



WORKERS' COMPENSATION BOARD

Northwest Territories

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CORPORATE PLAN 1996 - 1998



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MISSION STATEMENT

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.

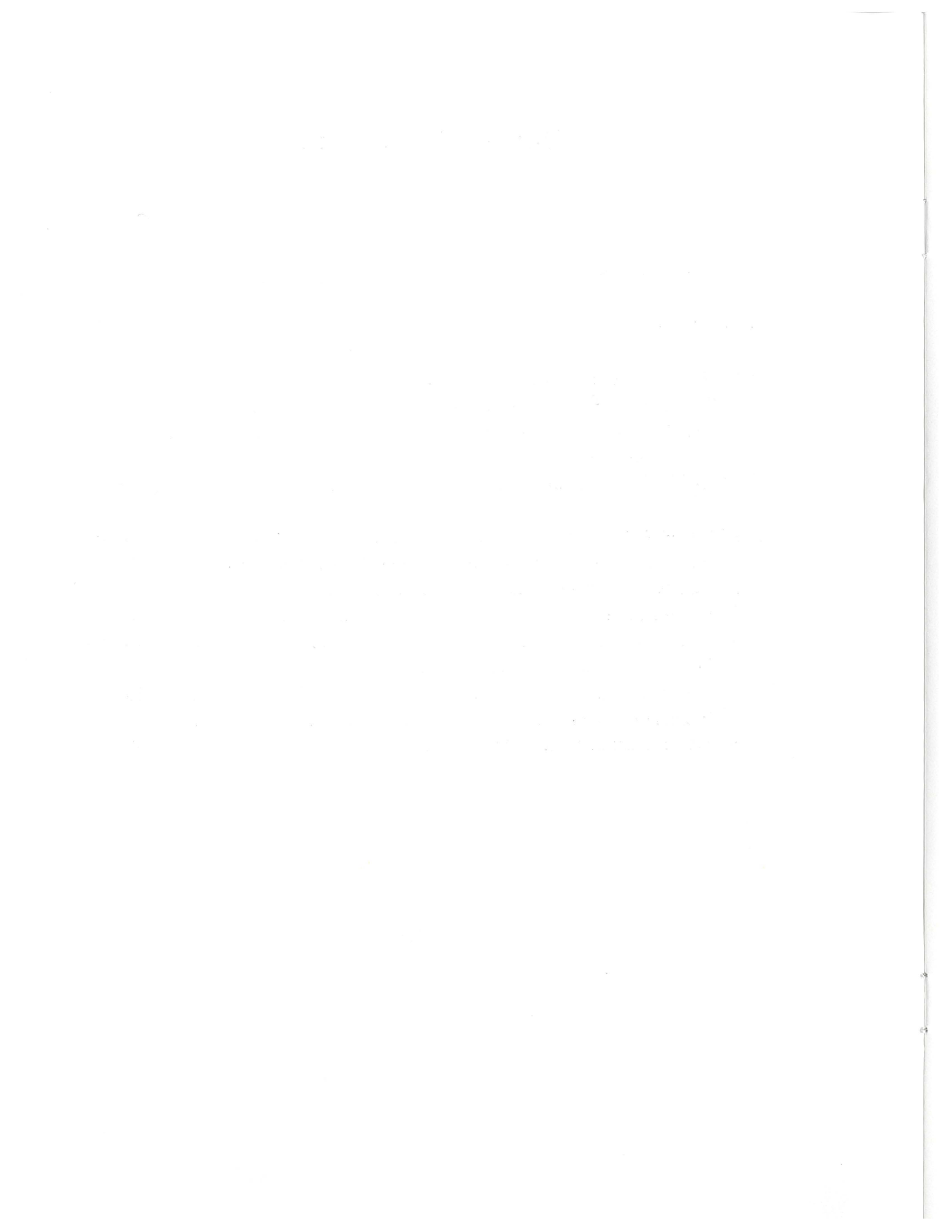
PRINCIPLES

The Workers' Compensation Board of the Northwest Territories must:

1. be representative and sensitive to the needs of clients within the Northwest Territories;
2. maintain a compensation system which is fair and equitable;
3. be effective, efficient and committed to providing excellent services;
4. be committed to maintaining benefits in a cost effective manner; and
5. be committed to accident prevention and safety education.

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LETTER OF TRANSMITTAL

December 29, 1995

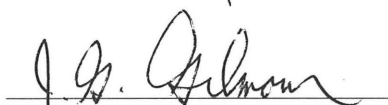
The Honourable John Todd
Minister Responsible for the Workers' Compensation Board

1996 - 1998 Corporate Plan

On behalf of the Board of Directors of the Northwest Territories Workers' Compensation Board, I am pleased to present our 1996-1998 Three-year Corporate Plan, in accordance with subsection 91(1) of the *Financial Administration Act*.

We believe this plan reflects the Board's ongoing commitment to broad consultation with our stakeholders to plan for the future of workers' compensation programs in the Northwest Territories, while complying with this organization's mission statement.

Yours truly,



J.G. Gilmour
Chairman

INTRODUCTION

In our 1994 - 1996 Corporate Plan, the Northwest Territories Workers' Compensation Board outlined the mission statement and guiding principles we observe in fulfilling our goals and initiatives each year. In that plan, our primary objectives were to eliminate the unfunded liabilities of the organization, improve our communications with stakeholders, enhance our programs for injured workers and defer any increase in the average assessment rate for that period.

In 1995, WCB designed a number of specific objectives to improve our client service. Policy and administrative guidelines were developed to assist staff and stakeholders to manage claims more effectively and to hasten the return of injured workers to their workplace. We adopted goals and initiatives to ensure the Board was adequately responding to the wishes of both labour and business groups across the NWT.

The 1996 - 98 Corporate Plan is a conscious effort by the WCB to limit the number of new initiatives and consolidate the tasks already in place. We have focused on evaluating the new programs and services implemented in past years to ensure they meet the needs of our clients.

One of our goals is to address the future requirements and needs of Nunavut prior to 1999. In addition, we will be initiating the Safety Incentive and Rate Reduction (SIRR) Program, evaluating the effectiveness of the Early Intervention Model and providing individual employers with statistical information to understand their rates and assessments.

Readers of the Corporate Plan will notice that the format of this document has been altered to highlight the previous years' accomplishments under the relevant issue/goal. This will make it easier to identify which initiatives have been completed and which are still being addressed.

The WCB remains committed to evaluating service and program improvements to ensure customer satisfaction.

We recognize the challenges inherent in our existing WCB system. We believe that with the co-operative effort and support of our stakeholders, we can develop and implement programs and services that are fair, equitable, cost-effective, creative and dynamic.

ENVIRONMENTAL SCAN

The Canadian Economic Environment

Canada's real Gross Domestic Product (GDP)¹ and employment grew during 1994, while inflation remained subdued. Interest rates became the highest in the industrialized world in response to fears raised about the size of the Canadian government's budget deficits, the escalating national debt and the possible separation of Quebec.

After expanding well over 4% in 1994, the real GDP is forecast² to grow by 2.6% and 2.5% in 1995 and 1996 respectively, and inflation is forecast to remain below 3% for each of these years.

The major hurdle for the Canadian economy continues to be the budget deficits and accumulated debts of the provinces and federal government. Governments have acted to reduce budget deficits; however, further reductions will have to come from severe expenditure cuts.

The demand side of the Canadian economy shows that private consumption accounts for approximately 60% of demand. It is unlikely that the 12.8% increase in retail sales experienced in 1994/95 will be sustained as personal income, personal debt ratios, unemployment and taxation continue to erode consumer confidence.

With 80% of Canadian exports going to the United States, the fortunes of Canada's economy depend significantly on the economic position of the USA. The full effect of the competitive boost given to exports from the Canadian dollar's depreciation last year is not known.

The supply side of the Canadian economy is very encouraging. Producer prices are forecast to increase in 1995, applying modest pressure on the Consumer Price Index (CPI). Unit labour costs, however, have stabilized in 1995, resulting in less pressure on consumer prices. With high unemployment and low rates of economic growth, this situation is unlikely to change significantly in 1996/7.

Reductions in government expenditures will restrain economic growth, but will help reduce interest rates and support the Canadian dollar. Unemployment is set to remain high, although job creation is likely to improve.

¹ The dollar value of goods and services produced within Canada, minus inflation.

² Forecasts are provided by a poll of seven independent forecasters undertaken by the "Economist," July 1995.

The NWT Economic Environment

The most prominent feature of the N.W.T. economy is its narrow base. Government accounts for nearly 50% of direct employment, while mining, oil and gas account for nearly 20% and 15%, respectively. Economic dependence on these volatile industries can result in a boom or bust economic cycle. Small, remote communities offer relatively few job opportunities, and community unemployment continues to exceed the national average. Development for the next few years will centre on the creation of Nunavut in 1999 and the possibility of diamond mining in the Lac de Gras area.

In 1994, the N.W.T.'s real GDP³ experienced its first significant increase (2.2%) since 1989; however, it remains 5% below the 1989 figure. This expansion was due mainly to an increase in mineral production and exports of metals and petroleum products.

During 1994, the N.W.T.'s mineral production and exploration increased from their 1993 levels. Production values rose to \$493 million, from \$389 million, and are forecast to continue to increase in 1995. Exploration expenditures increased significantly from \$87.8 million to \$171 million. These expenditures are, however, forecast to decrease by approximately 18% in 1995 to \$140 million.

With the mineral industry accounting for 95% of the total goods exported from the N.W.T., significant improvement in the economy hinges on the expansion of existing mines, construction of new mines and increases in world demand and prices for metals.

Consumer price information is only available for Yellowknife and has remained low, increasing by 0.5% for the first quarter of 1995. Wages and labour income are growing slightly in 1995, rising by 1% and a seasonally adjusted 2% during the first quarter. Retail sales during the first quarter of 1995 also out-performed the nation, rising a seasonally adjusted 2%.

In 1994, employment increased by 4.3%. Much of this employment can be attributed to the direct and spin-off effects of expanded mineral exploration. As exploration translates into mine construction and production, future growth is forecast to continue at a rate of 2 to 3% over the next three years. However, this growth could be dependant upon the results of the current environmental review on the impact of the proposed BHP development.

The territorial government continues to meet the challenge of federal changes to the Formula Financing Grant. Over the 1990/91 to 1994/95 period, it is estimated that the N.W.T. received \$540 million less than it would have received without the changes. Through structural changes, downsizing and privatization of a number of functions, the government has attempted to improve the long-term fiscal position of the N.W.T. However, with federal funding frozen for 1995/96 and further reductions anticipated in future years, government expenditures will continue to decrease.

³ The dollar value of goods and services produced within the N.W.T., minus inflation.

The Canadian WCB Environment

In 1994, Workers' Compensation Boards continued to grapple with problems within the system, demands for improved client service, continued political and stakeholder criticism, and climbing unfunded liabilities. Boards have developed and implemented recovery strategies to cut costs, stabilize funding positions and improve communication.

Unfunded liabilities in Canada had increased to more than \$16 billion in 1993, with Ontario accounting for more than 70% and Quebec accounting for 20% of this amount. Nova Scotia, however, has the highest proportion of unfunded liability, with 72% of its future commitments unfunded.

Alberta was successful in eliminating its \$570 million unfunded liability in 1994. This financial recovery led the Board to pay all employees a one-time performance bonus, and rebate \$40 million to 62,000 employers who fund its system.

The Ontario government recently announced the first part of a two-phase initiative to overhaul the workers' compensation system in Ontario. The Bipartite Board will be replaced with a multi-stakeholder Board of Directors. In addition, administrative and financial changes have set the stage for major reform in the spring of 1996 including: reductions in benefit levels for injured workers from 90% to 85% of their net earnings, a three-day waiting period prior to the payment of compensation and limitations on entitlement to benefits in an effort to reduce payments in cases of workplace stress.

In the past two years, Saskatchewan and British Columbia have also undergone extensive organizational changes intended to increase efficiency, improve service and reduce costs. The most dramatic change took place at the B.C. Board, where a Public Administrator was appointed in the wake of the rumoured resignation of its President and the subsequent suspension of the Board of Governors.

A private insurance company, Liberty International Canada, produced a publication in June 1995, entitled "*Unfolding Change - Workers' Compensation in Canada - A Report to Canadians in Five Volumes.*" Liberty reported that reforms in the compensation system are underway and range from revised missions, early intervention, rehabilitation and return to work strategies to financial initiatives. It also examined future issues that will influence compensation systems, including changing work environments, compensation for psychological disorders such as stress, 24-hour coverage and privatization.

With the assistance of the Association of Workers' Compensation Boards of Canada (AWCBC), Canadian Boards are working toward greater co-operation through the implementation of a comprehensive Interjurisdictional Agreement. Effective January 1, 1995, 10 of the 12 Boards implemented a three-year pilot project allowing trucking companies to pay assessments only in the jurisdiction of election. The results of this project will be monitored by a sub-committee comprised of members of the participating Boards. Discussions continue to reach consensus on an approach to industrial diseases which does not penalize workers who have moved from jurisdiction to jurisdiction, and does not have an adverse effect on any one Accident Fund.

The NWT WCB Environment

The N.W.T. WCB's financial position continued to improve in 1994. Although investment returns were lower than projected, increased assessment revenues and reduced operating costs managed to offset any adverse effect. The Board maintained its fully funded status, and finished the year with a surplus of \$6.8 million.

The Catastrophe Reserve was restored to its target level of \$4.7 million and the Operating Reserve was increased by \$5.3 million. These reserves will ensure rate stability during periods of decreased revenue, poor investment performance and fluctuations in claims costs.

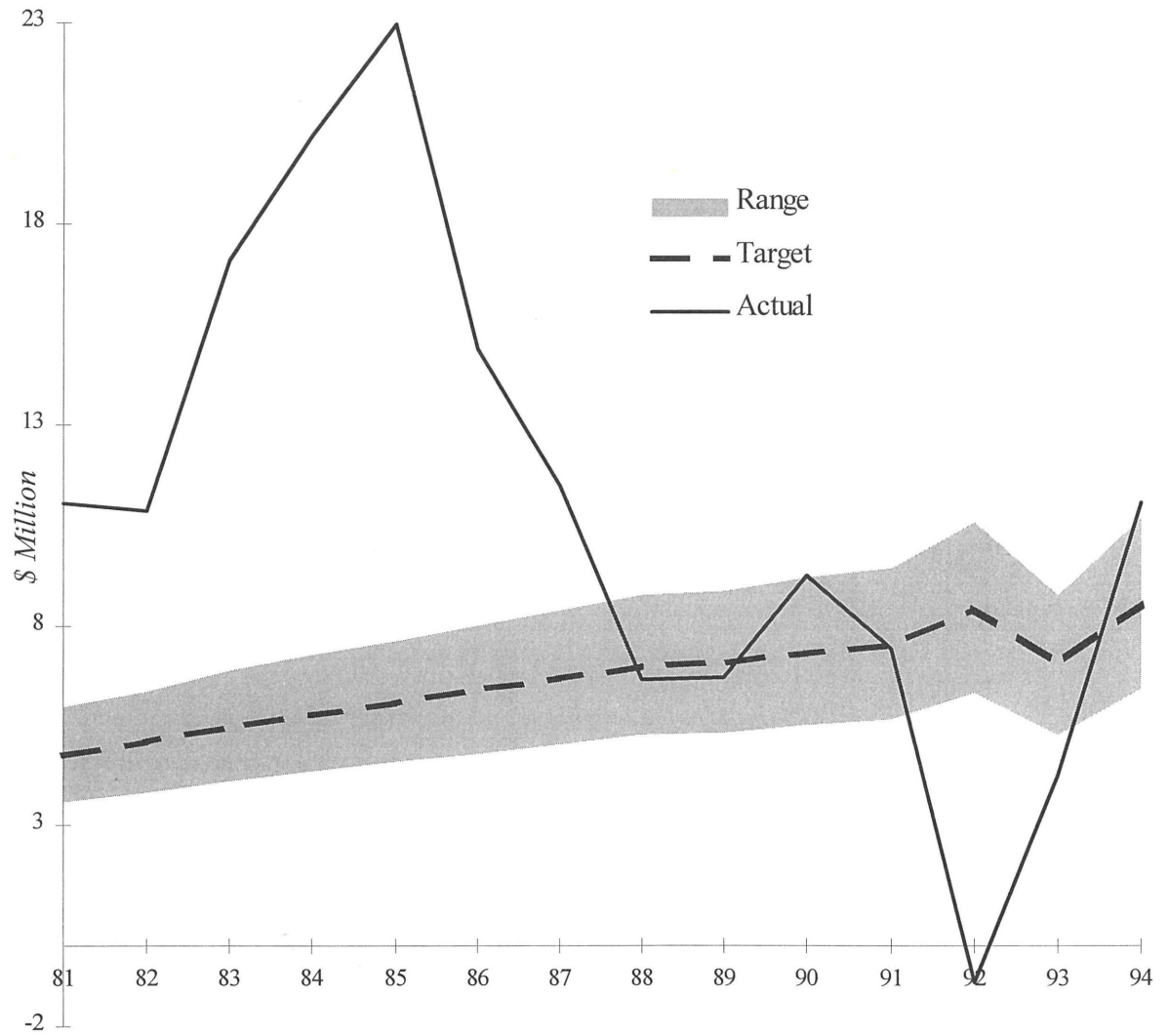
With assessment rates remaining stable in 1994, the increase in assessment revenue can be attributed to growth in N.W.T. employment. The average rate remained at the 1994 level of \$2.56.

In 1994 and 1995, the Board continued its commitment to cost-effectiveness. The implementation of programs such as the Early Intervention Model, the Safety Incentive and Rate Reduction (SIRR) Program and a new philosophy for delivery of rehabilitation services contributed to improved client service and reduced costs.

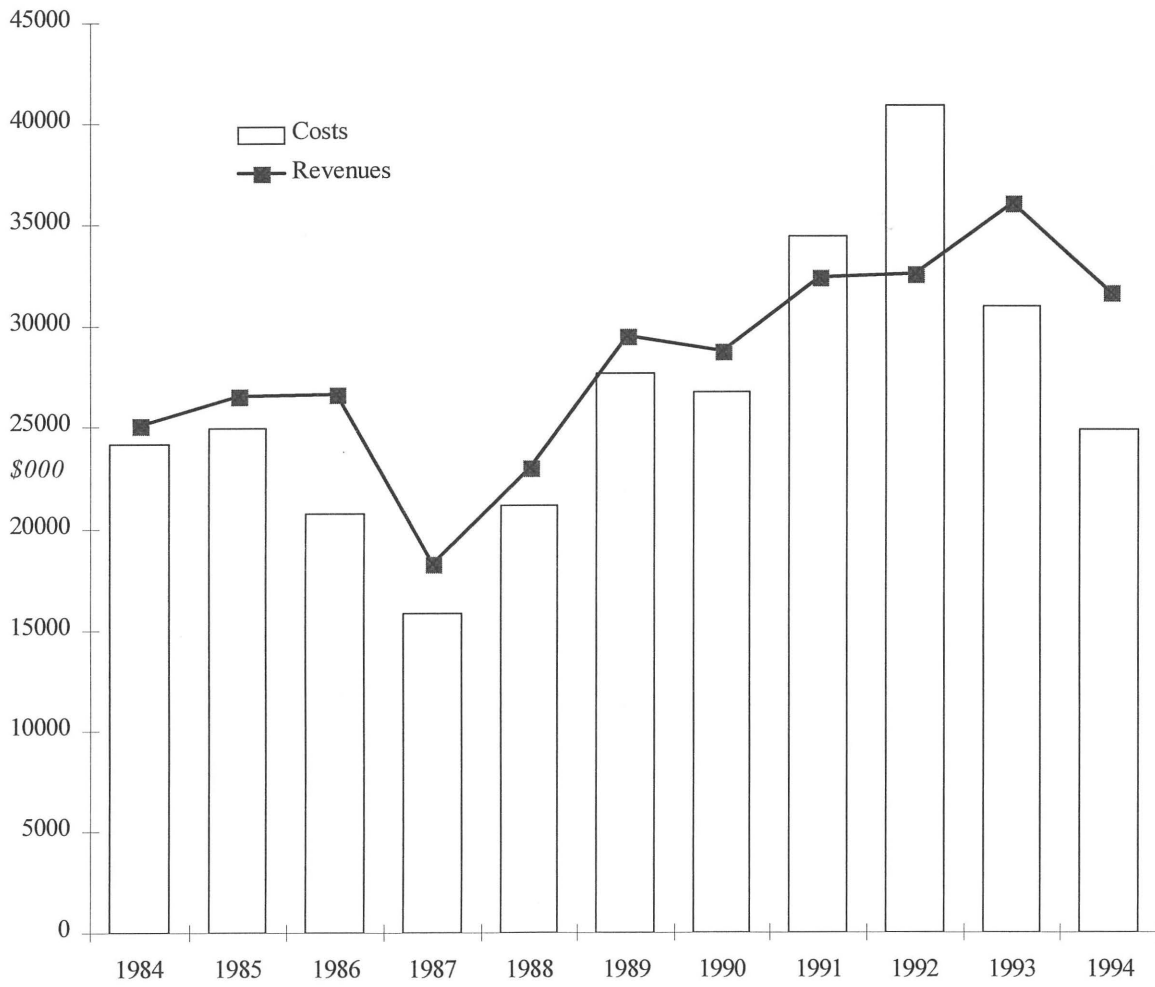
A successful investment workshop was held for the Board of Directors in the fall of 1994. In 1995, an asset/liability study was conducted to review all components of the Accident Fund and its management. This study resulted in the completion of a Governance Plan, revisions to the Investment Policy, adoption of a new asset allocation, revisions to managerial mandates and development of portfolio balancing guidelines.

The Board continued the systems and policy conversion projects in 1994/95. By year end 1995, the Board will have converted to a PC based computer system and revised all policy instruments to ensure accurate and consistent application of the *Act*.

HISTORY OF RESERVES, 1981 - 1994



COSTS AND REVENUES, 1984 - 1994



NWT CLAIM RATE AND TIME LOSS CLAIM RATE, 1990 - 1994

	<i>1994</i>	<i>1993</i>	<i>1992</i>	<i>1991</i>	<i>1990</i>
N.W.T. employees*	20,302	18,946	18,563	18,779	19,603
Claims	3,545	3,240	3,385	3,152	3,071
Claims per 100 employees	17.5	17.1	18.2	16.8	15.7
Time loss claims	1,112	1,022	1,142	748	859
Time loss claims per 100 employees	5.5	5.4	6.2	4.0	4.4

*NWT employees include all NWT workers except federal government employees (who are covered by federal legislation). Workforce figures are monthly average estimates.

GOALS & STRATEGIES

1. Safety Education/Safety Incentive and Rate Reduction Program

Issue: A safe workplace reduces pain and suffering for employees and their families. It also reduces claim costs.

Goal: Reduced accidents in the workplace.

Strategy: Encourage the active support and participation of employers and employees in safety education programs through communication and implementation of the Safety Incentive and Rate Reduction (SIRR) Program.

1994/95 Accomplishments:

- The SIRR Program was communicated to employers through mailouts, information sessions and the "Directions" newsletter.
- The SIRR Program was evaluated during the shadow year (1995) and changes were made to the formula.
- High claims costs within Industry Subclass 4 were addressed specifically in a brochure directed at the construction industry.
- A presentation by the Executive Director of the Alberta Construction Safety Association was sponsored during Occupational Health and Safety Week.
- A Safety Awareness Program was developed for carvers and artists to promote safety and explain the benefits of Workers' Compensation and the availability of individual coverage.
- A Claims Management for Employers Program was developed and implemented.

Planned Initiatives:

1. Develop procedures to support the SIRR Program.
2. Implement the SIRR Program.
3. Co-ordinate the SIRR Program with Safety & Public Services.
4. Target specially assessed employers under the SIRR Program.
5. Conduct an annual review of specially assessed employers and the impact of safety and claims management programs.
6. Develop a Pre-bid Qualification Program for consideration by the Government of the Northwest Territories and municipalities.
7. Evaluate the Safety & the Young Worker Program.
8. Develop an Ergonomics Program.

2. Claims Management

Issue: Effective and timely claims management will improve an injured worker's chances of returning to the workforce after a workplace accident.

Goal: An effective and timely medical aid and rehabilitation program.

Strategy: Develop and implement a medical and rehabilitation strategy that will promote an early, appropriate and healthy return to work; active case management; and cost effective health care services.

1994/95 Accomplishments:

- The Early Intervention Claims Management Model was implemented to ensure injured workers received the best medical assessment and treatment available.
- Policies and procedures were developed for the Early Intervention Model.
- Education/training, which encompassed the Early Intervention Model and existing vocational rehabilitation options, was provided to doctors, staff, employers and workers.
- A Physician's Guide was developed and distributed for comments to the NWT Medical Association, the NWT Registered Nurses Association and medical practitioners.
- A medical aid cost containment strategy was developed.
- Employers were educated on the benefits of WCB vocational rehabilitation, including Training-On-The-Job programs.
- A Special Needs Committee was formed to address the needs of injured workers requiring such items as home or vehicle modifications. A special needs audit on behalf of pensioners with significant disabilities was also conducted.
- Under the Residential Aid Policy, payments were increased to caregivers of pensioners with 100% permanent disabilities.

Planned Initiatives:

1. Implement the medical aid cost containment strategy.
2. Evaluate the performance of service providers.
3. Audit the cost effectiveness of the Early Intervention Model.
4. Audit the cost effectiveness of the rehabilitation program.

3. Communication

Issue: Ongoing positive communication is needed to ensure that the WCB remains aware of clients' issues and needs.

Goal: Effective and efficient communication with clients and the general public.

Strategy: An extensive Communications Strategy was approved and implemented by the Board to ensure effective communication with all clients.

1994/95 Accomplishments:

- A comprehensive Workers' Handbook was developed for distribution to claimants.
- Major trade shows were attended in Yellowknife, Iqaluit and Rankin Inlet.
- Cost control and fraud prevention were explained, and examples provided, in "Directions".
- An information session and a monthly newsletter were provided to the media.
- A budget for general advertising was developed and implemented.
- Visual Identity Guidelines were developed, approved and implemented to address style and plain language.
- A Public Image Committee was created to review all public documents.
- Public service announcements were prepared and aired on CBC, CJCD and CKLB radio.
- Anik Info Spots were prepared and aired on CBC North TV.
- Documents produced included: the 1994 and 1995 Annual Reports, the 1995-97 Corporate Plan, the SIRR Program Booklet, the Information for Employers' Handbook, the Harvesters Program brochure, Artists and Carvers brochure, Claims Management for Employers brochure, and the Workers' Handbook.

Planned Initiatives:

1. Attend major trade shows in the NWT.
2. Provide a monthly newsletter to the media.
3. Provide public service announcements to television and radio stations when they can be aired at no cost to the WCB.
4. Produce a general awareness 30-second video.
5. Continue to publish "Directions" semi-annually.
6. Evaluate the effectiveness of the approved Communications Strategy.

4. Client Service

Issue: Over the last decade, many businesses have learned to be sensitive to the needs and demands of their customers. As a public administrative body, the WCB is also responsible for meeting this mandate while pursuing strategies which contribute to economic stability, equity in policy application and program effectiveness.

Goal: More effective, efficient and sensitive client services.

Strategy: Develop a client service strategy to increase client awareness, invite comments on the present methods of service delivery and introduce improvements.

1994/95 Accomplishments:

- The rights and obligations of clients were communicated in a “Directions” article.
- Division client service objectives were revisited, and new standards set where appropriate.
- As a result of changes in the Memorandum of Understanding between the Department of Renewable Resources and the WCB, compensation was provided to 16 harvesters.
- An Interjurisdictional Agreement was developed to ensure that workers with sufficient Canadian exposure to industrial disease are fairly compensated.
- Doctor’s First and Progress Report, Worker’s Report of Accident, Employer’s Report of Accident and Harvester’s Report of Accident forms were developed.
- WCB staff were trained in the UIC and CPP programs to further assist injured workers or dependents to claim these benefits.
- The Review Committee was able to clear its backlog by hearing 138 reviews between July 1, 1994, and June 30, 1995.
- Rules of Procedure were developed for the Appeals Tribunal. Forty-seven appeals were heard by the Tribunal between July 1, 1994, and June 30, 1995, 74% more than the previous year.

Planned Initiatives:

1. Implement a service strategy for Nunavut, as directed by the GNWT.
2. Develop a service strategy for the construction and production phases of major non-renewable resource projects.
3. Evaluate satisfaction with WCB services by:
 - a) conducting bi-monthly telephone polls of claimants and employers, and
 - b) distributing a customer survey.

5. Policy

Issue: A review of existing policies confirmed the need for comprehensive updates.

Goal: Timely policies which are consistent and up to date.

Strategy: Conduct a comprehensive policy review.

1994/95 Accomplishments:

- Options, timelines and cost estimates were developed for a comprehensive policy review, which was then undertaken.
- Approximately 160 documents were reviewed and redrafted.
- A Policy Development Manual was drafted and approved.
- During the first ten months of 1995, the Policy Committee considered 36 new policies, and reviewed and approved 28 revised policies.

Planned Initiatives:

1. Communicate policy changes to stakeholders.
2. Develop new, or amend existing, policies and procedures to complement a revised *Act*.
3. Provide necessary staff training to administer a new *Act*.
4. Complete and distribute the Program Policy Manual.

6. Accident Fund

Issue: The WCB of the Northwest Territories must acquire and maintain sufficient assets to fund future costs of all existing claims by prudently managing its investment portfolio, collecting appropriate assessments from employers and actively managing all claims.

Goal: Achieve and maintain a fully funded Accident Fund.

Strategy: Implement a strategy to ensure the Board is able to maintain its fully-funded status.

1994/95 Accomplishments:

- Changes to the classification system were implemented.
- YMIR alternatives were researched and a process for future reviews was established.
- The Investment Policy was revised and approved by the Board.
- An asset mix model was developed for the investment portfolio, and approved by the Board.
- The Funding Policy was reviewed and revised.
- A Governance Plan was developed and approved by the Board.
- Mandates were developed and negotiated with investment managers.

Planned Initiatives:

1. Achieve 1996 objectives within budget.
2. Implement a fraud strategy.
3. Refine budgeting and financial reporting processes.
4. Define the treasury role and mandate for staff and consultants.
5. Conduct an annual evaluation of the classification system.
6. Pilot a quarterly actual reporting system in the construction industry.
7. In co-operation with Renewable Resources, audit the Traditional Harvesters Program.

7. Human Resources

Issue: In order to provide quality services to its clients, the WCB must ensure its staff is fairly treated and appropriately trained. Recruitment and staff retention plans must identify and acquire the staff attributes necessary for successful delivery of WCB programs and services.

Goal: Effective and competently trained staff.

Strategy: Expand the existing human resources plan to include training needs assessment and an Employee Assistance Plan.

1994/95 Accomplishments:

- A succession planning process was introduced, including identification of WCB career paths, and a succession plan was completed.
- Cross-training and information sharing strategies were developed, and training was provided.
- The need for a generic training model for customer service was assessed.
- An Employee Assistance Plan was researched by a joint management/staff committee, and implemented using an outside service provider.
- The Orientation Manual was updated, and an Orientation Program implemented.
- Corporate training plans were developed for 1994 and 1995.
- A self-appraisal approach to performance management was adopted.
- The Affirmative Action Plan was monitored, and reports provided to the Board of Directors on a quarterly basis.
- Customer service objectives for recruitment were approved and monitored.

Planned Initiatives:

1. Conduct annual performance reviews for all staff.
2. Develop an annual training plan.
3. Evaluate the cost effectiveness of the WCB's Employee Assistance Plan.
4. Update the WCB succession plan.

The mission of the WCB 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.

Workers' Compensation Board
Box 8888
YELLOWKNIFE, NT X1A 2R3

Our offices are located on the 3rd and 4th floors of the Centre Square office tower.

Telephone: 403-920-3888
Toll-Free: 1-800-661-0792
Fax: 403-873-4596

<i>Chairman and CEO</i>	<i>Jeffrey G. Gilmour</i>
<i>Deputy Chairman and Director</i>	<i>Gordon Wray</i>
<i>Director</i>	<i>Lydia Bardak</i>
<i>Director</i>	<i>Vivian Stevely</i>
<i>Director</i>	<i>Don McNenly</i>
<i>Director</i>	<i>Tom Hoefler</i>
<i>General Manager</i>	<i>Gerry Meier</i>

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