

GOVERNANCE COUNCIL MEETING

DECEMBER 4-6, 2012

YELLOWKNIFE, NT

MINUTES

PRESENT: William Aho, Chairperson
John Vander Velde, Vice Chairperson
Dave Tucker, Member
Christopher Callahan, Member
Karin McDonald, Member
David Ritchie, Member

Dave Grundy, President & CEO, ex officio (non-voting)
Melanie Walters, Corporate Secretary

The meeting called to order at 13:34 on December 4, 2012.

1. CONSENT

a) Acceptance of Agenda

The Governance Council added an agenda item dealing with a Pre-2010 Capital Budget Carry Forward on the recommendation of its Audit Committee.

On a motion duly moved and seconded, the Governance Council of the Workers' Safety & Compensation Commission of the Northwest Territories and Nunavut accepted the agenda of its December meeting as amended.

12/12-001-Carried

b) Conflict of Interest Declarations

Mr. John Vander Velde noted a potential conflict of interest as a Northern Territories Federation of Labour board member.

Mr. Dave Tucker noted a conflict of interest with the Capital Budget Pre-2010 Carry Forward Item and the discussion regarding Nexum Systems.

c) Approval of Minutes

The Council reviewed the minutes and web version minutes from its September 2012 meeting.

On a motion duly moved and seconded, the Governance Council of the Workers' Safety & Compensation Commission of the Northwest Territories and Nunavut approved the minutes and web-version minutes of the Governance Council meeting held September 2012 as presented.
12/12-002 – Carried

d) Executive Reports

i) Chairperson's Report

The Chairperson's Report is intended to report on the Chairperson's broad activities in between Governance Council meetings and to apprise Governance Council Directors of significant or noteworthy information. This report provided information, not previously communicated to the Governance Council for August 22, 2012 to October 30, 2012.

ii) President's Report

The President's Report is intended to capture the pulse of the organization as viewed by the President and keep Directors apprised of significant events or achievements. It provided information for the period August 22, 2012 to October 30, 2012, on WSCC operations not covered elsewhere in Governance

President's Report cont'd

Council proceedings.

e) Council Concerns

- (i). The Chairperson received a letter from the Northern Territories Federation of Labour regarding the current partnership and funding agreement. The Governance Council had an indepth discussion regarding the current partnerships, the Northern Territories Federation of Labour and the Northern Safety Association. The prior direction from the Governance Council was to have the partners approach employers and determine if they are willing to pay extra assessment rates to continue funding the partners. Discussion at the Governance Council focused on whether or not the WSCC is setting the partners up for failure by directing this approach. Discussion also touched on whether there are areas and initiatives the WSCC could possibly transfer to the partners.

On a motion duly moved and seconded, the Governance Council of the Workers' Safety & Compensation Commission of the Northwest Territories and Nunavut agreed to extend funding for the Northern territories Federation of Labour and the Northern Safety Association to the end of 2014. Administration will prepare options and information for the Governance Council for further discussion to be presented at the December 2013 meeting.

12/12-002-Carried

- (ii). A Governance Council member apologized for not attending the previous meeting and inquired if the Governance Council would consider using video conference for meetings for out of town members. The Governance Council will consider this request moving forward.

Decision Items:

a) Audit Committee Report

John Vander Velde, Audit Committee Member, provided the Governance Council with the Audit Committee report of its meeting held December 4, 2012.

Audit Committee report cont'd

The Audit Committee of the Governance Council of the Workers' Safety and Compensation Commission of the Northwest Territories and Nunavut held its meeting December 6, 2011.

Decision Items:

1. 2013 Operations and Capital Budget

The total Operations budget for the WSCC increased for 2013 by 1.69%. this increased from 1.62% presented to the Audit Committee at the September 2012 meeting due to salary increases and funds added to the duty travel budget for the Translations position.

On a motion duly moved and seconded, the Governance Council of the Workers' Safety and Compensation Commission of the Northwest Territories and Nunavut, upon the recommendation of its Audit Committee, approved the following budgets:

- \$23, 142,234 for the President's Accountability;
- \$1,358,276 for Overhead;
- \$480,616 for the Governance Council;
- \$471,284 for the Appeals Tribunal;
- \$235, 100 for the Workers' Advisor;
- \$400,000 for the Northern Safety Association;
- \$350,000 for the Northern Territories Federation of Labour; and
- \$1,000,000 for the Capital Budget

And that:

- The Appeals Tribunal budget be monitored to ensure that honoraria, salaries and legal and medical consulting budgets not be transferred to other areas without GC approval; and
- The funding for NSA be paid in quarterly instalments as per the agreement; and
- The funding for NTFL to be paid in quarterly instalments as per agreement.

AC12/12-003 – Carried

Audit Committee Report cont'd

2. Write-off of Debts

Under the authority of the *Workers' Compensation Act* the Governance Council can approve amounts for write-off. Under Policy 10.01, the Chief Financial Officer recommends amounts for Write-off to the Governance Council annually. To avoid overstating assessment receivables, amounts determined unlikely to be collected are put into the Allowance for Doubtful Accounts. These amounts do not indicate forgiveness of the outstanding balances owing to the Workers' Safety and Compensation Commission (WSCC), but simply adjusts the net amounts presented in the financial statements.

In 2012, 25 employer accounts totaling \$57,860.83, and three Claims accounts totaling \$5,746.50 are recommended for write-off.

On a motion duly moved and seconded, the Governance Council of the Workers' Safety and Compensation Commission of the Northwest Territories and Nunavut, upon the recommendation of its Audit Committee approves of the write-off of debts as follows:

Balance as at December 31, 2011		\$353,235.70
Add:	New 2012 Allowance submission - Employers	\$110,526.36
	New 2012 Other debtor allowance	\$5,746.50
Less:	2012 Bad debts written-off - Employers	(\$57,860.83)
	2012 Bad debt written off - Other debtors	(\$5,746.50)
	2012 Payments received on doubtful accounts	(\$111,031.98)
Balance as at December 31, 2012		\$294,869.25

12/12-004 - Carried

3. 2013-2015 Internal Audit Plan

The Internal Auditor presented the audit plan for 2013-2015. The Audit Committee did not have questions on the audit plan.

On a motion duly moved and seconded, the Governance Council of the Workers' Safety & Compensation Commission of the Northwest

Audit Committee Report cont'd

Territories and Nunavut, upon the recommendation of its Audit Committee, approved the 2013-2015 Internal Audit Plan.
12/12-005-Carried

Discussion/Presentation Items:

1. IFRS Training/Refresh

The Audit Committee received an overview and refresh of IFRS from representatives of the Office of the Auditor General.

2. Enterprise Risk Management

The Audit Committee received its standard quarterly risk update.

The WSCC's risk management program is led by an ERM committee. Members of the committee include: Vice President, Financial Services; Manager, Treasury and Procurement; Vice President, Stakeholder Services; Manager, Information Services; Manager, Human Resources and Policy Analyst. The ERM committee meets monthly or as required.

3. 2012 OAG Audit Plan

Representatives from the Office of the Auditor General presented its 2012 Annual Audit Plan.

4. Third Party Actions

The Audit Committee received a report of Third Party Actions to October 2012.

5. Investigations Report

The Committee received an overview of investigation activities to October 2012.

Audit Committee Report cont'd

Information Items:

1. Investment Report:

The Audit Committee discussed the investments to September 30, 2012.

2. Sole Source Awards:

The Committee reviewed two sole source contracts, awarded between July 1 and September 30, 2012.

On a motion duly moved and seconded, the Governance Council of the Workers' Safety and Compensation Commission of the Northwest Territories and Nunavut accepts the report of the December 2, 2012 Audit Committee meeting.

12/12-006 – Carried

b) 2013 Comprehensive Policy Review Plan

The Governance Council reviews the Comprehensive Policy Review Plan annually to set out its schedule for policy review and identify policies they require external consultation. The Governance Council did not identify any policies requiring external consultation for 2013.

On a motion duly moved and seconded, the Governance Council of the Workers' Safety and Compensation Commission of the Northwest Territories and Nunavut approved the 2013 Comprehensive Policy Review Plan, as presented.

2/12-007– Carried

c) Policy 00.01 – Policy Creation and Revision

The three year cycle of the Comprehensive Policy Review Plan identified Policy 00.01, Policy Creation and Revision, for review.

On a motion duly moved and seconded, the Governance Council of the Workers' Safety & Compensation Commission of the Northwest Territories and Nunavut approved Policy 00.01 – Policy Creation and Revision, as presented.

12/12-008 - Carried

d) Policy 00.07 - Consultation

The three year cycle of the Comprehensive Policy Review Plan identified Policy 00.07, Consultation for review.

On a motion duly moved and seconded, the Governance Council of the Workers' Safety & Compensation Commission of the Northwest Territories and Nunavut approved Policy 00.07 – Consultation, as presented.

12/12-009 - Carried

e) Policy 00.05 – Determining Employer and Worker Status

At its September 2012 meeting, the Workers' Safety and Compensation Commission (WSCC) Governance Council requested that Administration revise Policy 00.05, Determining Employer/Worker Status, to include revisions recommended by Administration at their meeting.

The revision proposed by Administration at the 2012 meeting stated that: "it is recommended that Policy 00.05, Determining Employer/Worker Status, is amended to permit Administration's consideration of an individual's worker or self-employed status in another jurisdiction when determining their status in the Northwest Territories and Nunavut. This amendment will expand the current criteria, allowing Administration the flexibility to consider, as one factor in its

Policy 00.05 – Determining Employer and Worker Status cont'd

determination, what or how an individual may operate outside of the Northwest Territories and Nunavut.”

The proposed revisions to Policy 00.05 include:

- changed the title from ‘Determining Employer/Worker Status’ to ‘Determining Employer and Worker Status’ to maintain grammatical consistency with other policies;
- the addition of a single sentence within the ‘Dependence Test,’ which explicitly permits the WSCC to consider the person’s work status and economic dependencies outside of the Northwest Territories and Nunavut, when determining the employer worker relationship in the North;
- minor formatting and wording changes to maintain consistency with other policies; and updated History.

The Governance Council discussed changes to the policy and requested Administration add a statement in the dependence test to explicitly state if an incorporated entity is willing to follow the WSCC criteria they will be given a WSCC account.

Administration revised the policy to include this section. The Governance Council deferred approval of this policy pending changes in WSCC process. The process change and policy will be presented to the Governance Council for review and approval at the March 2013 meeting.

f) Policy 03.03 – Arising Out of and During the Course of Employment

Policy 03.03, Arising Out of and During the Course of Employment was identified for review under the three-year Comprehensive Policy Review Plan.

The Governance Council discussed issues surrounding the definition of a remote worker and the lack of definition for remote workplace. The Governance Council requested a definition of remote workplace be added to the policy for clarity.

Policy 00.05 – Determining Employer and Worker Status cont'd

On a motion duly moved and seconded, the Governance Council of the Workers' Safety & Compensation Commission of the Northwest Territories and Nunavut rescinds Policy 03.03 – Arising Out of and During the Course of Employment, as amended.

12/12-010– Carried

g) GCD B-009 – Remuneration and Travel for Appeals Tribunal Members

The three-year cycle of the Comprehensive Policy Review Plan identified Governance Council Directive B-009, Remuneration and travel for Appeals Tribunal Members for review.

A Governance Council member asked who sets the remuneration for the Appeals tribunal. The remuneration is set in the Workers' Compensation Regulations.

On a motion duly moved and seconded, the Governance Council of the Workers' Safety & Compensation Commission of the Northwest Territories and Nunavut approved revisions to GCD B-009, Remuneration and Travel for Appeals Tribunal Members, as presented.

12/12-011– Carried

h) GCD B-011 – Appeals Tribunal Members Claims

The three-year cycle of the Comprehensive Policy Review Plan identified this Governance Council Directive for review.

On a motion duly moved and seconded, the Governance Council of the Workers' Safety & Compensation Commission of the Northwest Territories and Nunavut approved revisions to GCD B-011, Appeals tribunal Members Claims, as presented.

12/12-012– Carried

i) Draft 2013 Corporate Plan

The annual Corporate Plan outlines the Governance Council's strategic direction and the WSCC's operational objectives for the current planning cycle. It fulfills

Draft 2013 Corporate Plan cont'd

an important obligation of accountability and transparency to the WSCC's stakeholders. The 2013 Corporate Plan represents year two of the 2012 – 2014 three-year strategic plan. The content complies with the *Financial Administration Act(s)* and best practices. The content is organized to demonstrate the importance of each key result area and associated objectives.

On a motion duly moved and seconded, the Governance Council of the Workers' Safety & Compensation Commission of the Northwest Territories and Nunavut approved draft content for the 2013 Corporate Plan, as presented.

12/12-013– Carried

j) 2013/2014 Safe Advantage Inclusion Limit

During the development phase of the program and based on consultation with employers, and recommendations by our Actuary, the Governance Council decided to limit participation in the program to employers with average assessments of \$40,000 and over. This limit was put in place to ensure administrative costs would not exceed potential gains made by the program. The \$40,000 amount was intended to limit the program to approximately 100 employers, representing approximately 50% of all new claims costs and 60% of assessments. It is anticipated that over time improvements in claims experience for this group will benefit the rate setting system as a whole.

Policy 02.08, Safe Advantage Program prescribes as part of the eligibility criteria that employers "*Maintain an average annual assessment equal to, or exceeding, the minimum assessment limit established annually by the WSCC.*" The Governance Council reviews and decides on the inclusion limit each year.

The 2012/2013 Safe Advantage program year is in progress and the average assessment inclusion limit of \$40,000, set in December 2011, has been communicated to employers. The inclusion limit has not changed since the program was first implemented. Over the course of the program the number of employers included has increased from 104 to 174.

2013/2014 Safe Advantage Inclusion Limit cont'd

The Governance Council discussed possibilities of changing the inclusion limit and impacts to the WSCC and employers.

On a motion duly moved and seconded, the Governance Council of the Workers' Safety & Compensation Commission of the Northwest Territories and Nunavut approved to maintain the Safe Advantage average assessment inclusion limit at \$40,000 for the 2013/2014 program year, as per Option A presented.

12/12-014– Carried

j) WSCC Reserves

At its June 2012 meeting, the Governance Council passed motion 12/06-005, which directed Administration to apply the actuarial estimate of \$8.15 million of the First Air and Arctic Sunwest plane crashes to the Catastrophe Reserve. The Governance Council further directed Administration not to replenish the Operating and Catastrophe Reserves levels in 2013 pending an in-depth examination of the current funding strategy, specifically as it relates to reserve management, target level and overall funding strategies. However, a formal motion to confirm this direction was not made by the Governance Council at this meeting.

Administration is therefore approaching the Governance Council to formally confirm this direction, by motion, to ensure all financial requirements of the Office of the Auditor General (OAG) are met.

On a motion duly moved and seconded, the Governance Council of the Workers' Safety & Compensation Commission of the Northwest Territories and Nunavut confirms its decision not to replenish the Operating and Catastrophe Reserves in 2013.

12/12-015– Carried

k) Capital Budget Pre-2010 Carry Forward

This item was originally presented to the Audit Committee; however, a conflict of interest with an Audit Committee member left the committee without quorum so they deferred this item to the Governance Council.

In 2009, the Workers' Safety and Compensation Commission (WSCC) Information Services unit tendered, awarded and contracted Nexum Systems to upgrade the WSCC network cabling. This project allows the WSCC to implement network based innovative technologies that can enhance operational efficiencies. 2010 saw the redesign of the network demark locations on each floor within the WSCC Yellowknife office. This work was deemed necessary for the overall implementation plan to facilitate the complete re-wiring of network cables on each floor.

The original tender of \$134,019 did not include the cabling of the demark locations and a change order was added to the original contract amounting to \$60,000.00. Actual amount spent on the demark location was \$59,478.00 bringing the total amount of the tender to \$193,497.00

In 2012, the Capital budget allocated for the Yellowknife office was reallocated to cover costs for the new Iqaluit office. The network-cabling project was postponed to align with the Yellowknife office renovations. The Yellowknife office renovations include replacing cubicle panels which have network cables in the panels for each cubicle. The alignment eliminates duplication of cabling costs.

The completion of the network cabling in 2013 is contingent on the start of the WSCC Yellowknife office renovations. The renovations of the Yellowknife offices will commence in June 2013 and it is Information Services intentions to continue the network cabling during this time to minimise impact and reduce cost to the organization.

The original motion presented to the Governance Council asked for this funding to be carried over to 2013; however, it is unlikely the project will be complete in 2013 so the motion was revised to 2014.

Capital Budget Pre-2010 Carry Forward cont'd

On a motion duly moved and seconded, the Governance Council of the Workers' Safety & Compensation Commission of the Northwest Territories and Nunavut approves the carry forward total amount of \$134,019 to 2014.

12/12-016– Carried

3. DISCUSSION/PRESENTATION ITEMS

a) Actuary Presentation – WSCC Funding Strategies

The Governance Council welcomed Howard Slaney, Morneau Shepell to the meeting.

At its June 2012 meeting, the Workers' Safety and Compensation Commission's (WSCC) Governance Council directed Administration to provide a discussion paper on:

- whether 100% funded is appropriate;
- whether the WSCC's current Funding Range of 108 – 120% is appropriate;
- what happens if the WSCC is in an underfunded position; and
- how reserves are replenished.

To ensure the long-term fiscal stability of the Workers' Protection Fund (Fund), the Governance Council adopted the Statement of Funding Approach (Statement) to provide the WSCC with guiding principles for its financial stewardship.

The current Statement requires the WSCC to maintain a funding level between 108 – 120% (total assets over total liabilities). In addition, the Statement further defines the WSCC's:

- reserves and their role;
- investment approach;
- valuation of liabilities; and
- annual assessment rate setting approach.

Actuary Presentation – WSCC Funding Strategies cont’d

Howard Slaney of Morneau Shepell made a presentation to the Governance Council covering the identified topics and providing guidance for the Governance Council.

Administration recommends the adoption of an additional 2013 Strategy to “complete a comprehensive review of the WSCC’s Statement of Funding Approach (and related policies) to confirm its appropriateness.” Specifically, to focus on those components identified by the Governance Council at its June 2012 meeting. Administration will work with its independent actuary, Morneau Shepell, throughout 2013, to examine and recommend funding options to the Governance Council for implementation January 1, 2014.

b) Strategic Priorities and Goals: Q2 Performance Report

This is a new report in 2012 and replaces its predecessor, the Quarterly Activities Report. This quarterly performance report stems from the 2012 Corporate Plan. It provides a current snap shot of what the Workers’ Safety and Compensation Commission is doing to achieve its goals. It also indicates whether the WSCC is successfully working towards its vision and mission. For each available performance measure, the WSCC indicates whether it is on track, lagging or off track with its targets.

Every month, units provide updates on their key performance indicators, including a review of key initiatives for that month. On a quarterly basis, the WSCC prepares this Quarterly Performance Report; it is distributed to the Governance Council, WSCC employees and stakeholders.

c) Outstanding Litigation and Appeals Tribunal Decisions

In carrying out its mandate, the WSCC must sometimes enforce its legal rights in Court, clarify its legal obligations and responsibilities, defend its decisions and hold people and companies liable for non-compliance with legislation such as the *Safety Act*.

The WSCC has exclusive jurisdiction to hear and make determinations on all matters arising from the *Workers’ Compensation Acts*. Any party who does not

Outstanding Litigation and Appeals Tribunal Decisions cont'd

agree with a WSCC decision can appeal to the internal Review Committee and further to the independent, external Appeals Tribunal. The WSCC is required to implement Appeals Tribunal decisions.

This report contained:

- Outstanding non-third party litigation involving the WSCC,
- Prosecutions commenced by the WSCC,
- Short term contracts for legal services, and
- Appeals Tribunal decisions released between August 1, 2012 and October 26, 2012.

The Governance Council discussed with the General Counsel whether or not other Canadian jurisdictions include Employment Insurance in the calculation of a workers remuneration.

d) AWCBC Governance Session Summary

The Governance Session took place September 16-17, 2012 in Whitehorse, Yukon.

The topics discussed were:

- Governance 101;
- Board of Directors Fiduciary Duties;
- Stakeholder Relationships
- New Perspectives of Board Members and CEO's; and
- Strategic Focus.

The Governance Council currently does not have a guideline in place to outline the process for in camera meeting. The Corporate Secretary will draft one and present to the Governance Council.

e) General Safety Regulations Update

The Governance Council welcomed Cara Benoit, Vice President, Prevention Services to the meeting.

The Governance Council received a presentation on proposed draft Safety regulations and an update on the process to date.

The Governance Council expressed concern they have not had a formal opportunity, as a council, to provide input into the draft regulations. The Governance Council asked Administration for information regarding their role regarding the Chief Safety Officer and the Prevention Services division. In addition, they requested a plan on how the Governance Council will be given an opportunity to provide input into the regulations.

The Governance Council requested responses to their requests at the March 2013 meeting.

f) Meeting Minutes and Recordings

The Governance Advisor, John Dinner, provided the Governance Council with a document asking them to consider changes to the way meeting minutes are presented and the current process of recording the Audit Committee meetings.

The Governance Council decided, going forward, there will only be one set of minutes and the Audit Committee meetings will no longer be recorded.

g) Subclass Classification

The Governance Council asked for information and clarification on how subclass classification is determined.

The Governance Council received a paper outlining the steps and criteria used by the WSCC in determining which subclass an employer will be placed into.

4. INFORMATION ITEMS

- a) **Quarterly Compliance Report – NSA and NTFL**
- b) **2013 CEO Travel**
- c) **Medical Subsistence Allowance**

5. NEXT MEETING

- a) **Draft March 2013 Governance Council Meeting Agenda**
- b) **March 2013 Corporate Planning Calendar**

6. IN CAMERA SESSION

- a) **President and CEO Evaluation Process**
- b) **Governance Council/Chair Evaluation**
- c) **Meeting Evaluation**

7. ADJOURNMENT

There being no further business to discuss, the meeting adjourned at 12:29 pm on December 6, 2013.

On a motion duly moved and seconded, the Governance Council of the Workers' Safety & Compensation Commission of the Northwest Territories and Nunavut adjourned its December 4-6, 2012, meeting, in Yellowknife, NT.

Date

Chairperson

Date

Corporate Secretary