

d) Acceptance of Agenda

On a motion duly moved and seconded, the Governance Council of the Workers' Safety & Compensation Commission of the Northwest Territories and Nunavut accepted the September 2014 agenda, as presented.

14/09-001 - Carried

e) Council Concerns

- i) A Council member received a letter from an employer regarding their subclass rates. This item was discussed specifically during the Assessment Rate agenda item.
- ii) A Council member asked how the WSCC obtained the current services of the Investment Consultant. He was advised this was done through the Request for Proposals process.
- iii) A Council member asked what a Contingency Fee Agreement is? He was advised the WSCC enters into these agreements with legal firms and do not pay any upfront costs, costs are only paid if the case is successful.

2. CONSENT AGENDA

a) Approval of Minutes

The Governance Council reviewed the minutes from its June 2014 meeting.

b) Business Arising Out of the Minutes

There was no business arising out of the June 2014 minutes.

c) 2015 Supplementary Pension Increase

In January 2015, the WSCC will apply a Supplementary Pension Increase of 1.43% to existing pensions.

d) WSCC Logo

The WSCC presented options of the WSCC logo to the GC, these options will be used at the discretion of the WSCC.

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 2014 meeting.

14/09-002 - Carried

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.

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, 2014 to August 15, 2014 on WSCC operations not covered elsewhere in Governance Council proceedings.

4. DECISION ITEMS

a) Audit Committee Report

Abe Theil, Audit Committee Chairperson, provided the Governance Council with the Audit Committee report of its meeting held September 11, 2014.

The Audit Committee held its meeting on Thursday, September 11, 2014. The following items were discussed:

Audit Committee Report cont'd

Decision Items:

Retrofit Budget

In 2013, the WSCC contracted Stantec Consulting to review the current state of the 3rd, 4th and 5th floors, update floor plans, identify deficiencies and complete schematic design documents. Stantec also identified a number of code deficiencies that need to be addressed as part of the retrofit.

In August 2014, Stantec provided a more accurate Class A estimate for the retrofit project. The estimate provided two options. The Audit Committee recommends Governance Council approve Option B which includes:

- Construction - \$383,500
- Furniture (include wall system) Cost - \$837,000
- Option A - \$2,617,000
- Total Cost Option B (includes cost of option A): \$3,837,500

The Audit Committee asked Administration to develop a 10 year plan on how these funds will be replenished in a reserve, so the funds will be readily available for future projects.

On a motion duly moved and seconded, the Governance Council of the Northwest Territories and Nunavut, upon the recommendation of its Audit Committee, approves Option B capital funding for \$3,837,500.
14/09-003 - Carried

2015 Operations and Capital Budget

The Audit Committee and Governance Council reviewed the draft 2015 budgets at the June 2014 meeting. The proposed budget only includes forced growth increases mainly due to Collective Agreement salary increase for employees.

The Audit Committee would like to monitor funds spent by Information Systems to ensure these costs decrease in the coming years.

Audit Committee Report cont'd

On a motion duly moved and seconded, the Governance Council of the Northwest Territories and Nunavut, upon the recommendation of its Audit Committee, approves the 2015 Operations and Capital Budget, as presented.

14/09-004 - Carried

Discussion/Presentation Items:

Investment Manager Presentation

The Audit Committee received a presentation from Brad Bondy with Aon Hewitt regarding the performance of current Investment Managers and the process to conduct an Asset Liability Modeling Study. The study will begin in Q4 of 2014.

In regards to the Investments and the Investment Managers, there are no significant issues at this time and no changes are suggested.

The Audit Committee asked for a compliance report/checklist to be developed to give comfort that everything is taken into consideration as it should be.

Quarterly Internal Audit Report:

In the second quarter, the Internal Auditor completed the Assessments Refundable Audit. Currently in progress is the Attendance, Overtime and Lieu Time audit as well as the Process Mapping project.

The Audit Committee did hold an in camera session with the Internal Auditor. The Audit Committee agrees this position is of high risk to the WSCC and should be included in any succession plan that is developed.

Enterprise Risk Management:

Administration will develop an administrative policy for the December meeting to outline the ERM process at the WSCC. It is suggested this policy be approved by the Governance Council.

Audit Committee Report cont'd

Third Party Actions:

The Audit Committee received a report of Third Party Actions to July 31, 2014. The WSCC is entering into more Contingency Fee Agreements which significantly decreases the upfront legal costs.

Investigations Report:

The Audit Committee received a report on investigations activity to August 11, 2014. No significant issues to note for Investigations.

Process Mapping Update:

The process mapping project continues with a completion date of December 2014. Several processes and cycles are complete including Assessment Revenue, Investment Revenue, Claims Expenditure, Administrative and General Expenses and Payroll.

Information Items:

a) Investment Report:

The Audit Committee discussed the investments to June 30, 2014. We currently have \$329 million in investments. There was no rebalancing in Q2.

b) Sole Source Awards:

There were five sole source awards between April 1, 2014 and June 30, 2014. Three were for medical services, one for translation services for the Annual Report and one for Microsoft licenses.

c) Q2 Financial Report:

Claims costs have decreased since the same period last year, Administration spent less than budgeted due to invoice timing issues etc. Overall, there are no concerns over the current budget.

Audit Committee Report cont'd

Reporting in thousands, the WSCC has a net income of \$13,994.

d) Q2 Capital Asset Report:

At the end of Q2, the WSCC spent approximately \$2.4 million. Will retire approximately \$106,000 and reallocate approximately \$13,000.

On a motion duly moved and seconded, Governance Council of the Workers' Safety and Compensation Commission of the Northwest Territories and Nunavut accepts the report of the September 11, 2014 Audit Committee meeting.

14/09-005 – Carried

b) 2015 Assessment Rates

The Governance Council annually approves industry subclass assessment rates for employers in September. At the June 2014 meeting, the Governance Council directed administration and Morneau Shepell to utilize for 2015 a provisional rate of \$2.00 per \$100 of assessable payroll. In addition to, and included within, the assessment rate structure was a suggested subclass merger for Council's consideration. Suggested is the merger of subclasses 36 (Oil and Gas Well Drilling) and 37 (Oil and Gas Servicing, Development, Refining and Pipeline Operations).

The Governance Council discussed Subclass 10 – Renewable Resource Harvester and Outdoor Recreation in detail. The Governance Council requested Administration look at this to determine options for this subclass and the rate they are currently paying.

On a motion duly moved and seconded, Governance Council of the Workers' Safety and Compensation Commission of the Northwest Territories and Nunavut approved the 2015 Employer Assessment Rates including the recommended merger of subclasses 36 and 37, as presented.

14/09-006 – Carried

c) 2015 Year's Maximum Insurable Remuneration (YMIR)

The Workers' Safety and Compensation Commission (WSCC) Governance Council recommends the Year's Maximum Insurable Remuneration (YMIR) annually as part of the statutory obligations outlined in the *Workers' Compensation Acts* and Policy 00.04.

The WSCC presented the Governance Council with four options for consideration.

On a motion duly moved and seconded, Governance Council of the Workers' Safety and Compensation Commission of the Northwest Territories and Nunavut approved an increase to the Year's Maximum Insurable Remuneration to \$86,000 for 2015 as presented.
14/09-006 – Carried

d) Policy 02.01 – Employer Assessments

The Workers' Safety and Compensation Commission (WSCC) determines an employer's assessment based on the employer's assessable payroll and industry classification. Assessments paid by all employers in the Northwest Territories and Nunavut fund the Workers' Protection Fund. The Comprehensive Policy Review Plan (CPRP) identified this policy for review.

On a motion duly moved and seconded, the Governance Council of the Workers' Safety and Compensation Commission of the Northwest Territories and Nunavut rescinded Policy 02.08 - Safe Advantage and approved Policy 02.01 – Employer Assessments, as presented.
14/09-007 – Carried

e) Policy 02.03 – Personal Optional Coverage

The *Workers' Compensation Acts* of the Northwest Territories and Nunavut allow certain persons who are not considered workers to apply for compensation coverage. This policy explains how these people may apply for and be considered workers under the *Acts*. The Comprehensive Policy Review Plan identified this policy for review.

Policy 02.03 – Personal Optional Coverage cont'd

On a motion duly moved and seconded, the Governance Council of the Workers' Safety & Compensation Commission of the Northwest Territories and Nunavut approved Policy 02.03 – Personal Optional Coverage, as presented.

14/09-008– Carried

f) Policy 02.05 – Reporting Payroll

All employers are required to annually report assessable payroll to the Workers' Safety and Compensation Commission (WSCC). An employer's assessable payroll is used to calculate the employers' annual assessments. Assessments paid by employers in the Northwest Territories and Nunavut fund the Workers' Protection Fund. The Comprehensive Policy Review Plan identified this policy 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 02.05 – Reporting Payroll, as presented.

14/09-009– Carried

g) Policy 02.06 – Account Registration

All employers who operate or establish business in the Northwest Territories and Nunavut must register with the Workers' Safety and Compensation Commission (WSCC). Employers who fail to register must pay a penalty to the WSCC and are liable for the costs of any claims submitted by their workers. The Comprehensive Policy Review Plan identified this policy 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 02.06 – Account Registration, as presented.

14/09-010– Carried

h) 2015-2017 Strategic Plan

The three year Strategic Plan is a roadmap. It is a direction setting document that provides the framework for planning from 2015 – 2017. The Strategic Plan sets the overall direction of the WSCC for the next three years, including clearly detailing the organizations Vision, Mission and Values. The strategic plan is not an end in itself, but a guide that allows for annual planning which is detailed in the WSCC's yearly corporate plans.

The Governance Council reviewed the plan in detail and asked for further clarification on the process going forward. They were advised once the Strategic Plan is approved, the WSCC will align divisional work plans with the strategic plan. Quarterly Stewardship meetings are held to ensure projects are being completed as intended.

On a motion duly moved and seconded, the Governance Council of the Workers' Safety & Compensation Commission of the Northwest Territories and Nunavut approved the 2015-2017 Strategic Plan, as presented.

14/09-011– Carried

i) 2015 Corporate Plan

The annual Corporate Plan outlines the Governance Council's strategic direction and the WSCC's 2015 deliverables. The Corporate Plan fulfills an important obligation of accountability and transparency to the WSCC's stakeholders. The 2015 Corporate Plan represents year one of the 2015 – 2017 three-year strategic plan. The content of the Corporate Plan complies with the Northwest Territories and Nunavut *Financial Administration Acts* and best practices. The content of the Corporate Plan is organized to show which projects the WSCC will be starting and completing in 2015 in order to meet the organizations three year strategic objectives. The Corporate Plan will be tabled in both legislatures during the October 2014 Session.

2015 Corporate Plan cont'd

On a motion duly moved and seconded, the Governance Council of the Workers' Safety & Compensation Commission of the Northwest Territories and Nunavut approved the 2015 Corporate Plan, as presented.

14/09-012– Carried

5. DISCUSSION/PRESENTATION ITEMS

a) Q1 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.

b) 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 April 30, 2014 and July 31, 2014

c) 2015 Corporate Planning Calendar

The Governance Council reviewed the 2015 Corporate Planning Calendar. The meeting weeks for 2015 are:

- March 2-6 (Iqaluit, NU)
- June 1-5 (Yellowknife)
- September 14-18 (Yellowknife)
- November 30-December 4 (Yellowknife)

Members from Iqaluit requested where possible, the meetings be held on Thursday and Friday of the scheduled weeks, to accommodate travel back to their community of residence.

d) YMIR Policy Review

The WSCC Policy 00.04 - Year's Maximum Insurable Remuneration (YMIR) was last reviewed in June 2013. No substantive changes arose from the 2013 review. Policy 00.04 directs that the following be taken into account the annual setting of YMIR:

- YMIR is targeted to provide full replacement compensation to a band of 70 to 80% of the Northwest Territories and Nunavut workforce;
- The distribution of Northwest Territories and Nunavut workers' salaries across industry sectors;
- Changes in the industrial base and employers' ability to pay premiums;
- The Consumer Price Index and the average industrial wage;

The Comprehensive Policy Review Schedule has as a stated objective to "review and, when necessary, revise individual policies every five years". Based upon that objective Policy 00.04 may not come before the Governance Council again until 2018. Administration wishes to undertake a comprehensive review of the YMIR policy prior to the setting of YMIR for the 2016 calendar year.

The Governance Council agreed with this approach and Administration will proceed with a review and present to the Governance Council at the June 2015 meeting.

The Governance Council requested to have the lifetime pensions discussion as part of this process.

e) 2013/2014 Safe Advantage Results

For 2013/2014, 166 employers were included in the Safe Advantage program compared to 164 the previous program year. Of these 166 employers, 75 received refunds, 33 penalties, 33 forfeited refunds and 25 were in the neutral position, meaning they did not receive a refund or a penalty.

f) Divisional Presentation – Prevention Services

The Governance Council welcomed Stephen Moss, Vice President Prevention Services and Peter Bengts, Chief Inspector of Mines for this presentation.

At the September 2013 meeting, the Governance Council requested high level strategic presentations from all divisions at the WSCC. This presentation outlined activities and ways the division fits into and fulfills the strategic priorities.

g) Appeals Tribunal Presentation

The Governance Council welcomed Colin Baile, Appeals tribunal Chairperson to the meeting for this presentation.

The Chair of the Appeals Tribunal asked for an opportunity to make a presentation before the Governance Council. During the presentation he spoke to the following items:

- Lack of WSCC policy dealing with overpayments to claimants;
- Definition of Disability and Impairment – specifically the issue that the Workers' Compensation Act defines disability but not impairment. However, the WSCC policy defines impairment. The WSCC needs to look at the definitions and how they work together. Especially in determining pensions;
- The Appeals Tribunal opted to prepare their own Annual Report this year instead of having it incorporated into the WSCC Annual Report;
- The Appeals Tribunal will begin publishing decisions; and
- They will create a database to collect specific information they require and amend procedures in hope to reduce the time it takes them to make decisions.

Appeals Tribunal Presentation cont'd

The WSCC will look into the definitions of disability and impairment and provide information to the Governance Council at the March 2015 meeting.

h) Quarterly Comprehensive Policy Review Plan

The Comprehensive Policy Review Plan (CPRP) sets out the WSCC's five-year policy review schedule. As policy issues emerge, the CPRP can be updated by Administration. In addition to the actions taken by Administration, the Governance Council may specifically direct Administration to action a policy earlier than proposed in the CPRP. Administration commits to reporting the quarterly status of the CPRP to the Governance Council.

The Governance Council reviewed the plan and did not have any concerns with the schedule as presented.

i) Non-substantive Policy Changes

At the Governance Council's June 2014 meeting it approved a change that stopped the Workers' Safety and Compensation Commission (WSCC) from using the NWT and Nunavut Permanent Impairment Rating Guide. The WSCC now exclusively uses the most recent edition of the American Medical Association's Guide to the Evaluation of Permanent Impairment to evaluate permanent medical impairment.

As a result of this change, several policies required non-substantive changes to replace references. The Governance Council reviewed the list of policies.

completed by each current Governance Council member which outlines the current skill sets of the council.

6. NEXT MEETING

The Governance Council reviewed the agendas and corporate planning calendar for the December 2014 meeting. The meeting will take place December 2-3, 2014 in Yellowknife, NT.

7. IN CAMERA SESSION

a) CEO Pay

b) CEO Succession Plan

The Governance Council agreed to appoint the recommended candidate to the position of Interim President, if the need arises.

8. ADJOURNMENT

There being no further business to discuss, the meeting adjourned at 15:30 pm on September 12, 2014.

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 11-12, 2014 meeting in Yellowknife, NT.

Date

Chairperson

Date

Corporate Secretary