

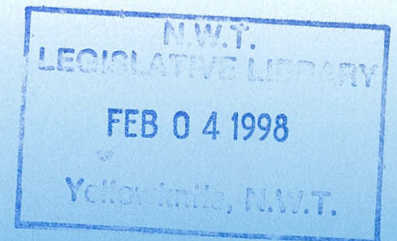
CORPORATE PLAN 1998 - 2000

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WORKERS' COMPENSATION BOARD

Northwest Territories



MISSION STATEMENT

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 throughout the Northwest Territories.

PRINCIPLES

The Workers' Compensation Board of the Northwest Territories must:

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



TABLE OF CONTENTS

LETTER OF TRANSMITTAL 3

INTRODUCTION 4

ENVIRONMENTAL SCAN

 The Economic Environment 5

 The Canadian WCB Environment 7

 The NWT WCB Environment 8

GOALS AND STRATEGIES

 Introduction 11

 Workplace Safety 12

 Achieving Excellence 13

 Governance 14

 Division 15

LETTER OF TRANSMITTAL

December 9, 1997

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

1998-2000 Corporate Plan

On behalf of the Board of Directors of the Northwest Territories Workers' Compensation Board, I am pleased to present our 1998-2000 three-year Corporate Plan, in accordance with subsection 91(1) of the *Financial Administration Act*.

We believe this plan reflects the Board's commitment to excellence in planning the future of workers' compensation programs in the Northwest Territories.

Yours truly,



Gordon Wray
Acting Chairman

INTRODUCTION

Each year, the Board of Directors produces a strategic plan for the future of the compensation system in the Northwest Territories. This plan identifies the Board's strategies for the next three years – an especially important period of time for the WCB in view of the division of the NWT in April 1999. In introducing its 1998-2000 Corporate Plan, the Board acknowledges the following:

- Many of the strategic directions identified in the 1997-1999 Corporate Plan are reaffirmed in this plan. Nonetheless, the WCB finds itself in a changing planning environment. Although the WCB remains fully funded and some improvements in client satisfaction have been reported, the challenge now is to ensure that program and service delivery are further improved without compromising the principles which guide WCB operations.
- Improving workplace safety remains an important objective for the WCB. Efforts will focus on targeting resources to those industries and sectors with high incidences of accidents and promoting partnerships between the WCB, workers and employers.
- Development of an effective Board governance structure is crucial to ensuring that the financial, legislative and program challenges facing the Board are dealt with in a responsible manner.
- Finally, in planning for the future, the Board must protect the interests of all WCB stakeholders during the division process and post-division. These interests can best be served through a smooth transition and the implementation of a service delivery plan which provides efficient service in both jurisdictions in a cost-effective manner.

Overall, this plan reflects the directions the Board of Directors adopted in 1997 to guide the operations of the WCB over the next several years. The Board of Directors views its planning process and its written plans as dynamic – changing and responding to internal and external developments.

THE ECONOMIC ENVIRONMENT¹

Economic Indicators

Both the Canadian and NWT economies continued to experience real Gross Domestic Product (GDP) growth of 1.5% and 1.8% respectively in 1996. These growth rates were fueled, in part, by strong levels of business investment and robust consumer demand. Inventory levels are low, which means that increases in consumer demand are being met by increases in production.

Nationally, private and public sector investment is expected to grow in 1997 by 5.2%, surpassing 1996 growth of 2.5%. The reverse has been true in the NWT, however: Total investment fell by 10.7% in 1996 compared to 1995, and is expected to fall a further \$82 million (26.6%) in 1997. This result is expected despite a predicted increase of \$22.7 million in investment in the mining and oil and gas sectors because of significant reductions in public sector investment and investment in the communications sector.

Both Canada and the NWT enjoyed employment growth in 1996. Nationally, employment grew by 1.3% in 1996 and forecasters are predicting that 300,000 to 350,000 new jobs, 70% of them full-time, will be created in 1997-98. Employment grew by 6.0% in the NWT, due in large part to the direct and indirect effects of mineral exploration. Employment is expected to grow in 1997-98 with the creation of 900 new jobs associated with the Ekati Diamond Mine.

Nationally, consumer demand grew 2.4% in 1996 and is expected to remain strong in 1997-98. This growth is attributed to low interest rates (which makes borrowing for items like houses, cars and appliances more attractive) and increased consumer confidence in the economy. In the NWT, retail sales increased by 8% in 1996 and growth continued into the first quarter of 1997.

The average weekly earnings for the Northwest Territories (\$721) grew by 10% in 1996. The 1996 Canadian average was \$586. A comparison between the first quarters of 1997 and 1996 (seasonally adjusted), however, indicates that average weekly earnings increased by only 0.3%. This is primarily due to the impact of GNWT wage and salary cuts, which were not made until the second quarter of 1996.

Provincial and territorial trade statistics published by Statistics Canada for the 1991-1996 period show considerable reliance on trade activity by the Northwest Territories. For example, the NWT ranks second in Canada for total trade (imports and exports) activity on a per capita basis.

Fiscal Policy

A key milestone on the road to restoring Canada's financial health will be achieved this year when, following two decades of uninterrupted increases, the debt-to-GDP ratio will start to decline. This means that economic growth will begin to outpace the growth of the debt.

¹ Sources: NWT 1997-98 Budget Address; Federal Department of Finance, Budget 1997 Fact Sheets; GNWT's Statistics Quarterly; the Department of Resources, Wildlife & Economic Development's (RWED) NWT Economic Framework (Minerals Sector Profile).

The NWT is also making progress: for the first time in four years, the territorial government will not be running an annual deficit. Indeed, it is projecting a small surplus of \$9 million in 1997-98 despite an annual \$60 million reduction in the Grant from Canada (the GNWT's largest source of revenue). In 1996, the GNWT forecast a debt of \$85 million. Following its Deficit Recovery Plan, the GNWT now expects this figure to be \$41 million. As the GNWT did not introduce any new taxation measures in its 1997-98 budget, this result has been achieved through government initiatives to:

- reduce GNWT salaries and benefits;
- rationalize programs and services (thereby reducing person years);
- reduce contributions to municipalities, boards and agencies; and
- reduce capital spending (deferrals, program cuts).

The GNWT continues to negotiate a funding structure with the Federal Minister of Finance which will ensure the viability of both territories after Division in 1999.

NWT Non-Renewable Resources

The total value of minerals, oil and gas shipments in the NWT increased in 1996 by 4.1% (\$798 million). Of this total, gold, zinc and oil and gas accounted for 29%, 32% and 32% respectively.

Mainly because of external market forces, however, the NWT's mining sector has been undergoing a period of major change and upheaval. For example, the price of gold dropped dramatically in 1997, thereby negatively affecting the economics of gold mining in the North. Indeed, the Treminco, Ulu and Colomac mining operations have all ceased production.

This trend may continue as many existing NWT mines are in their mature phase of operation. If increases in NWT mineral production are to be sustained, new mines will have to be developed.

For example, construction of the Ekati Diamond Mine is estimated to create an additional 900 private sector jobs in 1997-98 and a further 100 jobs in 1999. Production is expected to begin in 1998 and operation at full capacity is expected by 2002. At full capacity, the value of production is projected to reach \$500 million per year.

Exploration expenditures have increased significantly since 1991. Exploration expenditures in the NWT were expected to reach \$220 million in 1996 – higher than any other Canadian jurisdiction. While there may soon be a decline in mineral exploration, petroleum exploration and drilling continue in the Fort Liard region and in the established fields around Norman Wells. There is potential for strong growth in oil production in the Fort Liard region, given close proximity to existing pipelines in northern British Columbia.

In conclusion, while the WCB should remain aware of the changes occurring in both the national and territorial economies, these changes do not present any new challenges for the WCB. Indeed, the evaluation does not raise any strategic issues other than those previously identified by the Board.

THE CANADIAN WCB ENVIRONMENT

Funding Status

Six WCBs had fully funded status in 1997, including the Northwest Territories WCB. In fact, our Board has been fully funded for four consecutive years. Given that several others may soon have restored their financial positions as well, the majority of Boards in Canada are now shifting focus to issues such as:

- reducing/controlling claim levels by promoting safety in the workplace;
- improving quality of service, i.e. responsiveness, timeliness, courtesy;
- increasing program effectiveness;
- reducing employer costs while increasing benefits to injured workers through increased operational efficiencies;
- improving financial stability and performance by more carefully monitoring returns on investment; and
- promoting awareness of, access to and development in medical treatment.

Workplace Safety and Accident Reduction

Workplace safety and accident prevention are key elements of the WCB's corporate strategy. This has been demonstrated by the WCB's strong support of safety and prevention initiatives over the past two years. Indeed, many Canadian jurisdictions are involved in initiatives to promote workplace safety and accident prevention.

For example, Ontario and Alberta support a private sector initiative (the Safe Communities Incentive Program) which promotes health and safety in all aspects of community life. Under this program, rebates are offered to participating small businesses which demonstrate a reduction in injuries.

Nova Scotia is a partner in a project initiated by the Nova Scotia chapter of the Canadian Society of Safety Engineering which helps business and engineering schools produce graduates with a practical understanding of workplace health and safety issues. For example, OH&S courses are offered at St. Mary's University and the Technical University of Nova Scotia as part of their business and engineering programs.

Manitoba intends to increase its support of training programs and research projects that promote safer workplaces.

Given the importance of workplace safety and accident prevention, the NWT WCB will monitor other jurisdictional initiatives to determine if they should be incorporated into its overall safety strategy.

Responsibility for Occupational Health and Safety

Seven WCBs now have responsibility for occupational health and safety: British Columbia (1917), Quebec (1980), the Yukon (1992), New Brunswick (1995), the Northwest Territories (1996), Prince Edward Island (1996) and Ontario (1996).

The addition of regulatory inspections allows Boards with this responsibility to combine information from a variety of sources in order to obtain a clear picture of workplace safety issues and to take measures which can influence the frequency and severity of workplace accidents.

THE NWT WCB ENVIRONMENT

Safety

The WCB continues to address workplace safety issues by seeking opportunities to promote safety partnerships between workers, employers and other interested parties. For example, the WCB sponsored the Territorial Mine Rescue and Industrial First Aid competitions in 1997 and revised the Safety and the Young Worker program offered in NWT schools.

In addition, the WCB conducts safety training and inspections of worksites in a number of NWT communities, as well as inspections and maintenance tests at all NWT mine sites.

In 1996, the Mine Occupational Health and Safety Legislation Committee completed a review of the *Mine Health and Safety Act and Regulations*. Mine personnel who required re-certification under the new *Mine Health and Safety Act and Regulations* have had to rewrite exams administered by WCB mine inspectors.

By promoting safe work practices and encouraging positive attitudes about safety, particularly among small business employers, the WCB expects to achieve a reduction in the frequency and severity of accidents.

This challenge will be met by focusing inspections and safety education training on those employers that exhibit a high incidence of accidents. Mine and safety inspectors can now observe an employer's work practices and access significant information regarding their claims experience. This broader picture of the workplace will enhance their ability to help reduce workplace accidents.

Quality of Service

A client service delivery survey was initiated in 1996 to determine how well the WCB was meeting its corporate client and claimant service delivery standards. Overall, the results indicate that the WCB's clients continue to be satisfied with the WCB in terms of how it delivers services to employers and workers. The challenge will be to improve the timeliness in which these services are provided, as well to communicate more effectively with workers and employers.

Funding

Although the total assessable payroll increased in 1996, reduced employer assessment rates resulted in a slight decrease in assessment revenue. This reduction in assessment revenue was offset by returns on investment, resulting in an overall positive financial experience.

The Board's market rate of return was 19.8% in 1995 and 18.9% in 1996, well above the rate of inflation.

"Real" returns (in excess of inflation) in 1997 have also been positive. Although the Board recognizes that interest rate increases or declines in the equity markets could have a negative impact on investment returns, the impact of lower investment returns would be cushioned because of the Board's policy of amortizing prior years' market gains.

The Board was able to transfer funds to the Catastrophe and Operating Reserve Funds, thereby increasing the balance of each fund to \$4.9 million and \$22.5 million respectively.

Now that the Board is in a strong and stable financial position, it can focus on achieving a balance between its initiatives, benefits and costs in order to best serve the needs of its stakeholders.

Worker Benefits

Given continued improvement in the Board's financial position, the Legislative Assembly voted to increase the Yearly Maximum Insurable Remuneration (YMIR) to \$52,000 for both benefits and assessment purposes, effective January 1, 1998. This increase will allow the Board to meet the objective it set in 1996 to provide compensation coverage to replace the wages of 75% of all full-time workers in the Northwest Territories.

A Supplementary Pension Increase (SPI) of 1.78% will take effect January 1, 1998. This increase will help to protect the purchasing value of pension payments for over 850 WCB pension recipients with pensions based on YMIRs below the current level of \$49,000.

Assessment Rates

Achieving more than fully funded status for the fourth consecutive year has allowed the WCB to share the benefits of its financial position with NWT employers. Effective January 1, 1998, the average assessment rate will drop by 12%, from \$2.12 to \$1.87 per \$100 of payroll.

Both the mining and construction industries will experience significant rate reductions, with building construction employer rates dropping 22% to \$5.25 from \$6.75 per \$100 of payroll. In 1994, the construction industry rate was \$10.25 per \$100 of payroll. The mining industry rate will decrease from \$5.75 to \$4.75 per \$100 of payroll. The average NWT rate will be the fourth lowest in Canada, according to 1997 comparisons.

Division

The WCB has been reviewing options for the delivery of compensation services to the two new territories after division on April 1, 1999. Four options have been identified:

- two separate and independent WCBs
- one WCB under the "joint and equal control" of both jurisdictions
- one WCB delivering compensation services under contract to the other jurisdiction
- both jurisdictions contracting for service with southern jurisdictions

Presentations have been made to both eastern and western decision-influencing groups to assist with determining what the preferred option should be. Once agreement is reached, efforts will focus on implementation.

Medical

Medical staff have been raising the WCB's profile in the health care community by:

- increasing the number of community visits;
- supporting training and development initiatives at the annual conference of the NWT Medical Association; and
- meeting with medical and nursing staff to conduct education and awareness sessions in conjunction with expanded community visits.

INTRODUCTION

In its 1998-2000 Corporate Plan, the Board of Directors has considered the implications of the following issues on the WCB's ability to meet the needs of its stakeholders:

- Workplace Safety
- Achieving Excellence
- Governance
- Division

The Board has aligned its goals and strategies accordingly to ensure that these issues can be addressed in an effective and cost-efficient manner.

I. Workplace Safety

Issue:

The WCB received the mandate for occupational health and safety from the GNWT in 1996. The addition of regulatory inspections allows the WCB to combine information from a variety of sources to obtain a clear picture of workplace safety issues and to take measures which can influence the frequency and severity of workplace accidents.

Goal:

Safe workplaces.

Strategy:

To promote safe workplaces by:

- balancing the WCB's mandated responsibilities for education and enforcement;
- promoting partnership and commitment between the WCB, employers and workers; and
- targeting safety measures to industries and sectors with a high incidence of accidents.

Objectives:

- review of safety legislation
- safety education (from schools to workplaces)
- timely, accurate and consistent reporting of accidents
- effective communication of stakeholder responsibilities
- effective performance measurement
- integrated information systems

2. Achieving Excellence

Issue:

Specific goals related to communications, policy and a fully-funded Accident Fund have been largely achieved or incorporated into ongoing program and service delivery. The challenge now is to ensure effective, efficient and timely program and service delivery which can adjust to changing conditions without compromising WCB guiding principles.

Goal:

To ensure the highest possible level of program and service delivery.

Strategy:

To demonstrate continued commitment to excellence by:

- evaluating existing programs and services to ensure that stated objectives are being met;
- exploring alternatives to existing programs and services;
- providing ongoing training and development for staff to support continued high performance;
- ensuring that information systems adequately support service delivery, decision making and accountability; and
- communicating program initiatives and decisions to employers, workers, the medical profession, the public and staff.

Objectives:

- evaluation of programs and services to identify those that do not meet standards, stated objectives or expectations
- development of quantifiable expectations for all programs and services
- staff awareness of, and involvement in, operational decisions
- on-line services for stakeholders (subject to demand and cost considerations)
- re-employment measures which assist injured workers in returning to the workforce in a safe and timely manner
- an integrated management information system which supports the organization's decision-making processes
- implementation of communication initiatives within each program

3. Governance

Issue:

The WCB must balance the need for independence from government in fulfilling its legislated mandate with its accountability for actions at the Board and staff levels.

Goal:

A governance structure which promotes independent adjudication, fulfills fiduciary responsibilities, ensures regulatory enforcement and encourages effective management of programs and services.

Strategy:

To work toward a structure which:

- identifies the respective roles, responsibilities and relationships within the WCB;
- clarifies the relationship between the WCB and those to whom the WCB is accountable; and
- supports Board members and staff while they carry out their responsibilities.

Objectives:

- training for Board members
- "Code of Conduct" for Board members
- success measures for Board members
- a clear relationship between the Board of Directors, staff, Minister and Legislative Assembly
- accountability to stakeholders

4. Division

Issue:

The *Nunavut Act* (Federal Bill C-132) will come into force April 1, 1999, creating two territories from the current Northwest Territories. Section 29 of the Act duplicates all NWT legislation in the newly created Nunavut. As of April 1, 1999, two *Workers' Compensation Acts* will exist, each requiring a Board and an Accident Fund, unless action is taken to intervene. Division of the WCB's physical jurisdiction would significantly impact the existing economy of scale, as the NWT's 3,200 employers would need to fund two administrations.

The Nunavut Implementation Commission (NIC) has recommended a joint board. In its response to the NIC's two reports, the GNWT agreed, in principle, to one shared Board.

Goal:

A service strategy which protects the interests of WCB stakeholders during the division process and post-division.

Strategy:

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;
- developing options for program delivery in Nunavut and the Western Territory; and
- preparing WCB operations for the service delivery option that is to be implemented.

Objectives:

- recruitment and training of bilingual aboriginal staff
- development of models for post-division program delivery
- effective communication of developments and decisions to stakeholders
- implementation of the selected model for post-division program delivery
- development of human resources initiatives, for post-division implementation

