



GOVERNANCE COUNCIL MEETING

SEPTEMBER 12-13 AND 17, 2013

YELLOWKNIFE, NT

SAINT JOHN, NB

MINUTES

PRESENT: David Tucker, Chairperson
John Vander Velde, Vice Chairperson
David Ritchie, Member
Christopher Callahan, Member
Abe Theil, Member
Jack Rowe, Member

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

REGRETS: Karin McDonald, Member

The meeting called to order at 13:30, September 12, 2013.

1. CONSENT

- a) Governance Council Prayer**
- b) Safety Overview and Orientation**

The President and CEO provided a safety overview and orientation for the Governance Council prior to the meeting beginning.

c) Conflict of Interest Declarations

There were no conflict of interest declared for this meeting.

d) Acceptance of Agenda

The Governance Council reviewed and accepted the agenda for the September 2013 meeting, as presented.

e) Council Concerns

The Governance Council agreed there should be written guidelines for formal motions presented to departing Governance Council members. The Guidelines will be researched and drafted prior to another Governance Council Members term expiring.

On a motion duly moved and seconded, the Governance Council of the Workers' Safety & Compensation Commission of the Northwest Territories and Nunavut accepted all consent items for the September 2013 meeting.

13/09-001 - Carried

2. CONSENT AGENDA

a) Approval of Minutes

The Governance Council reviewed the minutes from its June 2013 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 of the Governance Council meeting held June 2013, as presented.

13/09-002 – Carried

b) Business Arising Out of the Minutes

There was no business arising out of the June 2013 minutes.

c) NTFL and NSA Quarterly Compliance Report

The Governance Council reviewed the quarterly reports from both the Northern Safety Association and the Northern Territories Federation of Labour. Both organizations are in compliance at this time.

d) 2014 Supplementary Pension Increase

The Governance Council reviewed the recommendation for the 2014 Supplementary Pension increase which will be 0.96% for 2014.

e) 2012/2013 Safe Advantage Results

The Governance Council reviewed the results for the Safe Advantage program for the 2012/2013 program year.

3. EXECUTIVE REPORTS

a) 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. It provided information for the period May 21, 2013 to August 28, 2013.

b) 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 May 24, 2013 to August 28, 2013, on WSCC operations not covered elsewhere in Governance Council proceedings.

4. DECISION ITEMS

a) Audit Committee Report

John Vander Velde, Audit Committee Chairperson, provided the Governance Council with the Audit Committee report of its meeting held September 12, 2013.

The Audit Committee of the Governance Council of the Workers' Safety and Compensation Commission of the Northwest Territories and Nunavut held its meeting September 12, 2013.

Discussion/Presentation Items:

Draft 2014 Operations Budget:

The draft operations budget for the WSCC, as of August 16, 2013, totals \$29,494,178 which is an overall increase of 11.56% from 2013.

The major portion of the Operations budget is the President's Accountability, representing 89.1% of the total budget.

Administration requests funding for salaries be returned to a 100% funding level for 2014, which the Audit Committee supports.

The draft 2014 operations budget presents an increase of 10.84% from 2013 to 2014. The final budget will be submitted for approval at the December 2013 meeting.

Draft 2014 Capital Budget:

For 2014, the WSCC requests \$1,000,000 in Capital Infrastructure funding plus additional funding of \$916,000. \$100,000 will be transferred to the capital asset replacement reserve and \$50,000 to operations minor equipment. This leaves \$850,000 available for capital needs.

The Audit Committee had no issues with the draft capital budget. It will be submitted for approval at the December 2013 meeting.

Internal Audit Quarterly Report:

The Audit Committee reviewed the quarterly report. Discussion was had about the need for a quarterly Travel Authorization audit, and that maybe an annual review would suffice. The Audit Committee also discussed the travel of the Audit Committee and the GC. The Audit Committee put forward an idea that some travel may not be necessary and meeting could be conducted via video or teleconference instead.

Audit Committee Report cont'd

The Audit Committee will receive the 2014-2016 audit plan at the December 2013 meeting.

Enterprise Risk Management:

The Audit Committee received its standard quarterly risk update. Currently, the number one risk facing the organization is the funded position.

The audit committee would like information regarding any changes to the risks to be provided in the updates.

Third Party Actions:

The Audit Committee received a report of Third Party Actions to July 31, 2013.

Investigations Report:

The Audit Committee received a report on investigations activity to July 19, 2013. No significant issues to note for Investigations.

Executive Travel Guideline:

Administration provided the Audit Committee with best practices dealing with executive travel. The Audit Committee agreed with these and Governance Council Directive B-005 and Administrative Policy B.9 will be revised and presented to the Governance Council for approval at the December 2013 meeting.

Third Party Action Process Guideline:

The Audit Committee reviewed the process and approvals for WSCC third party actions.

Audit Committee Report cont'd

Information Items:

Investment Report:

The Audit Committee discussed the investments to June 30, 2013. Overall, the fund returned 0.88% for the quarter and year to date 8.38%. This outperforms its benchmark by 1.69%.

Sole Source Awards:

There were four sole source awards in the second quarter, all for medical consulting services.

2013 Second Quarter Financial Review:

This report is for the second quarter operations. Reporting in thousands, for the first quarter, the WSCC has a net income of \$14,717.

2013 Second Quarter Capital Asset Report:

At the end of Q2, \$695,109 of capital funds has been spent or is estimated to be spent by the end of the year.

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 September 12, 2013 Audit Committee meeting.
13/09-003 – Carried

b) 2014 Year's Maximum Insurable Remuneration (YMIR)

The Governance Council welcomed Thane MacKay, Morneau Shepell, to the meeting for this discussion.

The Governance Council discussed the 2014 YMIR during the AWCBC Governance Session in Saint John, New Brunswick on September 17, 2013.

2014 Year's Maximum Insurable Remuneration cont'd

The Governance Council was given four options to consider when setting the 2014 YMIR. The Governance Council agreed to approve Option 1, to keep the YMIR at the current level of \$84,200 for 2014. The Governance Council also requested a policy review to clearly define the process of setting YMIR.

On a motion duly moved and seconded, the Governance Council of the Workers' Safety and Compensation Commission of the Northwest Territories and Nunavut approves a zero increase to YMIR for 2014, it remains at \$84,200.

13/09-004 – Carried

c) 2014 Assessment Rates

The Governance Council welcomed Thane MacKay, Morneau Shepell, to the meeting for this discussion.

The Governance Council discussed the 2014 Assessment Rates during the AWCBC Governance Session in Saint John, New Brunswick on September 17, 2013.

The Governance Council received a presentation from Thane Mackey, with several recommendations for subclass mergers, 2014 subclass assessment rates and industry reclassifications.

The Governance Council agreed they would like to see a model that helps the Governance Council understand the financial impacts of decisions they are required to make. This will be presented to the Governance Council at the December 2013 meeting.

On a motion duly moved and seconded, the Governance Council of the Workers' Safety and Compensation Commission of the Northwest Territories and Nunavut approves the 2014 Employer Assessment Rates including the recommended industry reclassification and subclass merger, as presented.

13/09-005 – Carried

d) Policy 02.06 – Account Registration

In June 2013, the WSCC unveiled an expansion to its account registration process, making it easier for businesses to compete and begin working in the Northwest Territories and Nunavut. The proposed revisions to Policy 02.06 incorporate the revised registration process and provide all businesses with the information necessary to register with the WSCC.

On a motion duly moved and seconded, the Governance Council of the Workers' Safety & Compensation Commission of the Northwest Territories and Nunavut approved Policy 02.06 – Account Registration, as presented.

13/09-006– Carried

e) Policy 04.03 – Choice and Change of Health Care Provider

To facilitate a worker's recovery, the Workers' Safety and Compensation Commission (WSCC), the injured worker and health care providers cooperate to create and participate in a treatment plan based on the available medical evidence and best medical practices.

This policy sets out how injured workers choose health care providers, how the health care providers are changed and when the WSCC may require an injured worker to consult a specific health care provider.

The three year cycle of the Comprehensive Policy Review Plan identified Policy 04.03, Choice and Change of Health Care Provider, 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 04.03 – Choice and Change of Health Care Provider, as presented.

13/09-007– Carried

f) Policy 04.04 – Complementary and Alternative Treatments

The Workers' Safety and Compensation Commission (WSCC) provides injured workers with medical aid it considers reasonably necessary to treat the continuing effects of a work-related injury or disease. As part of the medical aid, the WSCC recognizes five complementary and alternative treatments that assist in workers' recoveries; acupuncture, chiropractic, massage therapy, occupational therapy, physiotherapy and the use of Transcutaneous Electrical Nerve Stimulation (TENS) devices.

This policy sets out the qualifications of the practitioners of these disciplines and the ways in which these treatments are accessed.

The three year cycle of the Comprehensive Policy Review Plan identified Policy 04.04, Complementary and Alternative Treatments, 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 04.04 – Complementary and Alternative Treatments, as presented.

13/09-008– Carried

g) Policy 04.05 – Dental Treatments

The Workers' Safety and Compensation Commission (WSCC) pays for dental treatment to restore a worker's teeth or dentures injured in a work-related incident. The WSCC Adjudicator/Case Manager, in consultation with the Nurse Advisor, determines the extent of entitlement for dental services.

The three year cycle of the Comprehensive Policy Review Plan identified Policy 04.05, Dental Treatment, 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 04.05 – Dental Treatments, as presented.

13/09-009– Carried

h) Policy 10.03 - Procurement

The Workers' Safety and Compensation Commission (WSCC) is committed to the responsible stewardship of the Workers' Protection Fund. To support this, the WSCC treats all prospective goods and services providers fairly and consistently while seeking to obtain the best value. This policy applies to all WSCC procurement for goods and services.

This policy is being reviewed due to a decision by the President to remove the Procurement Review Group from the procurement process. The Procurement Review Group (Contract Review Group prior to 2012) was created in 2009 to limit irregularities in the WSCC's contracting and procurement processes. Since Policy 10.03 was last approved in March 2012, the WSCC has monitored adherence to relevant procurement legislation and policy as well as added additional safe-guards which now makes the work of the Procurement Review Group redundant and inefficient. To ensure long-term adherence to procurement requirements, procedures are now in place that require the Vice-President, Finance to review all contracts and the Internal Auditor to perform random spot checks on the procurement process.

On a motion duly moved and seconded, the Governance Council of the Workers' Safety & Compensation Commission of the Northwest Territories and Nunavut approved Policy 10.03 - Procurement, as presented.

13/09-010– Carried

i) Administrative Policy B.3 – International Travel

To ensure prudent management of Workers' Safety and Compensation Commission (WSCC) resources, the Governance Council, or President must review and approve all requests for international travel by WSCC Governance Council Directors or employees.

Although infrequent, international travel must compliment the WSCC's performance or ability to deliver services.

Administrative Policy B.3 – International Travel cont'd

The three year cycle of the Comprehensive Policy Review Plan identified Administrative Policy B.3, International Travel, 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 Administrative Policy B.3 – International Travel, as presented.

13/09-011– Carried

j) Administrative Policy B.6 – Budget Expenditure and Control

The Governance Council approves the Workers' Safety and Compensation Commission's (WSCC) annual budgets, which authorizes Administration to make expenditures during the fiscal year.

The three year cycle of the Comprehensive Policy Review Plan identified Administrative Policy B.6, Budget and Expenditure Control, 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 Administrative Policy B.6 – Budget Expenditure and Control

13/09-012– Carried

k) Administrative Policy A.11 – Governance Council Appointment Authority

At its June 2013 meeting, the Governance Council requested the WSCC administration create an administrative policy delegating authority to the President to appoint the Chief Safety Officer, Safety Officers and the Chief Inspector of Mines under both the Northwest Territories and Nunavut Safety Act and Mine Health and Safety Act. Under the Mine Health and Safety Acts,

Admin Policy A.11 – Governance Council Appointment Authority cont'd

the Chief Inspector of Mines is given authority to appoint Mine Inspectors.

On a motion duly moved and seconded, the Governance Council of the Workers' Safety & Compensation Commission of the Northwest Territories and Nunavut approved Administrative Policy A.11 – Governance Council Appointment Authority, as presented.
13/09-013– Carried

5. DISCUSSION/PRESENTATION ITEMS

a) Q2 Investment Report and Meeting with Aon

The Governance Council welcomed Brad Bondy, Aon Consulting, to the meeting via videoconference.

The two major sources of revenue for the WSCC are employer assessments and investment revenues. The first source is managed by the Governance Council through the setting of assessment rates, and the second is guided by the WSCC's Investment Policy statements.

Brad Bondy discussed the current state of investments with the Governance Council as well as went through an exercise for the Governance Council to identify and agree on their current beliefs regarding the WSCC investments and their tolerances for any risks associated with those investments.

Brad will summarize all beliefs into one document and add to the WSCC investment policy. The Governance Council was a little confused about the purpose of this exercise. The Chairperson and Chief Financial Officer will have a meeting with Brad to discuss his role in the WSCC investment process.

In August 2013, the Audit Committee traveled to Vancouver to participate in interviews with potential investment managers to replace Jarislowsky Fraser. The Audit Committee and Governance Council agreed to replace Jarislowsky Fraser with TD Asset Management.

b) 2013 Q2 Performance Report

The Quarterly Performance Report provides a snap shot of actions the Workers' Safety and Compensation Commission (WSCC) is taking to achieve its goals. The report indicates whether the WSCC is successfully delivering against the Corporate Plan and achieving progress towards its Vision and Mission. For each available performance measure, the WSCC indicates whether it is on track, lagging or off track from the targeted goal.

Every month, operational units provide updates on their key performance indicators, including a review of key initiatives for that month.

c) Outstanding Litigation and Appeals Tribunal Decisions

In carrying out its mandate, the WSCC is sometimes required to 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*.

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 May 1, 2013 and July 31, 2013.

d) 2014 Corporate Planning Calendar

The Governance Council set the meeting dates and approved the planning calendar for 2014. The meeting dates for 2014 the weeks of:

- March 3-7 in Iqaluit, NU
- June 9-13 in Yellowknife, NT
- September 8-12 in Yellowknife, NT
- December 1-5 in Yellowknife, NT

e) Historical Data – Injury and Operating Costs

At the June 2013 meeting, Thane MacKay of Morneau Shepell provided estimates of claims and operating costs for 2014. The Governance Council asked for comparative historical claims and operating cost information. They were provided with this information from 2007 to 2014.

f) List of Collective Senior Management Skills

At the June 2013 meeting, the Governance Council asked for a list of the collective skills of the WSCC Senior Management Team. This list is intended to be used for succession planning purposes. The list included educational background, work experience and career aspirations.

g) Lean Process Presentation

The Governance Council welcomed Susan Abernethy, Vice President, Executive Services and Amy Lam, Corporate Performance Analyst, to the meeting.

The Governance Council received a presentation regarding the upcoming Lean Process initiatives at the WSCC. The WSCC identified the need to evaluate gaps or duplicity in its processes to help improve efficiency, provide better service for stakeholders, and achieve overall cost reduction.

Lean is a business philosophy based on the fundamental goal of continuously minimizing waste and maximizing flow in business processes. Lean was identified as the optimal solution for the WSCC to meet its objective of improving internal processes.

Westmark Consulting LLP is the contractor working with the WSCC on Lean. They have a proven model to guide organizations through the development of improved processes, in addition to the cultural transformation and development of internal capacity required to sustain Lean. This model is used successfully in many public sector organizations, including WorkSafeBC.

Lean Process Presentation cont'd

Lean Leader training is scheduled for September 4 – 6, 2013 and the first event, Initial Claims Processing, is scheduled for November 4 – 8, 2013. Execution of the Lean Communications Plan starts in September 2013.

h) Revised Funding Approach

At its June 2012 meeting, the Workers' Safety and Compensation Commission's (WSCC) Governance Council directed Administration to provide a discussion paper addressing specific concerns regarding funding. Those concerns included:

- Whether 100% funded is appropriate;
- Whether the current funding range of 108 – 120% is appropriate;
- What happens if the WSCC is in an underfunded position; and
- How reserves are replenished.

At the December 2012 meeting Administration provided the discussion paper as requested addressing the concerns enumerated above. In addition Administration recommended 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"*. This recommendation for review was in accordance with the current Statement as outlined in its purpose.

At the June 2013 meeting a discussion paper was presented with direction given to proceed based on the preliminary analysis and discussions held at that meeting.

In consultation with Morneau Shepell, our contracted actuarial services provider, it was felt that the initial goal of presenting a final report at the September meeting was too aggressive. It was felt presentation of a final report in December was more realistic. With a decision made in December and supporting policy in place the target implementation timing, which coincides with the setting of the 2015 provisional rates, is ensured.

i) Feasibility Study to Adopt the AMA 6th Edition

The Governance Council was provided with information regarding adopting the American Medical Association's 6th Edition. Instead of making this decision at the September 2013 meeting, it was determined it better to consult on this with stakeholders before deciding for transparency purposes.

Going forward, Executive Services will coordinate external consultation by on the NWT and Nunavut Permanent Impairment Rating Guide and policies impacted. The Governance Council will receive a decision paper in March 2014.

The WSCC is currently reviewing the WSCC claims process including the provision of lifetime pensions in association with a Permanent Impairment.

6. NEXT MEETING

The Governance Council reviewed the agendas and corporate planning calendar for the December 2013 meeting.

7. IN CAMERA SESSION

a) Meeting Evaluation

8. ADJOURNMENT

There being no further business to discuss, the meeting adjourned at 15:23 pm on September 17, 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 September 12-13, 17, 2013, meeting, in Yellowknife, NT and Saint John, NB.

Date

Chairperson

Date

Corporate Secretary