benefits

The Board and its employees, who are deemed to be employees of the Government of the Northwest Territories, make contributions to the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employees and the Board. These contributions represent the total pension obligation of the Board and are recognized in the accounts on a current basis.

Under the conditions of employment, employees earn employment benefits for annual leave, retirement and severance pay. The costs are accrued as the benefits are earned. Accrued termination benefits are paid upon resignation or retirement of employees.

(k) Assessment revenues

Current year revenues are estimated at February 28 of the following year based on actual payrolls submitted by employers. Adjustments to assessment revenues are accounted for in the year received. An allowance is included in assessments refundable for potential adjustments of current and prior years' payrolls.

3. (a) Cash and Investments

The Board invests in the short term money market. The overall yield of this portfolio is 5.6% at December 31, 1998 (1997 - 2.7%) All instruments held in short term investments are in high quality debt obligations issued or guaranteed by Canadian, Provincial, or Territorial governments, Canadian Chartered banks or Loan or Trust companies registered in Canada.

The Board's investment policy limits investment in cash and short term investments to a maximum of 10% of the total investment portfolio. Included is C\$244,093 (1997 - \$927,613) in foreign currencies. Fair value approximates carrying value due to their short term nature.

F I N A N C I A L S T A T E M E N T S

Workers' Compensation Board (Northwest Territories)

Notes to Financial Statements

for the year ended December 31, 1998

The Board's investment target and actual asset mix at December 31 is as follows:

	(Fair Value)		Actual	
	Maximum	Minimum	1998	1997
Fixed term (including cash and short term)	65%	55%	58.1%	57.2%
Canadian equities	25%	15%	19.6%	21.6%
U.S. equities	12%	8%	11.0%	12.2%
Non Canadian and U.S. equities	12%	8%	11.0%	9.1%
Cash and short term (includes investments maturing in 1 year)	10%	0%	2.2%	5.1%

(b) Investments

	1998		1997	
	(thousands of dollars)			
	Carrying Value	Fair Value	Carrying Value	Fair Value
Fixed term investments				
Pooled funds	\$ 91,901	\$ 98,640	\$ 84,960	\$ 90,262
Other	48,545	55,092	27,057	33,792
	<u>140,446</u>	<u>153,732</u>	<u>112,017</u>	<u>124,054</u>
Equity investments	83,517	114,204	79,955	109,938
Investments maturing within one year	4,936	4,936	11,122	11,122
TOTAL	<u>\$ 228,899</u>	<u>\$ 272,872</u>	<u>\$ 203,094</u>	<u>\$ 245,114</u>

Included in the carrying values are unamortized gains of \$39,985 for 1998 (1997 - \$38,721).

Fair values for equity investments and marketable fixed term investments are the closing value on the appropriate exchange at December 31.

The maturity periods of the other fixed investment portfolio as at December 31, 1998 are as follows:

	Fair Value
	(thousands of dollars)
One to five years	25,676
Five to ten years	13,021
Over ten years	16,395
	<u>55,092</u>

F I N A N C I A L S T A T E M E N T S

Workers' Compensation Board (Northwest Territories)

Notes to Financial Statements

for the year ended December 31, 1998

(c) Investment Revenue

	1998		1997	
	(thousands of dollars)			
	Interest/ Dividends Revenue	Gains/ (Losses)	Interest/ Dividends Revenue	Gains/ (Losses)
Fixed term investments	\$ 10,668	\$ 3,019	\$ 9,264	\$ 2,096
Equity investments	2,230	11,985	2,798	10,234
Investments maturing within one year	436	-	219	-
TOTAL	\$ 13,334	\$ 15,004	\$ 12,281	\$ 12,330
Total Investment Revenue		\$ 28,338		\$ 24,611
Less: Investment Fees		(910)		(759)
Add: Interest on Cash and Short Term Investments		125		77
Total Investment Revenue		\$ 27,553		\$ 23,929

Investments are managed by the Board's external investment managers. The market yield of the portfolio (as provided by our performance measurement service) is as follows:

	1998	1997
Fixed term investments	9.1%	10.3%
Foreign equities	25.9%	24.0%
Canadian equities	4.0%	22.6%

(d) Foreign Currency Balances

The Board has assets in U.S. dollars and other currencies. In addition, the Board has derivative financial instruments (DFI) denominated in various currencies. The purpose of these derivative financial instruments is to optimize yields for the Board, while sustaining acceptable levels of risk.

The only derivative financial instruments used are forward foreign exchange contracts, which all mature within 90 days of the year end. The total unrealized losses at December 31, 1998 are \$104,440 (1997 - \$10,734) which is included in gains and losses of the corresponding investments in accordance with the investment policy (note 2(b)).

F I N A N C I A L S T A T E M E N T S

Workers' Compensation Board (Northwest Territories)

Notes to Financial Statements

for the year ended December 31, 1998

The following chart shows where the Board has limited its exposure to foreign currency risk:

Currency	(thousands of dollars)			
	Total Investments in \$Cdn (fair value)	DFI	1998 Net Exposure	1997 Net Exposure
United States dollar	\$ 31,165	\$ -	\$ 31,165	\$ 31,311
Australian dollar	1,333	-	1,333	1,337
Danish krone	199	-	199	-
French franc	2,489	-	2,489	544
Deutsche mark	2,869	(222)	2,647	1,249
Hong Kong dollar	-	-	-	395
Indonesian rupiah	-	-	-	231
Irish pound	-	-	-	231
Italian lira	825	-	825	415
Japanese yen	4,480	(2,594)	1,886	2,396
Malaysian ringgit	32	-	32	130
Mexican peso	48	-	48	176
Netherlands guilder	2,930	-	2,930	1,830
Phillipine peso	59	-	59	59
Portuguese escudo	88	-	88	38
Pound sterling	9,442	(727)	8,715	6,597
Singapore dollar	653	-	653	977
Spanish peseta	558	-	558	319
Swiss franc	3,996	(707)	3,289	1,885
Thailand baht	133	-	133	-
TOTALS	\$ 61,299	\$ (4,250)	\$ 57,049	\$ 50,120

F I N A N C I A L S T A T E M E N T S

Workers' Compensation Board (Northwest Territories)

Notes to Financial Statements

for the year ended December 31, 1998

4. Property and Equipment

	1998		1997	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
	(thousands of dollars)			
Furnishings	\$ 1,754	\$ 1,405	\$ 1,505	\$ 1,168
Equipment - Purchased	466	-	249	-
Leasehold improvements	2,508	624	2,503	458
Office space - Leased	4,242	1,857	4,242	1,645
	\$ 8,970	\$ 3,886	\$ 8,499	\$ 3,271
Less accumulated amortization	\$(3,886)		\$(3,271)	
Net Book Value	\$ 5,084		\$ 5,228	

5. Leases

(a) Capital Lease Obligations

The Board is committed to payments of \$435,765 per annum under a 13 year office space lease agreement which is based on an implicit interest rate of 8% and expires in 2010. The Board is also responsible for a proportional share of operating and maintenance expenses based on its share of space occupied. Fair value approximates carrying value of the liability.

	(thousands of dollars)
Nominal Value of Payments	\$ 4,940
Less: Imputed interest at 8%	(1,700)
Lease Obligation	\$ 3,240

(b) Operating Lease

The office space lease agreement was amended in 1996 to add office space in the same building. The costs for the additional space are treated as an operating lease in the financial statements as the lease is for a five year term with no guaranteed renewal payments. The Board is committed to payments of \$152,588 per annum until August 13, 2001. The Board is also responsible for a proportional share of operating and maintenance expenses based on its share of space occupied.

The Board acquired office space in Rankin Inlet and Iqaluit in 1998.

F I N A N C I A L S T A T E M E N T S

Workers' Compensation Board (Northwest Territories)

Notes to Financial Statements

for the year ended December 31, 1998

The office space lease agreement for Rankin Inlet is treated as an operating lease as the lease is for a five year term with an option for renewal at prevailing market rent for an additional five year term. The Board is committed to payments of \$87,996 per annum until June 30, 2003.

The office space lease agreement for Iqaluit is treated as an operating lease as the lease is for a five year term with an option for renewal at market rent for an additional five year term. The Board is committed to payments of \$81,183 per annum until July 31, 2003.

6. Benefits Liability

	1998				1997	
	(thousands of dollars)					
	Medical Aid	Compensation	Pension Capitalization	Pension Awards	Total	Total
Balance, beginning of year	\$ 16,696	\$ 16,721	\$ 24,383	\$104,225	\$162,025	\$159,406
Claims expenses						
Current year	4,380	6,592	6,041	159	17,172	17,619
Prior year	(155)	(3,421)	(3,218)	11,599	4,805	(2,238)
Liability transfer - capitalizations	-	-	(4,344)	4,344	-	-
Actuarial revaluation	-	-	-	-	-	5,033
Recoveries from third parties	-	23	-	-	23	522
	\$ 20,921	\$ 19,915	\$ 22,862	\$120,327	\$184,025	\$180,342
Less: Claims payments made						
Current year injuries						
Claims payments	638	967	-	4	1,609	2,059
Claims management	949	1,438	-	6	2,393	2,188
Prior years' injuries						
Claims payments	2,687	2,515	-	7,702	12,904	13,149
Claims management	322	302	-	277	901	921
	\$ 4,596	\$ 5,222	-	\$ 7,989	\$ 17,807	\$ 18,317
Balance, end of year	\$ 16,325	\$ 14,693	\$ 22,862	\$112,338	\$166,218	\$162,025

Workers' Compensation Board (Northwest Territories)

Notes to Financial Statements

for the year ended December 31, 1998

7. Actuarial Valuation

The benefits liability has been verified by an independent actuary.

8. Catastrophe and Operating Reserve

The Board is fully funded at the end of 1998 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 1998 is \$18,000,000 (1997 - \$9,800,000).

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 1998 is \$4,700,295 and the target range is \$3,525,221 to \$5,875,369.

The funding policy of the Board provides for discounts on assessment rates when the operating reserve exceeds its target range. In 1998, a discount of 5% (1997 - 6%) was applied to assessment rates.

9. Contingencies

(a) Widow's Pensions

Under current legislation, widows' pension payments terminate after remarriage. An allowance of \$3,534,000 for continuation of pensions to widows currently receiving pensions who remarry is included in the Benefits Liability. An opinion from the Board's legal counsel and recent litigation in other provinces suggests that the actual liability could be higher. The amount of any additional liability cannot be determined at this time.

(b) Legal Claims

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 \$682,000 (1997 - \$696,538). Settlement of legal claims are recognized in the year in which the settlement occurs. Legal claims settled during 1998 resulted in recoveries of \$22,895 (1997 - \$522,000).

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

Workers' Compensation Board (Northwest Territories)

Notes to Financial Statements

for the year ended December 31, 1998

10. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on or after January 1, 2000, and if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the Board's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Board, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

11. Related Party Transactions

(a) The following table summarizes the Board's assessments revenue from related parties entered into in the normal course of operations in 1998.

	1998	1997
	(thousands of dollars)	
Government of the Northwest Territories	\$ 1,613	\$ 1,537
Public Agencies	\$ 260	\$ 255

(b) The Government of the Northwest Territories provided a reimbursement to the Board for hunters and trappers claims of \$1,175,252 (1997 - \$461,496).

(c) On April 16, 1996 the Government of the Northwest Territories transferred responsibility for the administration and enforcement of the *Safety Act*, *Explosive Use Act*, and *Mine Health and Safety Act* from the Government of the Northwest Territories to the Board.

The Government will be compensating the Board for part of the cost of the transfer from April 16, 1996 to March 31, 1999 as shown below. Additional and future costs will be covered from employer assessments. The estimated annual costs of administering these programs is \$2,100,000.

April 16, 1996 - March 31, 1997 - 75% of the agreed cost

April 1, 1997 - March 31, 1998 - 50% of the agreed cost

April 1, 1998 - March 31, 1999 - 25% of the agreed cost

F I N A N C I A L S T A T E M E N T S

Workers' Compensation Board (Northwest Territories)

Notes to Financial Statements

for the year ended December 31, 1998

Amounts received as contributions are as follows:

	1998	1997
	(thousands of dollars)	
Revenue	\$ 607	\$1,077
Deferred revenue	115	240
Total paid in 1998	\$ 722	\$1,317

(d) The Board's investments include bonds (at market value) of:

	1998	1997
	(thousands of dollars)	
Government of the Northwest Territories		
11.00% maturing June 23, 1998	\$ -	\$ 152
Northwest Territories Power Corporation		
11.00% maturing March 9, 2009	\$ 663	\$ 666
11.125% maturing June 6, 2011	\$1,382	\$1,382
9.375% maturing May 12, 2014	\$1,252	\$1,248
Northwest Territories Legislative Assembly		
Building Society		
13.00% Series A, maturing August 31, 2013	\$ 609	\$ 609

(e) 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.

12. Comparatives

Certain comparative amounts have been reclassified to be consistent with the current year.

F I N A N C I A L S T A T E M E N T S

Workers' Compensation Board (Northwest Territories)
Schedule of Administration and General Expenses
for the year ended December 31, 1998

	1998	1997
	(thousands of dollars)	
Salaries, wages and allowances	\$ 5,912	\$ 5,414
Professional services	1,975	1,672
Office lease and renovations	939	878
Travel	817	671
Employer's share of benefits	760	785
Amortization office space/leasehold	379	231
Board Members	344	404
Communications	248	275
Amortization furnishings and equipment	236	192
Office services and supplies	233	200
Office furnishings and equipment (non-capital)	138	154
Advertising and public information	129	128
Grants	63	122
Miscellaneous	27	44
Computer lease and services	3	22
	\$ 12,203	\$ 11,192
Less:		
Allocations to claims management	3,294	3,109
	\$ 8,909	\$ 8,083

Hewitt

Workers' Compensation Board, Northwest Territories Actuarial Opinion as at December 31, 1998

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, 1998. This valuation was based on the provisions of the *Workers' Compensation Act*, N.W.T. 1998 in effect at December 31, 1998. The detailed results are included in our valuation report dated March 15, 1999.

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 – 1998*. 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.

In our opinion:

1. The Future Claims Liability of \$53,880,000 makes adequate provision for expected future payments (including rehabilitation benefits) and claim management expenses in respect of claims arising prior to January 1, 1999, other than existing pension awards;
2. The Future Pension Liability of \$112,338,000 makes adequate provision for expected future payments, including future Supplementary Pension Increases and claim management expenses, for pension awards granted prior to January 1, 1999;
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
HEWITT ASSOCIATES


J. Allan Brown

Fellow of the Canadian Institute of Actuaries

March 15, 1999

S U M M A R Y I N F O R M A T I O N

Contents

Tables

Table 1:	1994-1998 Claim Distribution by Category	32
Table 2:	1998 Time Loss Claims by Industry Class	34
Table 3:	1996-1998 Assessments and Claim Expenses by Industry Class	40
Table 4:	1998 Safety Incentive and Rate Reduction (SIRR) Program	40
Table 5:	1997-1998 Assessment and Claims Expenses by Class	41
Table 6:	1998 Industrial Safety Activity Report	42
Table 7:	1998 Mining and Industrial Inspections by Region	42
Table 8:	1998 Mining Incident/Accident Investigations	43
Table 9:	Safety Education Workshops by Region	43
Table 10:	Safety Education Workshops – Number of Courses Taught and Number of Participants	43

Figures

Figure 1:	1994-1998 Accepted and Time Loss Claims	32
Figure 2:	1998 All Accepted Claims by Month	33
Figure 3:	1998 All Time Loss Claims by Month	33
Figure 4:	Time Loss Claims by Part of Body Injured	36
Figure 5:	1998 Distribution of Workers and Occupational Injuries by Sector of Economic Activity	36
Figure 6:	1998 All Accepted Claims by Sex and Age	37
Figure 7:	1998 All Time Loss Claims by Sex and Age	37
Figure 8:	1998 Funded Position	38
Figure 9:	1998 Funding the System	38
Figure 10:	Investment Portfolio (annualized market rate of return)	39
Figure 11:	Portfolio Allocation by Asset Type	39
Figure 12:	1996-1998 Comparison of Assessments and Claim Expenses by Industry Class	34
Figure 13:	1998 Pension Capitalizations	44
Figure 14:	1998 Average Impairment Award	44

Summary Information, 1994-1998

	1994	1995	1996	1997	1998
Total active businesses	4,702	5,197	5,063	5,625	5,644
Employers	2,889	3,189	2,892	3,171	3,461
Self-employed	1,813	2,008	2,171	2,454	2,183
Claims reported	3,909	3,879	3,866	3,626	2,939
Assessment revenue (\$000)	\$25,016	\$24,627	\$22,922	\$22,564	\$19,363
Average assessment rate*					
Average provisional assessment rate	\$2.54	\$2.54	\$2.33	\$2.10	\$1.87
Average actual assessment rate	\$2.84	\$2.74	\$2.48	\$2.36	\$1.93
Supplementary pension increase (SPI)**	1.72%	1.03%	1.10%	1.82%	5.00%***
Yearly maximum insurable remuneration	\$47,500	\$47,500	\$49,000	\$49,000	\$52,000

* Per \$100 of assessable payroll.

** The supplementary pension increases listed in the table for each year came into effect on January 1 of the following year.

*** All pensions had a minimum SPI of 5.00%. Those who have pensions for injuries that occurred before July 1, 1996 received an additional 4.70% increase, for a total SPI of 9.70%.

A C C I D E N T S T A T I S T I C S

Table 1: 1994-1998 Claim Distribution by Category

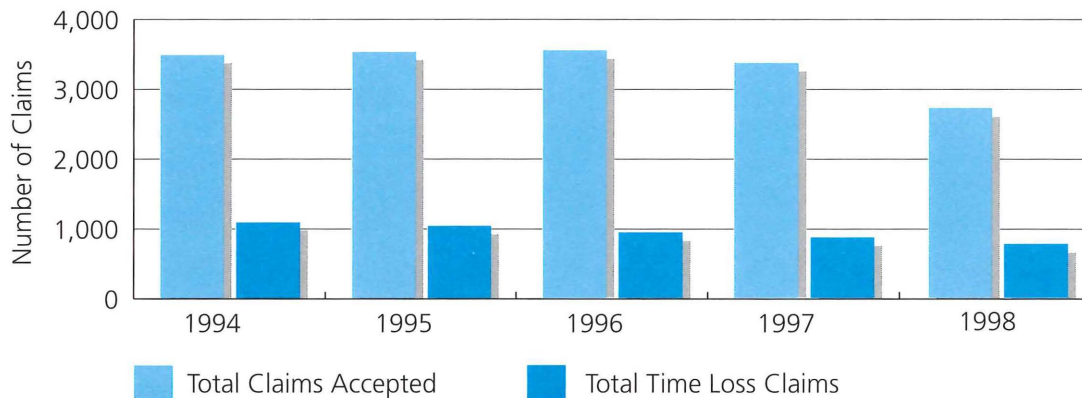
Note: These figures are revised annually to allow for claims that are reported late

Claims Reported	1994	1995	1996	1997	1998
Medical Aid / No Time Loss	2,343	2,450	2,564	2,464	1,939
Time Loss Moderate	850	849	743	697	618
Time Loss Major	237	186	197	170	155
Hearing Loss	25	16	22	8	7
Industrial Disease	24	18	16	21	9
Fatal	5	8	4	4	3
No Claim Established	268	199	183	189	139
Claim Denied	98	122	105	73	69
Total Claims Reported	3,850	3,848	3,834	3,626	2,939
Total Claims Accepted	3,484	3,527	3,546	3,364	2,731
Total Time Loss Claims	1,087	1,035	940	867	773

Legend

Medical Aid / No Time Loss	Claimant does not lose time from work other than the day of injury. Injury may be treated on-site, or may require medical attention.
Time Loss Moderate	Claimant receives temporary total disability benefits for less than six weeks.
Time Loss Major	Claimant receives temporary total disability benefits for more than six weeks.
Hearing Loss	Prolonged exposure to hazardous noise levels.
Industrial Disease	Progressive conditions.
Fatal	Claims that result in the death of the worker and in the payment of funeral costs or survivor benefits.
No Claim Established	Claim is registered but, after investigation, it is determined that it should not have been for reasons of jurisdiction, duplicate registration or policy.
Claim Denied	Claim adjudicated and denied payment.

Figure 1: 1994-1998 Accepted and Time Loss Claims



A C C I D E N T S T A T I S T I C S

Figure 2: 1998 All Accepted Claims by Month

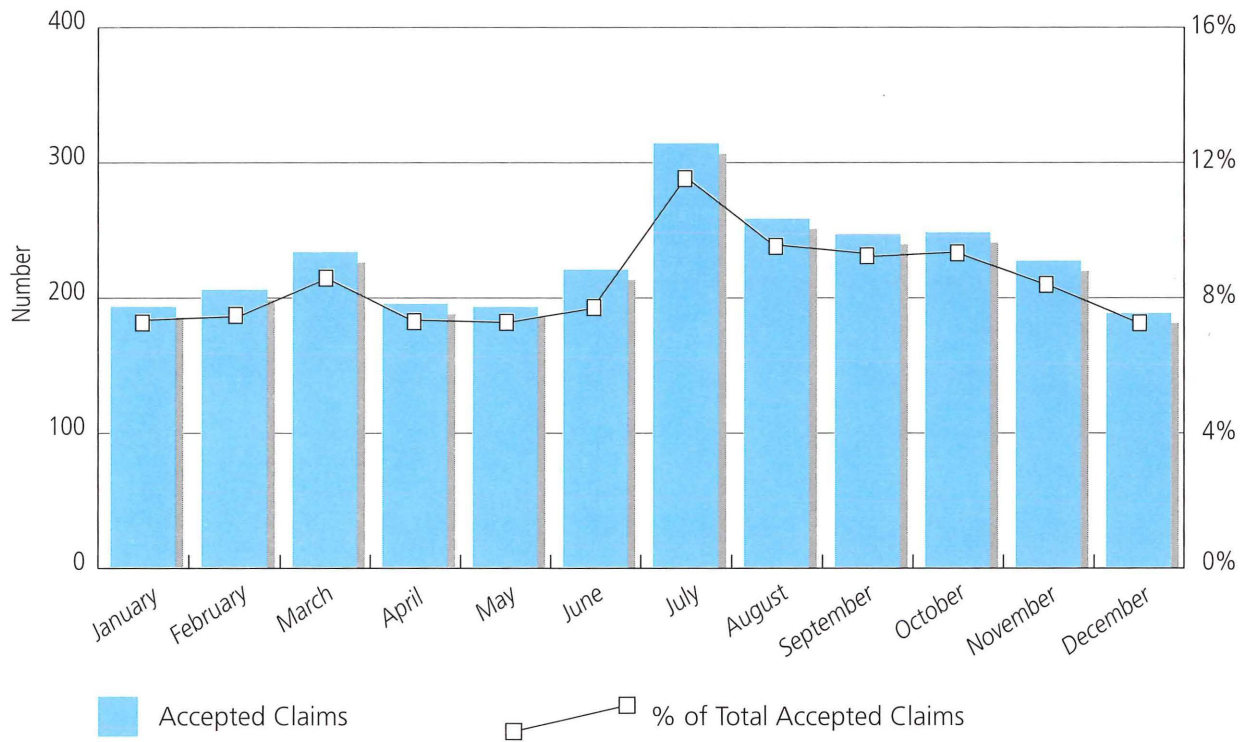
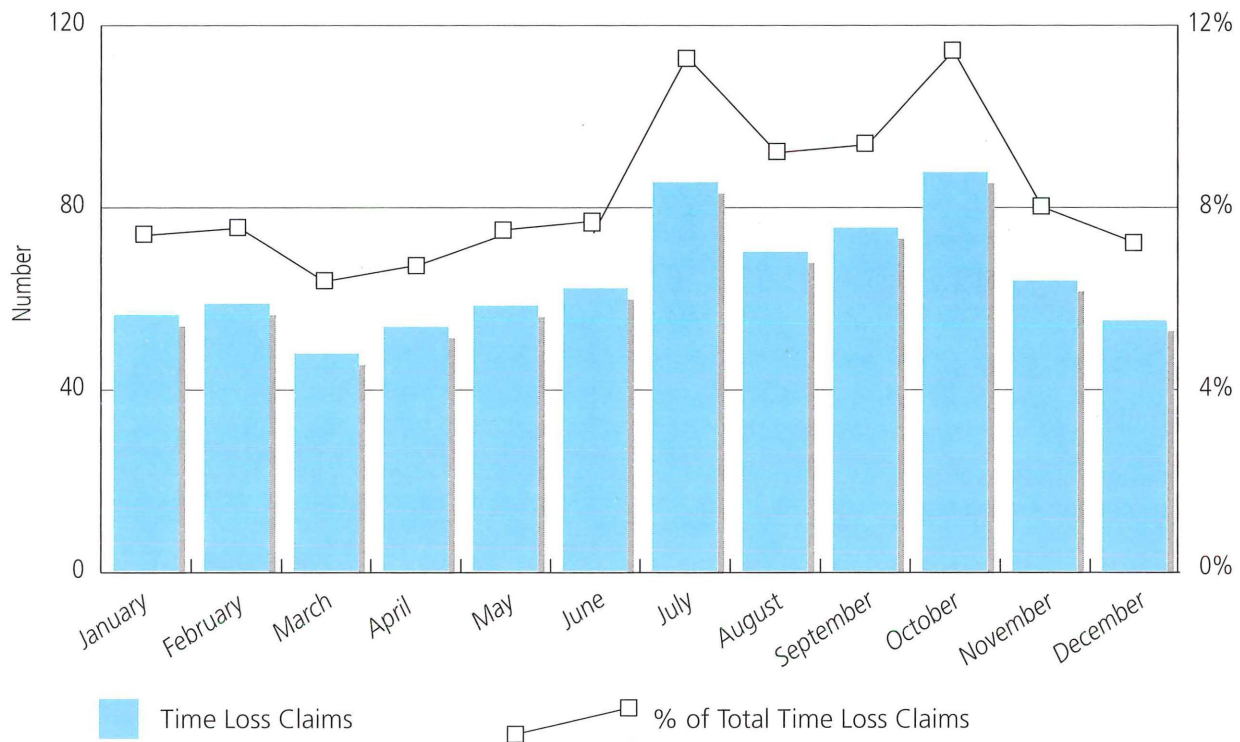


Figure 3: 1998 All Time Loss Claims by Month



A C C I D E N T S T A T I S T I C S

Table 2: 1998 Time Loss Claims by Industry Class

The ten most frequent occurrences in each of the statistical measures are listed in descending order. The three most frequent occurrences within each industry class are also shown.

Industry Totals	Total 758		Construction 183		Mining 40	
	Number	% of Total	Number	% of Total	Number	% of Total
Nature of Injury						
Injury to muscles, joints, etc.	302	40%	59	32%	16	40%
Surface wounds and bruises	117	15%	29	16%	6	15%
Cuts	69	9%	20	11%		
Injury to bones, nerves, spinal cord	67	9%			4	10%
Back pain (general)	38	5%				
Pain except back	24	3%				
Punctures except bites	23	3%				
Crushing	12	2%				
Digestive system disorders and diseases	10	1%				
Burns	10	1%				
Part of Body						
Back, including spine, spinal cord	199	26%	39	21%	10	25%
Finger(s), fingernail(s)	91	12%	27	15%		
Leg(s)	72	9%	17	9%		
Arm(s)	48	6%				
Ankle(s)	44	6%				
Wrist(s)	36	5%				
Eye(s)	35	5%			3	8%
Shoulder	35	5%			3	8%
Hand(s), except finger(s)	30	4%				
Multiple body parts	29	4%				
Event (Type of Accident)						
Overexertion	152	20%	29	16%	6	15%
Struck by object	121	16%	39	21%	7	18%
Bodily reaction	93	12%			6	15%
Fall to lower level	72	9%	30	16%		
Fall on same level	59	8%				
Struck against object	44	6%				
Caught in, or compressed by, equipment	36	5%				
Rubbed/abraded by friction/pressure	29	4%				
Repetitive motion	16	2%				
Nonhighway vehicle accident	13	2%				
Source of Injury						
Injured or ill worker	122	16%	20	11%	7	18%
Floors, walkways, ground surfaces	114	15%	31	17%	6	15%
Containers - nonpressurized	55	7%			4	10%
Handtools	43	6%				
Building materials - solid elements	36	5%	19	10%		
Chips, scrap, waste, debris	24	3%				
Other structural elements	24	3%				
Person other than injured or ill worker	23	3%				
Motorized highway vehicle	22	3%				
Furniture	18	2%				

A C C I D E N T S T A T I S T I C S

Oil & Gas 30		Public Admin. 179		Renew. Res. 14		Service 128		Trade & Rel. 84		Transport. & Util. 99	
Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
13	43%	72	40%	3	21%	56	44%	37	44%	46	46%
6	20%	32	18%			18	14%	8	10%	17	17%
		21	12%	2	14%	12	9%				
2	7%			3	21%			8	10%	10	10%
2	7%										
				2	14%						
7	23%	53	30%	3	21%	36	28%	23	27%	28	28%
4	13%	19	11%	3	21%	14	11%	11	13%	11	11%
3	10%	25	14%			11	9%				
				2	14%			7	8%		
										12	12%
3	10%			2	14%						
						11	9%				
		38	21%	6	43%	23	18%	27	32%	20	20%
4	13%	24	13%	4	29%	15	12%	11	13%	17	17%
		28	16%			16	13%	11	13%	14	14%
4	13%										
										12	11%
4	13%			2	14%						
3	10%	38	21%	1	7%	21	16%	16	19%	16	16%
5	17%	26	15%			23	18%	7	8%	15	15%
				2	14%			17	20%	12	12%
		13	7%	1	7%						
2	7%										
						15	12%				

A C C I D E N T S T A T I S T I C S

Figure 4: Time Loss Claims by Part of Body Injured

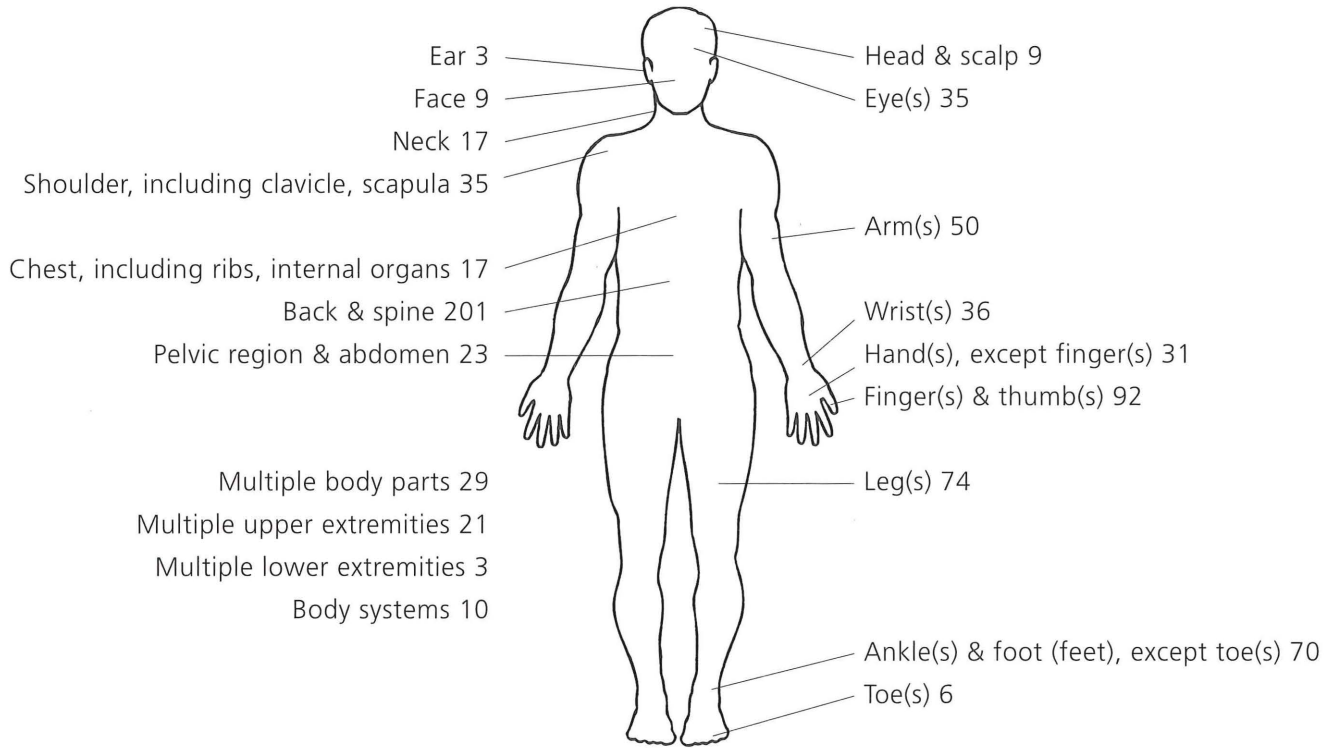
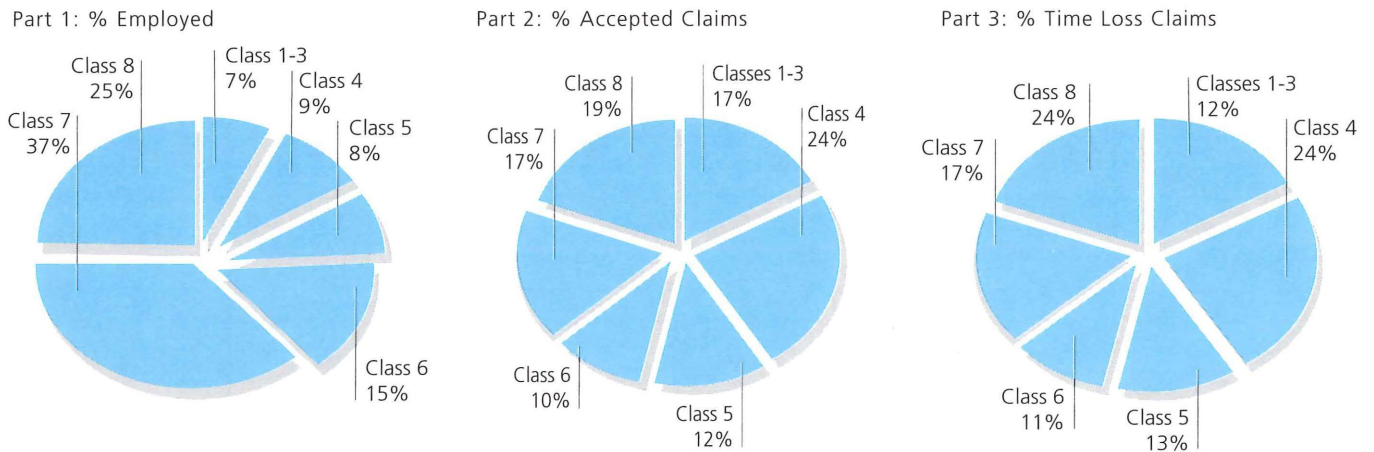


Figure 5: 1998 Distribution of Workers and Occupational Injuries by Sector of Economic Activity



- Class 1-3: Goods producers (includes mining, quarrying, oil wells, manufacturing); excluding construction
- Class 4: Construction
- Class 5: Transportation, communication and utilities
- Class 6: Trade and related services
- Class 7: Services not elsewhere classified
- Class 8: Public administration and defence

A C C I D E N T S T A T I S T I C S

Figure 6: 1998 All Accepted Claims by Sex and Age

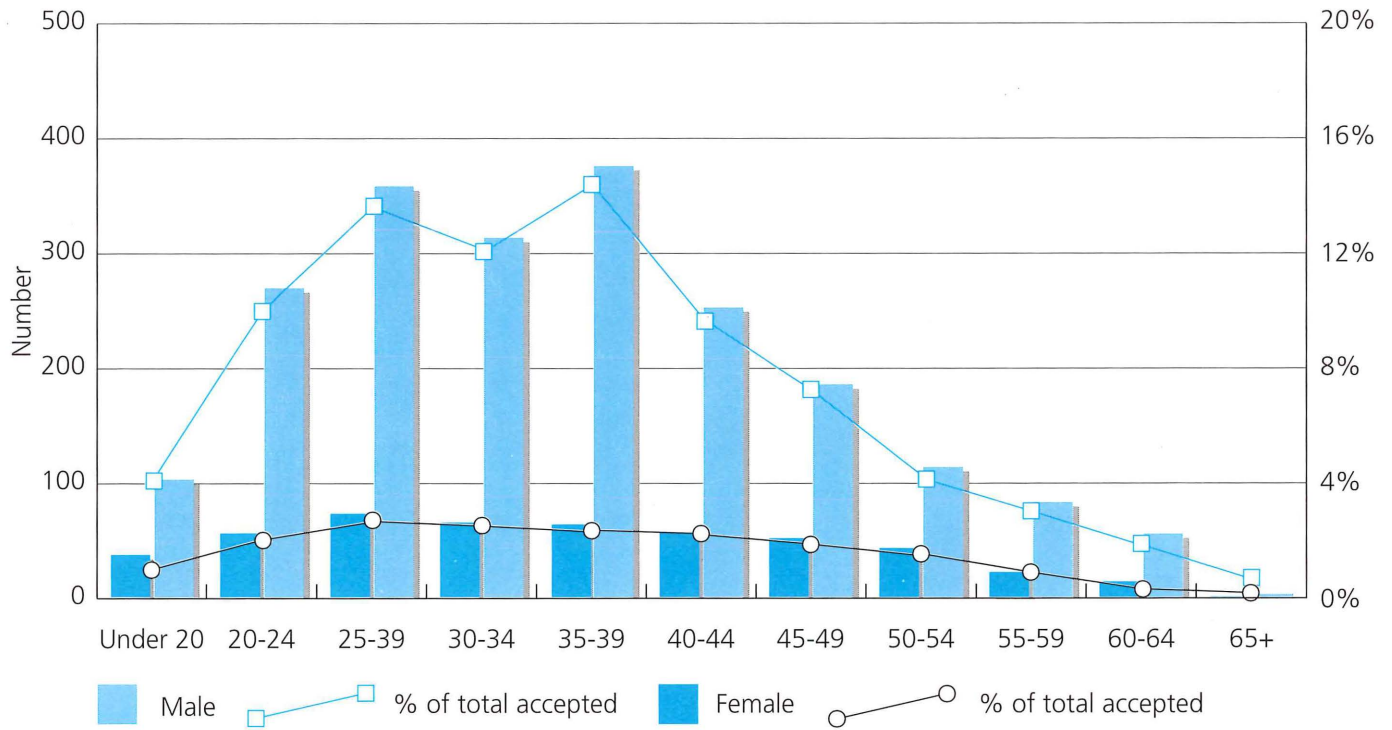


Figure 7: 1998 All Time Loss Claims by Sex and Age

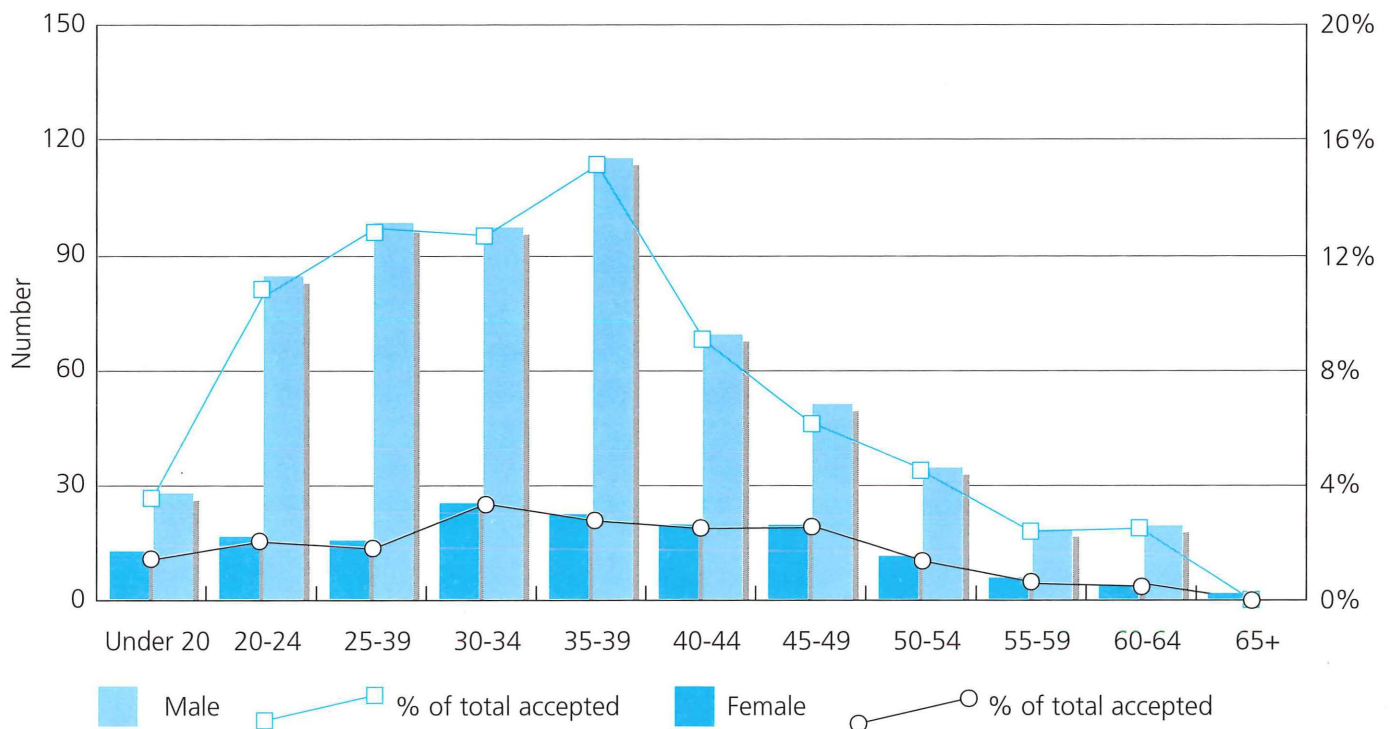
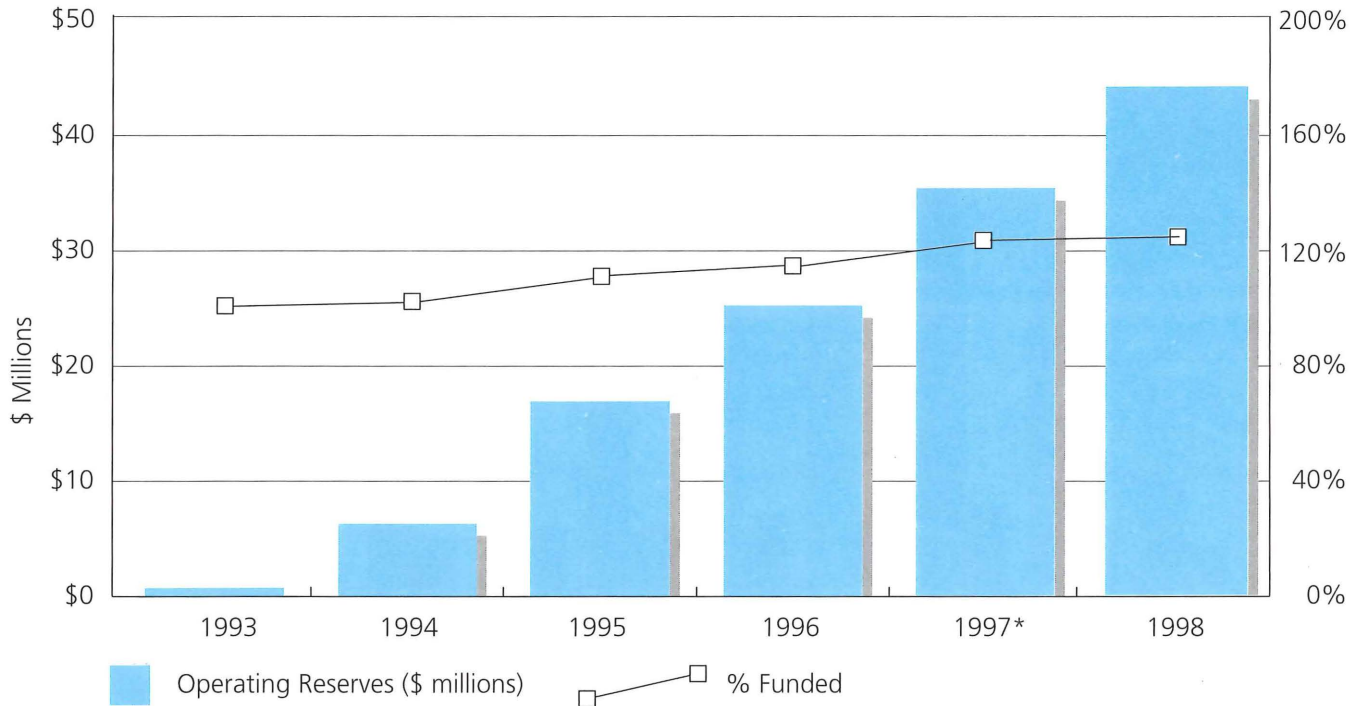


Figure 8: 1998 Funded Position



When the assets held by the WCB are sufficient to cover liabilities, then the Board is said to be in a fully-funded position. In 1998, the WCB was 127% funded at year end, with an Operating Reserve of \$44.3 million.

* Re-statement of 1997 reserves and % funded from the 1998 Financial Statements.

Figure 9: 1998 Funding the System

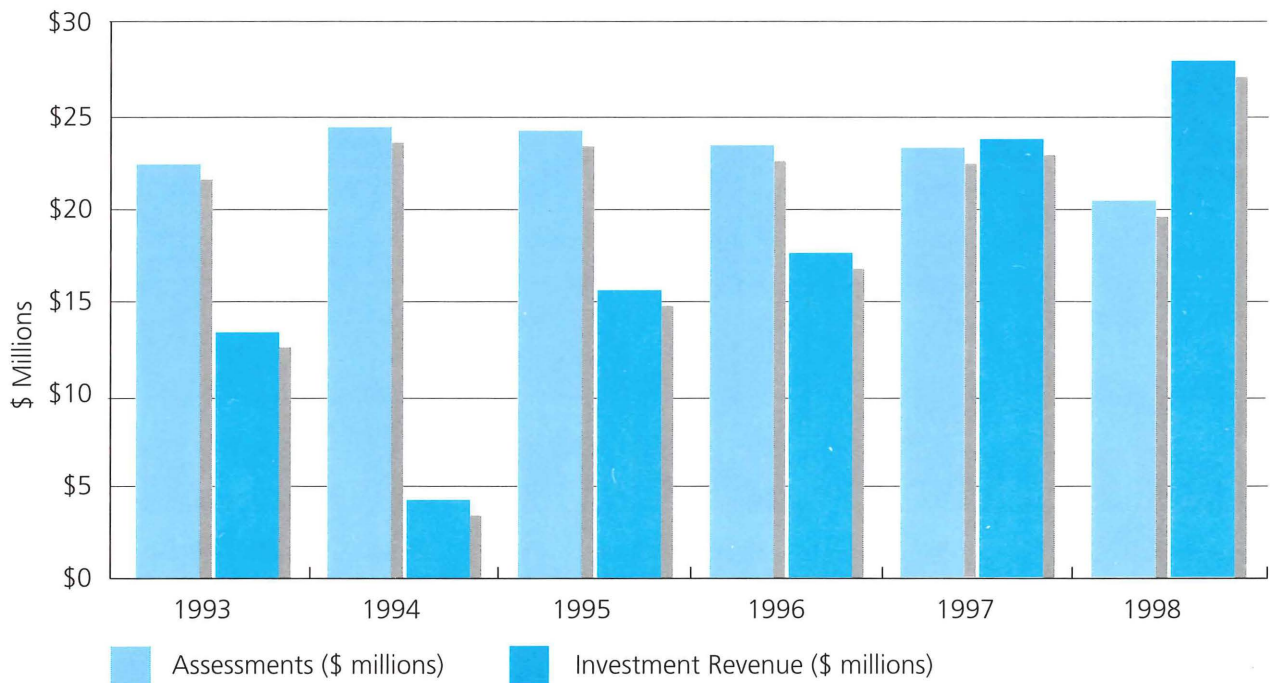
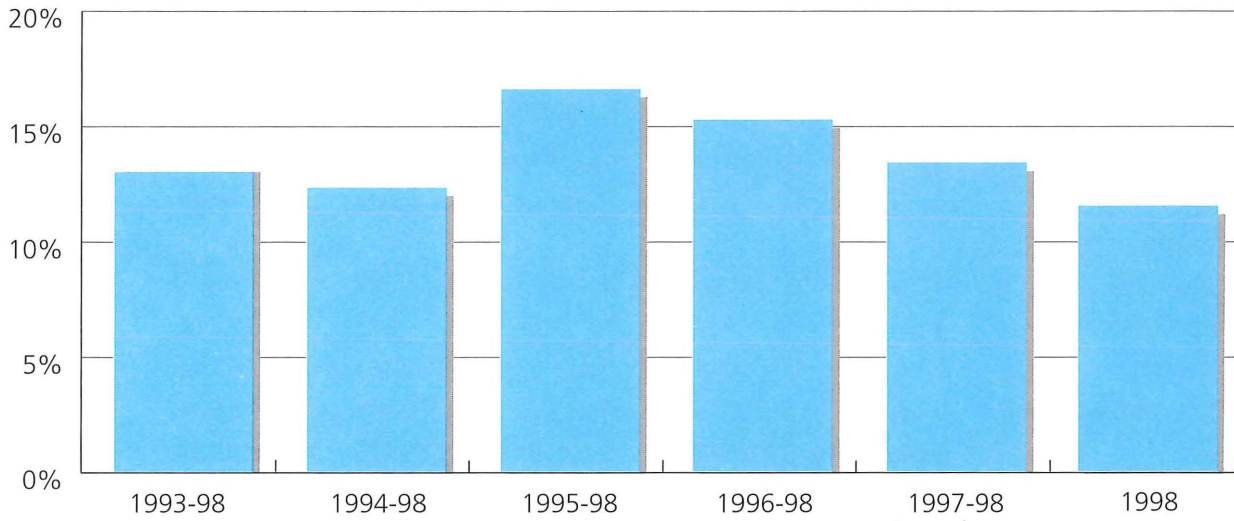
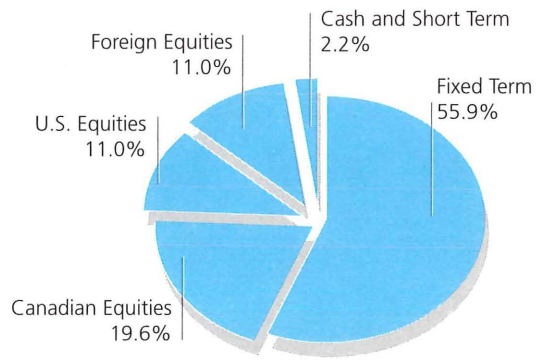


Figure 10: Investment Portfolio (annualized market rate of return)



Information provided by Performance Management Services.

Figure 11: Portfolio Allocation by Asset Type



E M P L O Y E R S T A T I S T I C S

Table 3: 1996-1998 Assessments (\$000) and Claim Expenses (\$000) by Industry Class

Class	1996		1997		1998	
	Assessments	Claim Exp.	Assessments	Claim Exp.	Assessments	Claim Exp.
1. Renewable Resources	\$ 234	\$ 165	\$ 261	\$ 150	\$ 208	\$ 194
2. Mining	\$ 7,358	\$ 5,565	\$ 5,987	\$ 4,138	\$ 3,884	\$ 2,533
3. Oil & Gas	\$ 748	\$ 676	\$ 821	\$ 1,090	\$ 573	\$ 690
4. Construction	\$ 4,983	\$ 3,621	\$ 6,432	\$ 3,822	\$ 5,660	\$ 3,998
5. Transport., Commun. & Utilities	\$ 3,110	\$ 2,545	\$ 2,877	\$ 2,193	\$ 2,858	\$ 1,895
6. Trade & Related	\$ 1,141	\$ 904	\$ 1,185	\$ 873	\$ 1,273	\$ 1,194
7. Services n.e.c	\$ 2,380	\$ 1,673	\$ 2,352	\$ 1,461	\$ 2,106	\$ 1,611
8. Public Administration	\$ 2,968	\$ 2,076	\$ 2,649	\$ 1,549	\$ 2,802	\$ 2,018
Total	\$ 22,922	\$ 17,225	\$ 22,564	\$ 15,276	\$ 19,364	\$ 14,133

Note: Claim expenses are the total of the costs for the year of accident and all estimated future liabilities. They do not include administrative expenses.

Figure 12: 1996-1998 Comparison of Assessments and Claim Expenses by Industry Class

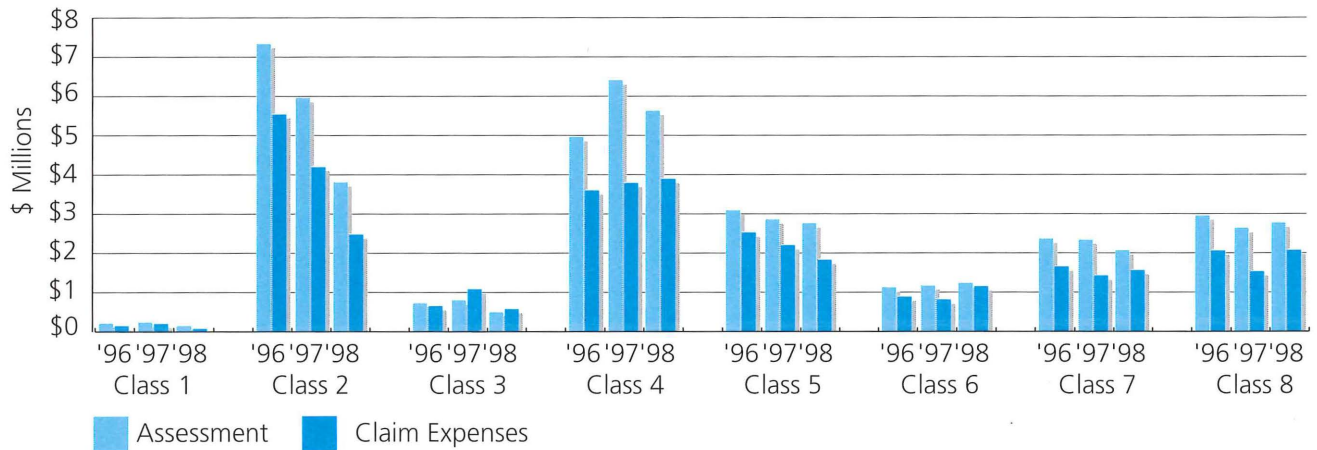


Table 4: 1998 Safety Incentive and Rate Reduction (SIRR) Program

Class	# of Employers Assessed	3 Year Ave. Assessment	% of Regular Assessment*
1. Renewable Resources	0	—	0.00%
2. Mining	2	\$ 7,051,139	0.31%
3. Oil & Gas	6	\$ 759,304	4.58%
4. Construction	6	\$ 5,759,521	6.50%
5. Transport., Commun. & Utilities	6	\$ 3,140,911	1.95%
6. Trade & Related Services n.e.c.	4	\$ 1,159,999	1.92%
7. Services n.e.c	6	\$ 2,377,138	2.21%
8. Public Administration & Defence	10	\$ 2,998,907	0.92%
Total	40	\$ 23,246,918	1.11%

* Based on a three year average

E M P L O Y E R S T A T I S T I C S

Table 5: 1997-98 Assessment and Claims Expenses by Class

Industrial Class	Assessments (\$000)		Number of Employers				Claim Expenses (\$000)		Time Loss Claims	
	1997	1998	1997		1998		1997	1998	1997	1998
			Std.	Total	Std.	Total				
10 Renewable Resources	\$ 261	\$ 208	136	182	146	199	\$ 150	\$ 194	12	16
Class 1 Total	\$ 261	\$ 208	136	182	146	199	\$ 150	\$ 194	12	16
22 Mine Development and Operation	\$ 5,725	\$ 3,711	21	22	20	21	\$ 3,947	\$ 2,365	94	32
27 Mineral Prospecting and Exploration	\$ 262	\$ 173	94	100	94	99	\$ 191	\$ 168	17	9
Class 2 Total	\$ 5,987	\$ 3,883	115	122	114	120	\$ 4,138	\$ 2,533	111	41
36 Exploration and Drilling for Oil & Gas	\$ 679	\$ 357	42	47	58	63	\$ 1,020	\$ 582	41	28
37 Services to Oil & Gas Exploration	\$ 142	\$ 216	97	103	126	136	\$ 70	\$ 108	3	5
Class 3 Total	\$ 821	\$ 573	139	150	184	199	\$ 1,090	\$ 690	44	33
41 Building Construction and Related	\$ 4,141	\$ 3,956	394	431	450	495	\$ 2,281	\$ 2,559	142	132
42 Highway, Bridge, Pipeline Construction	\$ 1,271	\$ 844	48	53	52	53	\$ 953	\$ 839	36	22
43 Logging Operations	\$ 297	\$ 306	68	81	25	41	\$ 190	\$ 188	14	9
46 Plumbing, Electrical & HVAC Fitting	\$ 723	\$ 555	159	165	173	182	\$ 398	\$ 413	23	22
Class 4 Total	\$ 6,432	\$ 5,661	669	730	700	771	\$ 3,822	\$ 3,999	215	185
51 Operation of Aircraft; Flying Schools	\$ 804	\$ 864	72	79	80	86	\$ 690	\$ 605	33	38
53 Ground Transportation	\$ 614	\$ 561	129	137	143	150	\$ 734	\$ 430	33	21
54 Trucking and Related Services	\$ 467	\$ 537	106	131	109	144	\$ 200	\$ 361	8	20
55 Water Transportation	\$ 278	\$ 231	11	12	15	16	\$ 165	\$ 164	12	9
56 Operation of Railways and Airports	\$ 334	\$ 273	7	7	7	7	\$ 129	\$ 119	3	1
57 TV and Radio Stations, Cable	\$ 35	\$ 38	46	52	46	51	\$ 14	\$ 28	2	2
58 Power, Telephone, Other Utilities	\$ 345	\$ 355	5	5	6	6	\$ 261	\$ 188	13	10
Class 5 Total	\$ 2,877	\$ 2,857	376	423	406	460	\$ 2,193	\$ 1,895	104	101
61 Wholesale Trade	\$ 157	\$ 151	38	40	40	41	\$ 194	\$ 72	20	6
62 Retail Trade n.e.c.	\$ 517	\$ 583	342	354	358	374	\$ 379	\$ 771	55	63
63 Heavy Equipment Repair	\$ 264	\$ 317	48	58	67	83	\$ 170	\$ 174	4	5
66 Service Stations, Garages, Auto Dealers	\$ 247	\$ 224	58	60	61	65	\$ 130	\$ 177	18	12
Class 6 Total	\$ 1,185	\$ 1,273	486	512	526	563	\$ 873	\$ 1,194	97	86
71 Business & Professional Services	\$ 534	\$ 561	454	483	499	537	\$ 355	\$ 386	39	44
74 Health & Welfare and Related	\$ 865	\$ 816	93	93	98	100	\$ 505	\$ 593	44	44
75 Recreation & Amusement	\$ 17	\$ 18	30	31	34	37	\$ 15	\$ 9	1	1
76 Hotels, Motels, Restaurants, Clubs	\$ 484	\$ 395	153	160	147	154	\$ 309	\$ 472	35	27
78 Camp and Industrial Caterers	\$ 210	\$ 88	15	15	12	13	\$ 149	\$ 34	9	1
79 Other Services	\$ 242	\$ 229	114	121	152	160	\$ 128	\$ 118	6	12
Class 7 Total	\$ 2,352	\$ 2,106	859	903	942	1,001	\$ 1,461	\$ 1,611	134	129
81 Government of the Northwest Territories	\$ 1,659	\$ 1,786	35	35	36	36	\$ 827	\$ 1,137	58	59
82 Local Authorities; Housing Associations	\$ 845	\$ 898	103	103	99	99	\$ 627	\$ 680	90	106
83 D.E.W. Line	\$ 134	\$ 97	2	3	3	4	\$ 91	\$ 145	1	7
85 Forest Fire Fighters	\$ 11	\$ 21	6	8	8	9	\$ 4	\$ 57	1	10
Class 8 Total	\$ 2,649	\$ 2,802	146	149	146	148	\$ 1,549	\$ 2,018	150	182
TOTAL	\$22,564	\$19,364	2,926	3,171	3,164	3,461	\$15,276	\$14,133	867	773

Note: 1996 Number of Employees include standard and class 4 accounts only. For 1997 the Total Accounts, which also include term, multi-industry, seasonal and optional accounts, are also displayed.

Multi-industry employers are grouped according to their main industry. Numbers do not include hunters and trappers covered by the Government of the Northwest Territories.

Table 6: 1998 Industrial Safety Activity Report

Type of Activity	Number
Inspections	478
Orders written	1,130
Orders completed	874
Notice of danger/stop work orders	3
Accidents reported	1
Accidents investigated*	24
Refusal to work	1

* As per Employers Report of Accident

Table 7: 1998 Mining and Industrial Inspections by Region

Region	Mining	Industrial	Total
Yellowknife	43	119	162
Fort Smith	106	84	190
Inuvik	0	27	27
Baffin	9	96	105
Keewatin	10	75	85
Kitikmeot	16	77	93
Total	184	478	662

Table 8:
1998 Mining Incident/Accident Investigations

Mine	Frequency of Time Loss Accidents*	Severity**
Con	7.3	38
Giant	12.4	163
Nanisivik	0.5	15
Polaris	0.7	2,170 ***
B.H.P. - Ekati	0.5	31

* "Frequency of Time Loss Accidents" is defined as the number of time loss accidents per 200,000 person-hours.

** "Severity" is defined as the number of lost days per 200,000 person-hours.

*** One fatality occurred at the Polaris mine in 1998. In the Severity measure, fatality is considered equivalent to 6,000 lost days.

Table 9:
Safety Education Workshops by Region

Region	1996	1997	1998
Yellowknife	-	36	38
Fort Smith*	92	44	44
Inuvik	19	11	9
Baffin	4	7	10
Keewatin	14	6	5
Kitikmeot	17	0	4
Total	146	104	110

* "Fort Smith" includes Yellowknife workshops in 1996 data.

Table 10: Safety Education Workshops – Number of Courses Taught and Number of Participants

	1996		1997		1998	
	Courses	Participants	Courses	Participants	Courses	Participants
Artists & Carvers	3	24	1	11	-	-
Claims Management / SIRR	19	155	5	24	7	44
Ergonomics	1	5	3	18	2	25
Incident & Accident Investigation	16	133	13	138	11	109
Occupational Health & Safety	18	158	13	117	12	110
Safety Awareness	27	335	18	217	23	246
Safety Management	11	77	12	96	12	130
WHMIS	15	108	25	323	34	412
WHMIS Instructor	15	109	14	132	9	92
Total	125	1,104	104	1,076	110	1,168

Figure 13: 1998 Pension Capitalizations

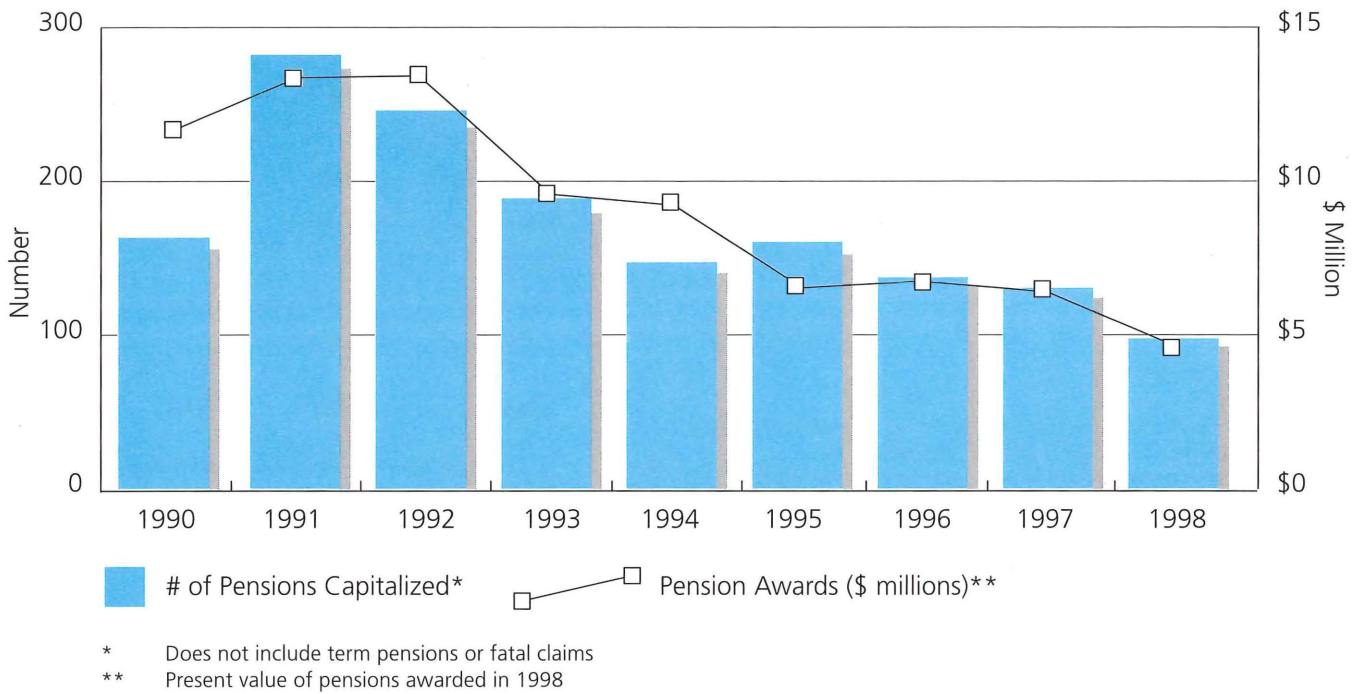
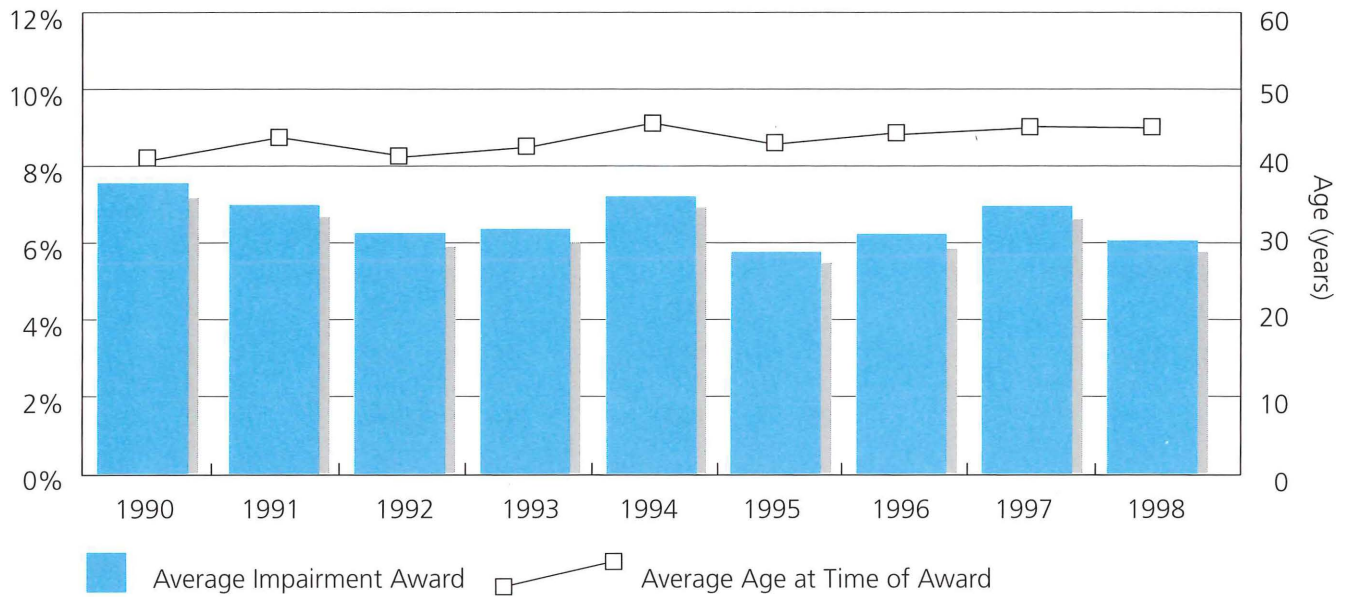


Figure 14: 1998 Average Impairment Award



The Average Impairment Award represents the average percentage rating at which pension benefits are calculated. It includes new awards for current and prior years' injuries and is based on the authorized capitalization. Term pensions and fatal claims are not included.