

Workers' Compensation Board

The Chair: — We will start our review of the '94-95 and '95-96, I believe, Workers' Comp. Are we dealing with two reports today?

A Member: — Yes.

The Chair: — So with the committee's concurrence, we'll deal with both years concurrently. Is that agreed? Agreed. Thank you.

Mr. Minister, I would like to welcome you and your officials. I guess this is your first appearance before this august committee. You'll be amazed and impressed and hopefully not bored. I will ask you to introduce your officials and make a brief opening statement, and then I will ask the representatives from the private and the Provincial Auditor's firms to make comments. So if you would start the proceedings.

Hon. Mr. Mitchell: — Well thank you very much, Chair.

I have with me this morning Stan Cameron, who is the Chair of the Workers' Compensation Board; Peter Federko, who is the chief executive officer of the board; behind me, directly behind me, is Janet Siekawitch, who is the director of planning, research and communication with the board; and to my left and against the wall is Norm Bright, who is an information officer with the board.

As most of you will know, this is the second occasion for the board to come before the committee to report on the board's activities. Two years ago, Mr. Cameron and Mr. Federko were here with my cabinet colleague, Mr. Shillington. These are the only times that the board has been before the Crown Corporations Committee, for reasons that members of the committee will appreciate. But the board is happy to have a place to come and discuss its programs with the elected officials and with a committee of the Legislative Assembly.

Over the years, the scope of the Workers' Compensation Board's coverage has grown. Many advantages of the no-fault, collective liability compensation system are extended at present to over 30,000 employers and nearly 400,000 workers in the province. That figure is most of our workforce in Saskatchewan.

Like workers' compensation boards in every jurisdiction in Canada, the Saskatchewan board embraces the philosophy known as the Meredith principles. These are principles first articulated by Ontario Supreme Court Justice William Meredith. His 1913 royal commission led immediately to the establishment in Ontario of Canada's first Workers' Compensation Board. There are five Meredith principles and I'll just briefly describe those.

The first is compensation without fault and this guarantees an injured worker coverage regardless of whose fault it is that the worker becomes injured. The second Meredith principle is collective liability, which is the sharing of risk by employers.

The third is security of payment, and we accomplish that in this country by a fully funded financial position that lies within each board nationally, if not in fact, and in Saskatchewan we are fortunate to have a fully funded financial position. The fourth Meredith principle is autonomy: administrative autonomy and adjudicative autonomy. And the fifth is the granting by law of exclusive jurisdiction, and this means that claims in respect of work-related injuries are the exclusive jurisdiction of the board and are never subject to court action or compensation through the court system.

These five principles underpin every workers' compensation system in Canada. And I mention them because there are those who view the Meredith principles with a degree of suspicion and I think it's very well to . . . it's well to remind ourselves of the basis for the system as we meet some of these criticisms and indeed, in some situations, even attacks on the workers' compensation system.

In my view this suspicion is short-sighted. Critics of our compensation system have forgotten that both workers and employers pressed the provincial government to put those principles into law in this province in 1930. They did that in every other province as well.

From the perspective of both workers and employers, I believe that no-fault compensation and collective liability — the first two Meredith principles — are of utmost importance. In the absence of no-fault compensation and in the absence of collective liability, it would be left to the courts to resolve the complex issues that surround workplace injuries.

Until the arrival of the no-fault system, courts heard lawsuits from injured workers against employers and fellow workers, and usually the injured worker lost. Many small employers feared a large court award would bankrupt their firm. For others the very prospect of litigation made them a high credit risk in eyes of lenders and suppliers. By comparison, the no-fault workers' compensation, which could be viewed as an historic compromise, has served injured workers and employers very well over the years.

Of the 12 workers' compensation boards in Canada, our board enjoys the reputation of being one of the best. It's had that reputation for many years and that continues. Our board has been innovative, and the best example is the pioneering in this province of the income replacement system. This system, sometimes called wage loss, was quickly adopted by the other workers' compensation boards in Canada.

Another accomplishment of our board is that it has remained fully funded over the years while maintaining employer premiums at very competitive levels, and compensating injured workers with benefits that are second to none in Canada.

Staying fully funded through the 1980s and the early 1990s is all the more remarkable when you look at the serious financial difficulties experienced by other workers' compensation boards. Ontario for example has an \$11 billion unfunded liability. To deal with that very large unfunded liability Ontario

is responding with proposals that will fundamentally change their workers' compensation system.

Other boards have already addressed their financial recklessness — if I may use that term — their financial imprudence in the past, with unpleasant collective measures such as premium increases for employers and benefit cut-backs for injured workers.

Although the Saskatchewan board has managed to elude the serious financial difficulties that have seriously compromised other boards, we were not, as a government, prepared to take chances and risk any undermining of the compensation system. When we took office in 1991, we knew we could not stand by and hope for the best. And that's why we asked Stan Cameron and his two board members, in 1993, to accept the challenge — the great challenge — of helping employers make their workplaces safer, the great challenge of helping workers recover from their injuries and get back to work sooner, and taking all the steps necessary to find fair and long-lasting cost containment solutions.

In addition, we wanted the new board to restore the confidence of the stakeholders — both the employers and the workers — in a compensation system that is fundamentally sound and working well. The board has made great progress in these areas. And I hope that the chairman and his officials will have an opportunity today to talk in detail about their significant accomplishments.

I'll mention some of them in passing. One of their first tasks was a major retooling of the client services department in the board. This is the department that administers the costly, serious, long-term injuries that occur every day in workplaces throughout the province. Under this board's leadership, two programs critical to safeguarding both financial integrity and benefits are now in place and functioning.

These two programs are the Return-to-Work program and the early medical intervention program. Both of these also complement the board's new focus on injury prevention. Here the board is using its resources to promote injury prevention by sharing its expertise, by targeting workplaces in the more hazardous sectors, and by applying financial incentives.

Injury prevention, in the government's view as well as the board's, is the road we want to take in the management of compensation costs. You may know that this new focus represents a fundamental shift. That's because compensation boards in Canada, historically, have not been especially active in injury prevention programming.

Before I conclude my remarks, Madam Chair, I'd like to acknowledge the work of Joan Skingle and the four individuals who served with her on the committee of review that studied our compensation system. Under the Act, these reviews have taken place about every four years since 1945. Ms. Skingle's committee began their work last summer. That work included public hearings and they completed their report just before Christmas.

I'm now reviewing their report, which I received a few days ago, and I also want to hear what the board has to say about all the recommendations in the report. And especially those that may have a cost element. I know the committee members will be interested in the committee of review report and I want to make it available to members of the legislature as soon as possible.

In the coming weeks, I'll be seeking out the counsel of one of the stakeholders in the compensation system. The board worker representative, Wes Norheim, has informed me he does not wish to be reappointed and serve a second term. And as minister I intend to consult widely and in due course name the best person to be his successor as workers' representative on the Workers' Compensation Board.

Many of you know Mr. Norheim and will want to join me in thanking him for his work over the past four years. He is well known as a champion for the injured worker and for safer workplaces. Speaking on behalf of the government, we certainly appreciate Wes Norheim's many contributions.

In closing, the Workers' Compensation Board has taken a number of positive measures under Chairman Cameron and his fellow board members and his executive. The new board has revitalized the vital relationship with stakeholders. It has rebuilt the organization to provide better service and place it on a sound financial footing. The board is now setting itself a course for the future.

Now that concludes my opening remarks, Madam Chair. I believe that Chairman Cameron is hoping that you'll invite him to add a few words to what I have said, and following that of course we will be pleased to take questions from the committee.

The members of the committee will understand that this is a board which enjoys a very high degree of independence from the operations of government. And for that reason I will be unable to answer many of the questions. It follows from what I've just said that, as you will know, that the minister has very little to do with the day-to-day operations of the board and so Mr. Cameron will be answering most of your questions. But thank you for your attention while I gave that opening statement.

The Chair: — Thank you, Mr. Minister. And we do recognize that the Workers' Compensation Board does have a high degree of independence and we recognize that it is also fairly historic that this committee of the legislature is reviewing this.

It was a review though that was decided upon by the whole of the Legislative Assembly when the Crown Corporations Committee reviewed its mandate and terms of reference a couple of years ago. And we did add into it that we took as a general operating principle that the proper purview of this committee would be to examine those boards, commissions, agencies, and Crown corporations who receive significant revenue from non-government sources. And we were trying to come to grips with the whole notion of Treasury Board Crowns versus the other Crowns. And in so doing we realized that the Workers' Compensation Board would also fit into that

definition. And we took that to the House and it was assented to by all members, all parties.

So that is why we review the Workers' Compensation Board. And I do recognize that it is probably unusual from some perspectives, but I think it is also important and it is something that the Legislative Assembly of the province of Saskatchewan has decided on.

Mr. Cameron, did you want to make some comments now before we open the floor up to questions?

Mr. Cameron: — Well first we want to thank the committee for inviting us to participate here. We sometimes stake out our autonomy and our independence to the detriment of our own organization, and so we're pleased to be here to share some of our experience with you. We don't often get a platform in which we can talk about our problems or our solutions to them other than through the media or directly with the stakeholders. So we're pleased to be here this morning.

I would like to spend the next several moments talking briefly about where we've come from since 1993 to bring us into the 1994-95 review. The mandate of the new board when it was appointed in April 1993 was to assure the financial integrity of the board, to improve its services, and to position the WCB (Workers' Compensation Board) for the future. That led us to the first step of developing a document that was circulated this morning for the strategic directions of the board that would lead us to the year 2000.

In 1993 when the board arrived, the then completed committee of review had presented more than a hundred recommendations for change on service delivery shortcomings, stress or strains with the partnership of stakeholders, and the lack of, or difficulties with, the information technology project that had been long delayed.

The board recognized early that it needed better financial management tools for the following reasons: in 1993 there was no budget cycle; there were no monthly statements; there was no ability to develop cash flows of our cash requirements; and there was no system available to estimate the costs on a claims basis.

This led us to a retooling and an invitation to invite Price Waterhouse to assist the board in a review of the way it delivered its services. That report led the board to the development of a new team that was capable of solving the problems that were in the system, looking forward to further challenges that would need to be managed, to develop and be able to manage new processes, and to meet the principal challenge of rising compensation costs.

For example, between 1990 and 1995 compensation expenses rose each year by over half a million in the five-year period. The rising costs were primarily because of more injuries coming into the system, new illnesses or injuries that were now covered by Workers' Comp; for example, a growth in carpal tunnel, stress, fibromyalgia.

As well there had been no focus on return-to-work opportunities for injured workers; that once they left the employer as an injured worker, most often were seen as the responsibility of the board as opposed to the responsibility of the worker and the employer to maintain their industrial relationship.

But most significantly there was a continuing and growing claims experience. These claims were of longer duration. For example, in 1990 the average duration of a claim was 23.4 days. By 1995 it had jumped to 30.9. However, these were not peaks in the system. In 1982 for example, the average duration of a claim was 38.8 days or almost 39 days.

The board also believed that the premiums that it was collecting had been held artificially low to cover the cost of injury in some industrial sectors. The result was that there was a draw-down of the injury fund in 1994 and '95 by nearly 70 per cent.

As we moved into 1994 the financial results were discouraging. There was a 20 per cent increase in WCB expenses, some of which we had anticipated as we started to grow a new organization to deliver the services. There was a 28 per cent increase in compensation costs; in other words, benefits being paid out for short-term and long-term claims. The injury fund itself dropped from 21 million to 9.8 million. The board reported a \$12 million loss. Included in that loss was a \$10 million rebate that went back to employers.

The actuaries for the first time brought a \$28 million adjustment in our long-term liability, which was double what it had been in previous years. The indicators of the negative experience, if you will, were again the reported number of claims, which had now risen to nearly 35,000 claims. Lost-time claims continued to grow to now being 12,000 plus. Average claim duration for the fourth straight year had increased.

The board determined that there were certain initiatives that must be taken. The first was the organizational reform for a retooled client service division to deliver those services to injured workers, to develop a proactive claims management system with better controls.

We invited the health care sector — doctors, physios, chiros — to create a task force and report to us how they saw their relationship with the board. While we were going through this process, we continued to build a modernized information technology system.

In 1995 we saw some positive results — the beginning of them. Although there was a 7 per cent increase in workers' compensation expenses, that again contributed to the desire of the stakeholders to have a much stronger client service division for the delivery of services to workers.

Workers' compensation costs seemed to have stabilized to a six per cent growth. However, again a concern: the actuaries, which is an independent of the board, brought in a report that said our liabilities had increased by a further 30 million. The injury fund had dropped from 9.8 million to 6.9 million and we reported an operating loss of 2.8 million, even though we had paid out over

8 million in merit rebate back to the employers. The claims have increased from 34,000 to 36,000. Lost-time claims have increased from 12,000 to 13,000. Duration again of those claims increased for the fifth straight year to 30.9 days.

We began consultation with the employer community and the worker community. This led to a strengthening and a revamping of the merit and the surcharge program. The task force on early intervention submitted a report from the care-givers. The first step of implementing their report was the establishment of a health care services department as opposed to a medical department.

We began mid-year reviews with the employers in which we opened the books to them. The new computer system became operational. The injury and prevention, return-to-work unit was built. There were improved communications with the stakeholders. Our newsletter that goes out quarterly to all employers and labour organizations. We started to submit client satisfaction surveys to all workers that were injured that were in the system, and the books were opened to the employer groups and their organizations as we began to set rates.

Better services were the result. There was an elimination of treatment waiting-lists. In other words, there were no workers any longer waiting to get into treatment facilities. Client service representatives, the front-line workers at the board, started to handle the claims promptly when they were filed. Wage replacement benefits were paid out quicker. There was a quicker identification of complex injuries and there was an elimination of the backlog on appeals cases.

However there was a continuing concern about the rise in costs. The legislation in which we work allows for no deficit financing or borrowing of money. The board was under extreme pressure by the employer community to reduce benefits, which was not the prerogative of the board but the prerogative of the legislature to set the benefits.

The board was under pressure for the greater use of the WCB reserve fund. Employers argued that the fund or the surpluses were a rainy-day fund. They convinced the board to use some of those surpluses.

There was an increase in rate assessments because a number of the sectors had been subsidized from the reserves. There was an employers' desire to move away from the insurance principles and move to a different system. The board took several initiatives. As I reiterate: injury prevention, proactive claims management, return-to-work programs, and early intervention in the medical model.

The board sees more than a hundred claims a day and therefore the focus had to move on injury prevention, which has been a high priority since 1995. We have strong evidence that the prevention reduces the cost of the system. Most employers to 1995 were unaware of the indirect costs of workplace injuries. They believed that the real alternative was to cutting benefits. Labour believed that the employer had a different responsibility.

The board moved to strengthen its industry safety associations, where the board takes from the assessments and grants to certain sectors money to develop safety associations for training and information for workers. The merit and the surcharge program were strengthened.

The safety associations now funded from premiums from the board prior to 1995 were the Saskatchewan association of health care organization, general construction, trucking, Prairie Implement Manufacturers Association, and heavy construction or road builders, if we will. New safety associations began to develop: forestry, hospitality industry, automotive. Today more sectors are expressing interest in forming new safety associations.

The board believes that if safety associations were to function and if that in fact there was an opportunity for prevention, that there must be worker participation in these safety associations. And for the first time in 1995, our workers became a part of the directorship of those non-profit, incorporated associations.

The employer community invited the board to hold individual employers more responsible and more accountable for the injury costs; to impose harsher surcharge penalties sooner. That led the board to move the surcharge now to 40 per cent from 25 per cent, against those employers with poor safety performance. The focus on the few employers, about 7 per cent, are responsible for about two-thirds of the compensation costs.

Minor changes to the merit program for those that have good safety records. Employers are now eligible for the equivalent of a 25 per cent rebate of the premiums they pay on the average of a three-year premium.

A retooling is in place on the client service side. Only the experienced, long-time staff are now the administrators of complex workers' comp claims. Claims get attention from the first day that they're opened by an individual claim service representative, as opposed to the file moving from desk to desk.

Ongoing communication with the employer from the day of the injury until the worker returns to work. We believe that this proactivity brings fairness and timeliness to the system.

Employers must also accept responsibility to manage time-loss claims and to avoid some of the common errors that have gone on in the past. Often they have neglected to raise their concerns about the injury with the board. Often they have failed to complete the Workers' Compensation Board employer forms and workers were sitting in the system for several weeks without having received information from the employer. And the employers believe that it was the sole responsibility of the board to have the communication link; that the employer had no responsibility in assisting the board. Employers have, I'm pleased to report, accepted the challenge and have moved to work with us to develop a proactive claims management plan.

Our return-to-work initiatives have continued to grow. In 1995 we targeted 500 employers with track records of three or more injuries in the wrist, arm, shoulder, back, neck.

In the fall of '96 nearly 2,400 employers and unions were invited to attend seminars sponsored by the board. Workshops and seminars were to outline the effect of workplace injury prevention.

The board initiated two prevention training modules available to employers and labour. One to do with lifting and carpal tunnel syndrome and modules to help identify hazards in the workplace. The second module that was developed was an ergonomics module.

There were advantages for the injured worker. These were to help injured workers maintain employment security; keep seniority and their benefits such as pensions, medical, dental; and their right to unemployment insurance if the injury didn't carry on too long; personalized and effective medical treatment.

There were also benefits for the employer to minimize the costs of an injury by not having to hire and train as a cost, as well as the loss of productivity and production time while they were away from work. Our experience is that employers tell us that it boosts the morale and the productivity by returning injured workers back to the workplace because those that are left after the injured worker have some sense of security. And they tell us that it enhances their corporate image in their communities.

The board continues to work with the construction safety council and the trucking association to see if we can assist them in reducing their experience.

The medical community has risen to the challenge. They have adopted a new, systematic approach to the medical assessment, treatment, and monitoring of recovery. They have developed prompt and high quality medical treatment — treatment close to the home of the injured worker or the workplace of the injured worker.

Assessment and treatment is now at three levels as opposed to one prior. We now have primary treatment, secondary treatment, and tertiary, all of which are closely associated with return to work and invite the professional community that are providing medical assistance to work with the employer and the worker in return to work. And there has been a developing liaison between employers, the board, labour, and the care-giving community.

The board has developed 13 regional treatment centres throughout Saskatchewan, utilizing existing health care facilities, at no WCB start-up costs. We've developed 17 regional assessment teams throughout the province to develop, with the injured worker, treatment plans in consultation with the employer and the primary care-giver.

The Chair: — Would you mind repeating that. I think that one is a fairly important bit of information and update, and I would hope that all members of the committee have heard that one.

Mr. Cameron: — Thank you. The board has developed 13 regional treatment centres utilizing existing health care facilities in the province. We've utilized these facilities at no start-up costs to the board. In other words, the resources were already in

the community and we went in a spirit to develop how they might better work with us or we might better work with them.

The result of that was a setting up or a development of 17 regional assessment teams where the injured worker may be referred to for assessment by a committee of professionals in the community, not just the sole care-giver being the physician, but it would be a team, with a psychologist or a psychiatrist or an occupational therapist or whatever resources were in the community that the primary care-giver felt would best assist in assessing what the injured worker's needs were and how they might re-enter the workforce.

The goal of course was to return to a safe, meaningful employment as soon as appropriate. About 80 per cent of injured workers today return to the pre-injury job. In 1990 that was less than 50 per cent, we believe. If recovery falls short of the expectations, the injured worker is a candidate for secondary or tertiary treatment. Four to six weeks with post-injury is the best time for the board or the medical community to intervene in the injury.

In 1996 I'm pleased to report that there is not an injured worker on a waiting-list to be fitted into a treatment facility. Employers have accepted the challenge of injury prevention, return to work, and a cooperative spirit with the medical community designed to mitigate compensation costs.

And if I could just take the liberty to speak briefly, just a couple of minutes, about 1996 even though we're not there.

The Chair: — No, we would appreciate it because what this committee does is, as well as reviewing a particular year's annual report, we do entertain questions about prospective things as well. We're not simply a retrospective, backward-looking committee, despite all appearances.

Mr. Cameron: — Let me then just close by sharing with you briefly perhaps some of the challenges of the board.

Did I understand or misunderstand, you wished me to talk about 1996?

The Chair: — Yes, please do.

Mr. Cameron: — I'm sorry.

The Chair: — I apologize for my editorial comment. And most particularly I apologize to the members of the committee. But yes, we would like to hear about what the plans are for . . .

Mr. Cameron: — Well we're so often just allowed the opportunity to discuss the negative as opposed to the positive.

The Chair: — Exactly.

Mr. Cameron: — So I was just . . . misread what you had to say, Madam Chair.

Early tally of 1996 financial results suggest that the new WCB board initiatives of 1993-4 and 5 have worked and are working.

Overall expenditures of administrative costs are stable at approximately 15 per cent of overall costs, which is in line with the administrative costs of other boards across Canada including the Saskatchewan Government Insurance which is a non-fault plan.

The injury fund, which had reduced to approximately 9 million, will have grown back to normal levels in 1996. The investment earnings for 1996 are beyond our expectations and are vastly improved. Net income for 1996 will be in the black after two years of operating losses; and we would anticipate to report in 1996 in our annual report to be tendered to the legislature in the spring of about a \$25 million profit for the year.

It appears that the administration costs will be similar to 1995 and we are anticipating to show a 9 per cent reduction in the cost of compensation benefits paid by . . . because of the early intervention and the Return-to-Work motto.

However, there is uncertainty. And that uncertainty has to do with the actuarial evaluation, and we're not certain at this point what the impacts are on 1996. William M. Mercer have been the actuaries of record of the board for many, many years. In 1993, moving into 1994, the board was concerned that the actuary evaluations were questionable. We tried to get some answers to those questions without any success, which led us to inviting a new actuary to come and to take a look at the experience that was in the board.

And so in late 1995, Wyatt, an actuarial firm, presented their report to the board — a very, very different report than what Mercer had been telling us. We invited the parties to meet to see if they could find some common ground, to in fact handle their differences. There was no ability for the two to arrive at the same conclusion. The result was that in November the board submitted the two reports to the Canadian Institute of Actuaries for professional peer review and today the board sits waiting on what that review will be.

We are satisfied now that many rate codes — of which there are some 85 different industrial rate code sectors in the system — are not credible enough to assure stability in the rate code without having wild fluctuations over rates and volatility in high-risk sectors. And therefore the board has assured the employer community that in 1997 that they will work with the business community to in fact develop a credible rate code system to set aside, if you will, these fluctuations.

The actuaries have found that 51 per cent of the industry classifications failed a credibility test based on a national formula that is in use in other boards across the country. Without credible rate codes, a small number of serious claims can dramatically influence the assessment rate. Rating units risks being in a deficit position with no recovery likely in a short term.

In 1993 the board became aware that the sectors out there owed the board — in other words had taken more than \$30 million more out of the system than they had paid in premiums. And that's what I had alluded to earlier, that rates had been held artificially low. That has . . . in the process of being managed.

A larger pool of premiums with similar risk will in fact do away with some of those wild fluctuations at rate-setting time. It will also allow us to work with employers with similar . . . in similar sectors on a broader return-to-work concept.

Industry groupings with negative account balances in 1996 began to show a turnaround, and that in fact the board developed a five-year repayment plan for those sectors that were in a deficit of about 30 million. So the challenge is simply ahead for the board . . . or the emerging compensation issue is not only provincially but on a national basis and the influences that that interprovincial system bring to us.

There are structural changes ongoing in the workplace and in the workforce. There's a rationalization going on of the social safety network by senior levels of government regarding Canada pension and unemployment insurance — all of which have factors and impacts on workers' comp.

The emerging issues of workers' compensation, not only for Saskatchewan but on a national basis, are the occupational diseases and the repetitive strain injuries, of which there are differences of opinion; pain and pain syndromes which are new illnesses about old problems that boards have historically not dealt with that now are expected to.

Disability management programs — how do we manage the disabled that are not able to ever return to work again? What do we do to bring them a meaningful way of life? And of course prevention and injury of disease in the workplace.

The workplaces, as you know, are more part-time employment, more difficulty to fit them back into opportunities to return to work. I mean they're just not needed there once they're injured. There's somebody else to take their place part time.

One of the issues for the board is who is the employer really? Who is responsible for paying the WCB assessments? There are many, many small, kitchen-type operations, if you will, that are working out of their homes that are having people on a casual basis where they're not submitting premiums for them, but if they're injured we end up picking up the cost anyway. We don't know who these people are or where they are until after the injury happens.

It's more difficult today than ever before to try and determine if the injury arose out of or during the course of employment, which is the key of our legislation. Did it really happen at work, and if so, how did it happen at work?

There's a growth of service and knowledge-based industries versus goods producing, and therefore more difficulty in returning people to work, but there are more debilitating injury claims.

The low service-sector wages have an impact on the level of assessment or revenues, if you will, that come to the board. There has been, as a result of technology, a downgrading, if you will, of skill competence that's in the workforce. More injured workers have difficulty in re-entering the workforce.

There's a lack . . . Lack of skills make rehabilitation, occasional . . . or return to work more difficult. Claims duration therefore grows.

We have an ageing workforce which are more vulnerable to injuries arising from disease or repetitive strain. And what I mean by that is that it's more difficult to manage the injury after it has happened. We're satisfied that older workers actually work safer than younger workers because of their experience. But older workers do take longer to recover, chronic pain is a bigger part of the injury and post treatment and rehabilitation challenges that we're not always sure how to deal with.

Boards nationally have offset against the Canada Pension Plan approximately 50 per cent of what a worker might receive from Canada Pension if they're totally disabled. We see that as an opportunity that will get set aside and the board will no longer have access to that as we move to the future.

Again the significant challenge for 1996-97 and into the future, of course, is the whole question of what is our actual, long-term liability, of which I'm sure we'll hear more of this morning. But the board believes that it is well positioned with a substantial bottom line for 1996, with its management systems that are in place to give us more new information quicker, and the initiatives and the good cooperation and spirit of employers and workers in making this system function.

No one, none of the stakeholders, whether it is the care-giver, the employer, or the worker, want to see this thing fail. They have a significant interest in it. They do not wish to return to the courts even though there are some ambulance chasers out there would like to have it moved to the courts. But there is no will by employers or by labour to have it moved there. There is no will by injured workers, unless they see some pot at the end of the rainbow for greater benefit than the workers' compensation system, but that isn't what the system was built for.

So although the challenges of the future are formidable, I believe that our progress is remarkable. I believe too that we as a board are optimistic that the future will bear out what we've been sharing with you. We haven't solved all the problems, nor have we met all the challenges, nor do we know what all the resolutions are for them, but we do know that we've made progress. And as the chairman of the board, I would like to assure this committee that the board accepts the responsibility, that our executive team accepts the responsibility, to assure that this system continues. Thank you, Madam Chair.

The Chair: — Thank you very much, Mr. Cameron. And before I ask the auditors to comment, I do want to make a comment myself.

I would like to thank both the minister and the Chair of Workers' Compensation Board for a very thoughtful and insightful overview of the situation, the challenges facing Workers' Compensation, and also the progress that you've made. I appreciated, Mr. Minister, you outlining the Meredith principles. I think that all too often, because of the nature of the work that we do in our constituencies, we tend to see problems

and we tend only to get hold . . . we look perhaps sometimes through the wrong end of the telescope.

And it was very useful, at least for me, and I believe for all members, to have this overview and to hear of some of the changes that are occurring, to hear about the structural workplace changes, for instance, and the impact that that will have on the work that Workers' Compensation Board is able to accomplish, and to hear about the progress that you've made, Mr. Cameron.

I do appreciate it. I know that it is unusual and perhaps difficult for an autonomous, independent board such as yours to come before a committee of the legislature and I know it will be very tempting for all of us to trot out some horror stories about workers' compensation claims that we would prefer had been handled in a different manner.

Mr. Cameron: — We have some of our own.

The Chair: — Yes, but I think that the overview that both of you have painted and the philosophical concerns that you have expressed here today will help us to get a better understanding of what is going on in workers' comp and how it fits in the whole puzzle of what is happening in today's society. And I do appreciate the time that you've both taken to give us this very insightful analysis.

I will now ask representatives from — I always get it wrong; KPMG, how's that? — to make comments on the annual reports in the year under review.

Mr. Wilson: — Thank you, Madam Chair. Good morning, ladies and gentlemen.

We've audited the statements of financial position of the Workers' Compensation Board at December 31, 1995 and December 31, 1994 and the statements of operations and injury fund and change in financial position for the years then ended. We conducted these audits in accordance with generally accepted auditing standards, and in our opinion these financial statements present in all material respects the financial position of the board at December 31, '95 and '94 and the results of its operations and changes in financial position for the years then ended.

The Provincial Auditor has, in his fall 1996 report, indicated that he feels the board's December 31, 1995 financial statements may not be reliable due to uncertainty, in his mind, with regard to whether or not the board's December 31, '95 actuarial evaluation may be relied upon. In our opinion and given the information existing at March 4, 1996 when our report on these financial statements was finalized, this evaluation report may be relied upon and the board's financial statements for that year are reliable.

Generally accepted auditing standards contained in the CICA (Canadian Institute of Chartered Accountants) handbook offer guidance as to the extent of work required to justify reliance on a specialist during the course of an audit, but ultimately this becomes a matter of professional judgement. It is the exercise

of this professional judgement that differences of opinion are possible.

In addition, generally accepted reporting standards newly implemented for all December 31, 1996 fiscal year ends require that when financial statement items are selected from a range of possible outcomes, as in the case of the board's benefit liabilities, disclosures of this fact and the extent of variability of the amount be disclosed. This type of disclosure is intended to better communicate the subjective nature of certain financial statement balances.

The Chair: — Thank you. Now we're going to have a case of the duelling auditors here, the duelling actuaries. So I will now call on the representative from the Provincial Auditor's to make a comment.

Ms. Ferguson: — Thank you, Madam Chair, members, officials, government officials. The first thing I'd like to say is that Wayne, the Provincial Auditor, had intended to be here but he was asked to meet with the minister of CIC (Crown Investments Corporation of Saskatchewan) this morning and obviously their 8 o'clock meeting has stretched a little bit further than he had intended. So he does send his regrets and his apologies.

He's asked me to do three things this morning. The first is to explain his decision or to share with you the factors that influenced his decision to audit directly in 1995, to provide an overview of the audit results for 1995, and as Mr. Cameron did, we would also like to talk a little bit prospectively about the 1996 audit. So I'll just sort of launch into, really, the sharing of the explanation first here.

As we reported in chapter 27 of our 1996 spring report, Wayne, the Provincial Auditor, after a lot of careful consideration and deliberation, decided to audit the WCB for 1995 directly. And there was a number of factors that did influence this decision. I think the overview that Mr. Cameron provided, provided us with a very good context of the environment in which the board was operating and the challenges which they were facing.

For us as auditors, one of those challenges was very critical. It was the increasing compensation costs. And the board, in its 1994 annual report, indicated that it was not sure as to the rationale as to why those costs were increasing at the rate that they were. And I think Mr. Cameron provided very good context around that. We as auditors were also concerned about that, those increases, and it became a factor in our decision.

Also in the course of our 1994 audit, we encountered some difficulties in obtaining information on a timely basis from the board, and that later was resolved. But at the point in time of the decision, again it was a factor.

Another thing that was unusual for our office is that we received a large amount of phone . . . or a large number of phone calls from concerned citizens, members of the public, and also from members of the Assembly about WCB. The nature of the concerns did vary to some extent, but it was the number of the concerns and calls that we received that again

raised concerns with our office, and as an auditor of the Assembly, we like to take note of the concerns of the members and of the public.

Two other factors that came into play was the Neville report and the environment surrounding the Neville report, and I think all of us are familiar with that.

And the last one is the board's decision at that time not to follow the recommendations of the task force on the rules, responsibilities of auditors. As this committee is aware, because we've, ourselves and members of the task force, have presented to this committee . . . those recommendations set out a protocol to follow for the auditors and management in the entity and audits where an appointed auditor is in place.

In this case there was no opportunity to follow that protocol and it raised concerns with our office in the ability to really ask questions of management directly and to ensure that our knowledge of the board was an appropriate level of knowledge.

So after a lot of thoughtful thought and a lot of deliberation, the Provincial Auditor made the decision to audit WCB directly for 1995 and he advised the board, the appointed auditor, and the minister responsible, of that decision. And also advised the Assembly of that decision in his spring report.

We recognized that to do this audit, it only made sense that we wanted to reduce the duplication of effort. So what we did is we worked very closely with KPMG and KPMG was very cooperative, and so that we used their audit work very extensively in the course of this audit and augmented our audit work so that we could form our opinions.

I'd like to move on now and talk to you, provide you an overview of our audit opinions. As you're aware and was mentioned previously in our 1996 fall report, we have reported on the results of our audit. Also I think, as you're aware, an audit of any government organization, including WCB, really is three opinions. The first one is the opinion on WCB's compliance with authorities relating to financial reporting, safeguarding of assets, revenue raising, spending, borrowing, and lending activities; second, an opinion on the rules and procedures used to safeguard and control its assets and to ensure compliance with those authorities; and thirdly, to render an opinion on the reliability of the financial statements.

For 1995 we report the following: we report WCB needs to set aside sufficient money to pay for costs of injuries incurred — that is, reserves — so that it is complying with The Workers' Compensation Act. We recommend that WCB adjust its rate-setting process and practices to comply with the Act or seek appropriate changes to the Act.

And I think comments that the Chair made earlier this morning indicate that they are moving in that direction, and I also think the committee of review's recommendations that are coming out may also influence what's going to be happening in that area.

With respect to the adequacy of the internal financial and

accounting controls, we report that WCB needs to improve the system it uses to track and estimate compensation costs. We recommend that WCB develop expertise to estimate reliably its compensation costs and related benefit liability.

And again I think the Chair's comments this morning indicate movement in that direction, where they are looking more closely and working with the actuaries to try to determine what those estimates should be; and also that they're planning and have initiated changes within the organization to move in that direction.

And the last one, for the reliability of the 1995 financial statements, as KPMG has indicated, our office describes our concerns with the reliability of these statements. We have doubts about the assumptions and process used to calculate the benefits liability. So we cannot determine if the \$467 million of benefits liability and the related \$121 million of compensation expense recorded in these statements are fairly presented.

Our report outlines the various factors that resulted in that decision and I think they were also discussed this morning with respect to the actuary valuations, and again I think the Chair's comments with respect to what's happening in evaluations links into that.

There is two other matters that the report does include. We report that the WCB's report does not contain a comparison of actual results to those planned and we note that WCB does not provide the Assembly with the list of persons who received public money and we recommend the WCB provide such lists.

I'd like to move on then and talk about the 1996 audit. Before that though, I'd like to take a moment and acknowledge the cooperation we did receive from WCB in the course of the 1995 audit and also from the KPMG firm. The audit went very smoothly and we do acknowledge their cooperation.

And I also would like to say that the recommendations that we didn't . . . that we have made in our 1996 fall report, we are quite pleased to see that WCB is making, I think, progress and changes and they're working in the direction and in the spirit of the recommendations. And we look forward to actually what the outcome will be.

We're confident that over time the initiatives that the board is undertaking will alleviate the concerns that we have raised in our 1996 fall report. But at the same point in time, we recognize that those recommendations are not short-term recommendations, so that it may take time for WCB to resolve them completely.

For the 1996 audit I'm pleased to report that WCB now supports the use of the task force recommendations, and as a result, we are working closely with KPMG on the audit, on the 1996 audit, and the audit is under way. As the Chair indicated, the biggest issue that we're going to be facing in the audit will be the actuarial valuation and I'm sure that auditors and management will work our way through that and will be able to report to the Assembly. Thank you.

The Chair: — Thank you very much. I think you've just given a very strong indication that this system of review that we have in place with our Crown Corporations Committee and so forth and with both the private auditing firms and the Provincial Auditor, that it actually works and we do get results. And I think that's an important thing to note.

I again want to emphasize that I am very pleased with what I've heard so far this morning. It sounds like considerable progress has been made on dealing with some major issues that many legislators have been concerned about. And I think it is because we've had a spirit of cooperation and a spirit of working together to ensure that ultimately the people who are most affected, that being the Workers' Compensation clients, that their needs and concerns are put in the foremost.

And having said that, I will now open it up to questions and comments from the members present of the auditors first of all, and then we will deal with questions directly to the minister and to Workers' Compensation.

So do any members have questions directly of the auditors? Mr. D'Autremont, Mr. Trew, and Mr. Johnson . . . (inaudible interjection) . . . Okay, fine.

Mr. D'Autremont: — Okay, thank you, Madam Chairman. I'd like to welcome the minister and his officials here today and the auditing staff both from KPMG and the Provincial Auditor's office.

I'd like to cover a little bit the portion that we've just covered dealing with the information transfers back and forth between the auditors and the WCB. We have a newspaper report of April 30, '96 with the headline: "WCB held out on information: auditor." Part of that newspaper article, perhaps not this one but another one, stated that the auditor's office had not asked directly for that information from WCB.

I wonder if you could perhaps elaborate a little more on that. Was that information asked for directly and what was your understanding of why that information was not given to the Provincial Auditor's office.

Ms. Ferguson: — Thank you. The protocol that we use when we work with the appointed auditor is to actually work with them and to work through them; so when we request information we make the request through the appointed auditor and they in turn convey the request to management.

So the statement that the information wasn't asked directly of WCB probably could be a fair statement because of the protocols that we do use. And I think the protocols are appropriate and probably less confusing to the organization at the end of the day.

The Chair: — I'd like to at this point, welcome Mr. Streliaoff. I hope you had a productive meeting with the minister . . . (inaudible interjection) . . . No, that you did. Anyway, Mr. D'Autremont, do you have any further follow-up questions?

Mr. D'Autremont: — Again to the Provincial Auditor. What

was your understanding as to why that information was not being relayed to you?

Ms. Ferguson: — I think probably that question would be more fairly asked of management, because from our end it would just be perceptions and I don't think it would be appropriate to discuss perceptions.

Mr. D'Autremont: — Okay.

The Chair: — Is that it, Mr. D'Autremont?

Mr. D'Autremont: — Well perhaps I should ask then the representative for KPMG. Did he pass on the request for the information to management from the Provincial Auditor's office?

Mr. Wilson: — Yes we did.

Mr. D'Autremont: — And what was the response that you got back from WCB management?

Mr. Wilson: — The response we received was that management did not feel that they fell within the purview of the task force in terms of the workings between the two auditors, and as a result they provided all of the information to us. So I think once again I would echo Judy's sentiments that perhaps a more full explanation of that could probably be obtained from management as to perhaps why they thought that.

Mr. D'Autremont: — Can I paraphrase your statement in saying that WCB management did not feel they were responsible to provide information to the Provincial Auditor's office?

Mr. Wilson: — I would suggest you probably ask management for . . .

The Chair: — Mr. D'Autremont, at this point I think just direct your questions directly either to the minister or Mr. Cameron, bearing in mind that what I want us to do is complete this line of questioning and complete our questioning of the auditors before we move on to more general questions.

Mr. D'Autremont: — Well I'm trying to establish whether or not the auditors understood that the manner in which this information was to be provided was through the auditors or whether it had to come directly from WCB management; whether or not the approvals for all information transfers had to be done through WCB management or whether the Provincial Auditor — they have their protocols — asked the private auditors for the information, how that information then gets transferred to management, that request.

The Chair: — I realize you're trying to figure out the appropriate chain, the flow for information and how the Provincial Auditor feels about the appropriateness of that chain. Is that correct?

Mr. D'Autremont: — Partially, yes.

The Chair: — All right. Mr. Minister, or, Mr. Cameron, do you have a comment that you want to make at this point about this?

Mr. Cameron: — Well I think that during the process in which we were being referred to is that the board was also trying to find out what the protocols were. There was some sense by our stakeholders that the Provincial Auditor had no jurisdiction with the board.

Part of the rationalization for that line of thinking was that the Lieutenant Governor had appointed an auditor and that the board's responsibility was to that auditor or that auditor alternatively to the board and then to the legislature, as opposed to the Provincial Auditor's office.

I think that as we moved through the process from 1994 into 1995-96, that a number of things came clearer — specifically, I can talk about the board — came clear to us as to where our responsibilities were. As you heard earlier this morning, I mean one of the issues of the board has always been its autonomy and its independence. And so, I mean we were trying to do a balancing act. I mean where do we go?

I think in addition to that there was a sense out there of misinformation, that in fact that the Provincial Auditor was going to do his work and then submit another huge invoice to the board when the board felt that in fact they were already paying for one auditor. The business community were the ones that raised it with board.

As we move through the system, in the process we've come to understand that there was no cost from the Provincial Auditor to the board. So although I appreciate the question posed, I think it was a maturing, of moving into a new process of accountability by the board with its auditors and the legislature. And I think we have that understanding today. I don't know if that helps or not but . . .

The Chair: — If I may, could I ask the two auditors to comment if they agree or disagree with Mr. Cameron's statement.

Ms. Ferguson: — I think that probably would be where we would see it too. I think it . . . I would agree.

Mr. Wilson: — And I agree. It's an accurate assessment of where we are and where we've come from, I believe.

Mr. D'Autremont: — I've a question for the Provincial Auditor then. From your understanding of the Act and the legislation, is it ambiguous in there who has responsibilities for auditing, or is it clear? Is it matter of interpretation in a historical context? Why was it unclear to management of WCB that they did not have to allow the Provincial Auditor to audit their books?

Mr. Strelioff: — Madam Chair, members, good morning. I apologize for being late to this important meeting.

Our office has experienced a fair amount of difficulty over the years dealing with situations where the government of the day

appoints other accounting firms to do an audit, and then how do we carry out our responsibilities. And over the years we've had varying problems and at each one we usually end up sorting it out.

A few years ago we started a task force to re-examine the roles, responsibilities and duties, to make sure that when the government of the day appoints a public accounting firm, here's how the protocols should work between management, the public accounting firm, and our office.

And as it pertains to the Workers' Compensation Board, it just didn't get clarified there during this period. And it took to, I suppose, the beginning of '96 to make sure that management, the public accounting firm, and our office all understood that the protocols were going to work within this organization as well.

So our initial requests for information through the public accounting firm to the Workers' Compensation Board became complicated just because the understandings weren't fully agreed upon then. Now they seem to be and we're working much better.

Mr. D'Autremont: — Within the Act, is there any ambiguity there as to the responsibilities and the roles of the Provincial Auditor's office in relationship to WCB?

Mr. Strelloff: — Not as far as I'm concerned. However, I also note that in the years gone by there seem to be all sorts of misunderstandings and ambiguities. As far as I'm concerned, there was no ambiguities and that's why when we had some questions, we asked for the information and expected to receive it.

And then, as Judy no doubt pointed out, later on we decided to do the audit ourselves relying on a lot of the work of KPMG and also with the cooperation of the Workers' Compensation Board and that work for the year ended December 31, '95 began about May 1, '96.

Mr. D'Autremont: — I don't know if it would be appropriate to ask the same question to management when we're discussing it with the Provincial Auditor.

The Chair: — I think basically, Mr. D'Autremont, we're talking about a process that people had to pick their way through and develop some ground rules. And it does sound to me from what I hear from all three actors in this that the process has now been resolved. But I would ask Mr. Cameron to make a comment once more.

Mr. Cameron: — Of course. I think there has been . . . I think we recognize that prior to 1989, the Provincial Auditor's office had the responsibility of the audit of Workers' Comp, as I understand it. And then in 1989 there was a change made that we went to public accounting firms as opposed to Provincial Auditor, a decision of the Lieutenant Governor.

And I think that that then led the board, not only this board but the previous board as well, to have questions as to its legal

responsibility here. There was considerable work-up of legal . . . of law, if you will, that suggested that no, there was no accountability to the Provincial Auditor.

And I think that this board currently, as it came to sit, relied on that information — that it was within its legal purview to not have to be viewed by the Provincial Auditor, that it's responsibilities were to the legislature through KPMG.

However, as we move through on a maturing of not only the process, but this board, if you will, that the board in its . . . even with all of its autonomy and its independences granted to it by the legislature, has staked out and said that it is prepared to develop a spirit of cooperation with executive government and the Provincial Auditor's office.

And it just took a period of time for us all to come to that, and I think we're there. I'm satisfied that the audit went reasonably well. I also understand that the reason why the Provincial Auditor's office wanted to look because there were a number of questions being raised at the public level about it.

So I mean I understand it. I mean there was . . . I don't think there's any malice or any intent to curtail anybody's responsibilities or legal responsibility. It was just a need to get through a maturing process because of the change since 1988 and for us to kind of grow into the system. And I think we've grown into it.

I think too, that the employer stakeholder was very aggressive for 1993 and '94, that the Provincial Auditor had no jurisdiction, and then they changed their position in 1995 as a result of being unhappy with the rates that were going on. Up to that point they supported the position of the board because they all believed, as did the board, even though I suspect maybe the board never asked the question, that we were going to get an additional cost from the Provincial Auditor and why were we paying for two or three auditors? And I think that that all led us to just some confusion here. And I think to the credit of the Provincial Auditor, that in fact he had patience with us and helped us to grow into this thing.

Mr. D'Autremont: — Thank you. From WCB management's point of view, what was the method for reporting to the legislature prior to the involvement of the Provincial Auditor from your understanding?

Mr. Cameron: — We're required by legislation to file an annual report to the legislature. The annual report is submitted to the legislature and in it is the audited report of our auditors and the actuarial report of our actuaries. And so I think we were satisfied and still are satisfied that in fact we have fulfilled that responsibility.

I mean it could be argued that there ought to have been more peer review. But I think we also need to remember that by legislation since 1945, there has been a committee made up of stakeholders of labour and employer that have not challenged the board on its annual report. And so the board had just accepted what it was doing historically was correct.

Well I mean we're not prepared this morning to admit that we were wrong. But what we are prepared to say is that we are in a spirit of cooperation. And I think the legislation doesn't have to be changed in order to continue the relationship as it is in 1996, as we move into 1997.

I think too the business community is satisfied with where we're at because we've met extensively with the business community in October and November. In fact more than 40 employer associations met with us, listened to the tale, and I think we all have a better understanding.

Mr. D'Autremont: — You may have a better understanding but I'm still lacking some of the knowledge perhaps. I believe it was said that this is the second time that WCB has come before this committee. How was the annual reports dealt with within the legislative context for reviewing them?

Mr. Cameron: — Well I don't have an understanding of that because . . . I mean this is a process that I was not party to. But my understanding is that before that they were on standby for estimates, and that they were available to comment to the minister and answer for on the floor of the legislature during estimates. However I think that historically we can say that that seldom happened, that there were actually questions pertaining to it on the floor.

The Chair: — Which is why, Mr. D'Autremont, that I started out by saying that this is . . . we are creating history here. This is only the second time that Workers' Compensation Board has come before this committee.

Mr. Cameron: — I think too that Mr. Federko, who came to us some three years ago as the vice-president of finance and has since been promoted to the chief executive officer . . . I mean I'm quite happy if he jumps in at any time and comments.

Mr. Federko: — I think where the confusion is coming, just sitting back and listening to what's gone on, is that they were actually talking about two pieces of legislation.

The Workers' Compensation Act clearly says that the audit is to be conducted by the appointed auditor or the Provincial Auditor. Within The Provincial Auditor Act, the Provincial Auditor has certain responsibilities to the Legislative Assembly that are not part of the Workers' Compensation legislation. So from the Workers' Compensation management point of view, the appointed auditor is KPMG, and for purposes of the WCB discharging its responsibility to the Legislative Assembly, having an audit report signed by KPMG satisfies that requirement.

Then through the tabling of documents legislation, our annual report is tabled in the legislature, is subject to question in question period or debate, I would assume. In addition to that, the Provincial Auditor in his capacity has a responsibility under his legislation to report on the ongoing of The Workers' Compensation Act.

I don't think there's any ambiguity. Where the ambiguity came in was, where does the authority within The Provincial Auditor

Act cross over into the responsibility that we have in discharging The Workers' Compensation Act? And I think that's where the whole confusion came in. And I think we have a better understanding now of what the Provincial Auditor's responsibilities are to the Legislative Assembly as the Provincial Auditor and what our responsibilities are as management to our appointed auditors.

Mr. D'Autremont: — Perhaps a change in the legislation would be appropriate, to stick an and/or in there when it comes to dealing between the private, appointed auditor and the Provincial Auditor's office so that both or one or the other would meet the requirements.

The Chair: — I will ask the Provincial Auditor to comment on that. Is the process now satisfactory or are you feeling that there are further changes that need to be made?

Mr. Strelieff: — Madam Chair, and members, your comments related to should The Workers' Compensation Act be changed to say that, in a more direct way, that our office is involved in the audit.

And right now, as Mr. Federko said, that our responsibilities are set in The Provincial Auditor Act, which says that we can carry out our responsibilities through auditors appointed by the government or we can go there directly if we think that it's necessary. And where we think it is necessary to go in directly where there is a public accounting firm involved, our responsibility is to explain why in a very public way, why did we choose to go in?

My general sense of it is the confusion as to what our role is when it relates to the Workers' Compensation Board and when it relates to a public accounting firm. It looks like it's clearer — it's clearer — and I don't think a legislative change in The Workers' Compensation Act is needed for that particular purpose.

It does . . . In the future, I suppose it could help make sure there's no similar kinds of issues that surface. But certainly as the state of the art stands right now, there is a fairly good understanding that our office does have responsibilities to the Assembly for the Workers' Compensation Board.

Mr. D'Autremont: — Thank you. Under your Act, I'm sure that you feel that's clear. But listening to what Mr. Federko said in his understanding of the WCB Act, it says that — if I am interpreting his words correctly — that the private auditor, appointed auditor, could be the only responsibility they have under the legislation to fulfil the auditing requirements.

It doesn't . . . If I understand his words again correctly, they don't have to have the Provincial Auditor involved. If they say no at some point in time to the Provincial Auditor, they can feel that they have met the requirements because it says, the appointed, private auditor.

Mr. Strelieff: — Well if that is the case, if that is the interpretation, then the Act would need clarification. But I don't know if that's, if . . .

Mr. D'Autremont: — Well that's what I'm saying, is if I'm interpreting this wrong . . .

The Chair: — Mr. Federko, would you please?

Mr. Federko: — Thank you. I think we have . . . There are two separate issues. In order to file an annual report with the Legislative Assembly, our Act is clear that we only need one auditor and it be either an appointed auditor or the Provincial Auditor. So for purposes of having an audit report sign attached to our financial statements and submitted with our annual report, there is only one auditor required.

We also understand now — and accept — that under The Provincial Auditor Act, the Provincial Auditor has responsibility to report on the ongoings of the Workers' Compensation Board and have agreed now that in order to allow him to discharge his responsibility under the Act, that we will follow the protocols as developed by the task force where an appointed auditor . . . where the auditor signing the audit report in the annual report is different than the Provincial Auditor.

So I don't think there's any confusion. Where the confusion came is we didn't understand that the Provincial Auditor had a responsibility going beyond the issuance of the annual report; that he has a responsibility to report to the Legislative Assembly independent of what's happening in terms of the operations of the board.

So I think there are two quite separate issues, two different responsibilities by two different parties.

The Chair: — Perhaps, Mr. D'Autremont, we could draw this to a close now. I would . . . Mr. Strelloff . . .

Mr. D'Autremont: — I think there's still some issues here that need to be clarified, at least in my own mind, and I would think probably at some point in time it'll become a problem in the future.

The Provincial Auditor Act says he has responsibilities that allow him to audit WCB. The WCB Act says that they do not need the Provincial Auditor's compliance to file their annual reports. If they have an appointed auditor, that is the only auditor they need to meet the requirements under the WCB. Is that correct?

A Member: — That's correct.

Mr. D'Autremont: — So at some point in time if there's a conflict between WCB and the Provincial Auditor's office, they could say, in the meeting of our Act we have complied by having our private auditors file their reports. We do not need to allow the Provincial Auditor in to audit our books because we have met the requirements of our Act. And I think that needs to be clarified; that needs to be determined — which Act is supreme.

Mr. Cameron: — Well we believe that it is now clarified, that there is a coming together of the minds of the interpretation of

both of those pieces of legislation. I think that the Provincial Auditor has an appreciation of what our legislation says. We now have an appreciation of what his said.

And surely from our administrative point of view that there would be no need for legislative change or amendment when in fact we have documented our understanding of what our responsibilities are. To do otherwise, in my judgement, and to bring forward a piece of legislation to try and clarify that, would just reopen the whole thing and now we have something else that needs to be clarified that we have to start to work and find ways to accommodate each other on.

I think we're there. I'm not trying to downplay the issue. It was a serious issue. I think that we're there. I don't think there's any need for legislation. However it's not the prerogative of the board to determine whether there's a need or there isn't a need. That prerogative clearly lies with the legislators.

The Chair: — Mr. D'Autremont, I would suggest to you that the situation that you're describing now for Workers' Compensation is exactly the same situation that we have with SaskEnergy, SaskTel, all of the Crowns, because all of the Crowns can appoint a private auditing firm.

So I think that I will ask Mr. Strelloff to make a closing comment on this, but I would rule at this point that we've heard clearly from all three actors in this situation that the process has now been resolved. And if you wish to discuss it further we will do that when we have a meeting of the Crown Corporations Committee to discuss general matters related to all the Crowns and commissions that we review.

Mr. Strelloff: — Thank you, Madam Chair. Your comments about this situation being similar to other situations is right. All the different corporations have their own Act and our office is not referred to in those Acts.

And through The Provincial Auditor Act, the Legislative Assembly tells me that you are responsible for the audit of Workers' Compensation Board or SaskEnergy, but you can carry out your responsibilities when those corporations appoint a . . . You can carry out those responsibilities through a public accounting firm when those corporations decide to appoint a public accounting firm.

And where you decide not to carry out your responsibilities by working with the public accounting firm, but instead decide to go in directly yourself, tell us why. Because that would be unusual, and so explain to us why. So the norm . . . There are other examples of corporations that don't refer to us in their Act. And they do from time to time appoint public accounting firms. And then, as an Assembly, you direct me to work with those public accounting firms to get the job done.

And when we work with a public accounting firm we routinely ask for information both from the firm and from the . . . in this case, the Workers' Compensation Board. And that's where that process broke down in this case. And then because that relationship between a board and a public accounting firm in our office tended to become pretty complex and confusing, we

went through a task force process of trying to get agreement amongst all on how it should work. And that task force process is working quite well in the rest of the community and just hadn't got into the Workers' Compensation Board. Now it has, and now I'm far more comfortable in carrying out my responsibilities to you.

Mr. D'Autremont: — Thank you, I have one question.

The Chair: — On a different topic?

Mr. D'Autremont: — Same topic. A very short one. And I think it's . . .

The Chair: — All right, I'm going to be very tolerant.

Mr. D'Autremont: — Thank you, Madam Chairman. This is . . . In a legal sense, are you admitting as the chairman of the Workers' Compensation Board then that the Provincial Auditor's Act has paramouncy over the WCB Act?

Mr. Cameron: — Well I mean I'm not a lawyer, so I'm not prepared to get into that. But what I am prepared to say is that we have a legal responsibility of our appointed auditor, who is appointed by the Lieutenant Governor, being KPMG; and that as we understand it, The Provincial Auditor Act allows the Provincial Auditor to have oversight and review of KPMG and therefore the executive management of the workers' compensation system.

I don't have any opinion other than that. I can't give you a legal opinion.

The Chair: — Thank you very much, Mr. Cameron. I will now recognize Mr. Trew and then Ms. Draude.

Mr. Trew: — Thank you, Madam Chairman. I guess perhaps what we really are seeing is the new PC (Progressive Conservative) Party because process seems to be of paramount importance. I just wonder where that process importance was a few years back.

I got a question for Ms. Ferguson of the Provincial Auditor's department. In your report, as I heard you, you were talking about a problem with the \$467 million involved with provisions for future compensation and so on. Did I understand that part? I see you nodding yes. Then my question really is: was that the biggest single concern, if I can describe it, in the Provincial Auditor's involvement here?

Ms. Ferguson: — That's the single concern with respect to the reliability of the financial statements. Basically our opinion on the financial statements said that the rest of the financial statements, other than the benefits liability, which is on the statement of financial position, and the corresponding expenses, which is on the compensation . . . on the statement of operations, we couldn't reach an opinion on that because of concerns surrounding that whole issue. And those concerns are set out in the fall report, and I think the Chair spoke to them earlier also.

So what we're saying is the rest of the financial statements that you have before you are presented fairly with the exception . . . Basically we call it a scope limitation. We have doubts surrounding the reliability of those two figures there.

Mr. Trew: — Okay, that's fair enough. I just, for the record I guess, I want to just suggest I've got some concerns with that whole statement. I'm not an auditor — I'm quick to point that out — nor am I an actuarial expert in any sense at all.

My concern, I guess, is on page 20 of the Workers' Comp. 1995 report, item no. 2, and I'll just read it into the record:

In my opinion, the amount required at 31 December 1995 to make proper provisions for future compensation, medical aid and rehabilitation expenses payable to injured workers and their dependants, on claims incurred prior to 1996 is \$467,325,000.

There are five points in that consulting actuary's report on the valuation of actuarial liabilities of the Workers' Compensation Board as at 31 December, 1995. I note it's signed by Larry D. Miller, who is a fellow of the Canadian Institute of Actuaries and a fellow of the Society of Actuaries and is involved with William M. Mercer Limited. Now my . . . I guess to the extent that I have a question, is: is the training to be an actuarial not different than the training to be an accountant? And then I'm really wondering . . . we've got here a gentleman who put his signature to it who's involved in two actuarial organizations. I'm trying to understand how it is that we would get to a situation where an auditor would question the actuarial's report. Can you shed some light on that, Ms. Ferguson.

Ms. Ferguson: — Certainly, I'll try to. Basically what you're asking is . . . it's a very fair question, and we've tried to lay that out in our fall report.

The first thing I think you have to recognize, that this is a significant accounting estimate and as you can appreciate the information that you get on estimates can change with the passage of time. As KPMG indicated, or Jamie was indicating in his presentation, is that when they rendered their opinion they based it on information that they had at that point in time.

We as an audit office, fortunate or unfortunate, depends which way you look at it, had more time in the aspect that we didn't initiate the audit until May 1 of 1996 and concluded it during the summer. During that time frame, as the Chair indicated in . . . towards the end of 1995, WCB hired a second firm to look at the valuation and really to do a second valuation.

The preliminary results, as again the Chair indicated, the report didn't come out in time for us to use it to actually make a conclusion. But what did come out is that the second actuary had questions about the first actuary's report and actually came up with a different number and use . . . and questions about the process and the assumption.

And so here we are as auditors really looking at the concerns that management had, and they were demonstrated by the fact they engaged a second actuary, and the fact that the numbers

were changing dramatically and significantly, as again the Chair has indicated.

Secondly, the second actuary has questions and as the Chair has indicated, they haven't even resolved the differences. So it is an area that, as auditors, there's rules that again we follow when we're looking at accounting estimates and relying on the work of others. And we followed that process. We had different information to look at than KPMG, and so it did raise questions about whether or not we could rely on this report. And that's where we are today. Does that answer?

Mr. Trew: — Yes, I think it does. Let me just feed it back to you so that we're sure we have it. KPMG was operating in a relatively timely fashion. Because of the growth experienced, that was required of the board, of the Provincial Auditor, of the appointed, private auditor, when the Provincial Auditor got to doing, actually doing, some of the audit, your work involved on the audit of the Workers' Compensation Board, some further information was available that the appointed auditor, the private auditor, did not have when that statement was done.

So it was just the benefit of hindsight, I guess would be the best way I can describe that.

Ms. Ferguson: — Passage of time.

Mr. Trew: — Yes, okay, thank you. That's all I had on that, but I have one other question of you. Again it relates to your initial comments, and I thought I heard you say something about a concern that public funds, when they're spent there should be a list that is made public and your concern is that the Workers' Compensation Board is not doing that. Are you referring to injured workers' payments? Or are you referring to, for example, Mr. Cameron and Mr. Federko, their salaries and expenses?

Ms. Ferguson: — Okay, what we are referring to in that case is that the Public Accounts Committee has made a number of recommendations, and one of their recommendations is that agencies such as Workers' Compensation Board should be providing the public with a list of those persons receiving public money. That is the essence of their recommendation so what we're saying is that WCB has not provided that list.

We recognize in this case — and if you read the 1996 fall report — WCB, in their opinion, feels that they can't legally provide a list of the injured workers. I haven't seen the legal opinion on that so I can't comment on that. But I think that's something that they'll pursue, I'm sure, with the Public Accounts Committee as to what list the Standing Committee on Public Accounts expects.

For our office, we've just reported it as a fact — that they haven't provided a list. We have indicated in our report that WCB feels a list of injured workers is not appropriate. So we left it as that.

Mr. Trew: — Public money to me means money that the legislature decides we're going to spend — tax dollars. You know, we collect taxation and then turn around and spend that

money on good things like hospitals and roads and so on, education. You name the need and it seems almost inevitable that the government sooner or later gets involved in it.

Do we share an understanding of what public money is? Or what's your definition of public money?

Ms. Ferguson: — I guess in our case we default to the definition that's set out in our Act: in any agency where their board is appointed by cabinet falls into the definition of public money. So that's the definition that we're using in our case.

Mr. Trew: — Okay, good, because that's a different definition and that explains why I'm having difficulty, just I guess for the record, with the Workers' Compensation Board independence. I personally am reluctant for the legislature to wind up calling the shots on a day-to-day or ongoing basis with the Workers' Compensation Board.

I'm quick to appreciate that the board — if I can describe it, the three-person board — is of course appointed by the government; therefore it's inevitable that there would be a flavour of the government that gets in, because certainly the government would appoint the people that they think are capable of doing the good job in looking after what is necessary.

I was looking on page 16 again of the Workers' Compensation annual report. By your definition, I understand that public dollars . . . There's an argument that the board is appointed by the government. On page 16, the dollars show a completely different story. Employer premiums, investment income, are where the dollars come from and nowhere do I see some funds going to the Workers' Compensation Board courtesy of the taxpayers of the province.

So I understand there'll be a dilemma there and I'm prepared to let the appropriate jurisdictions or whatever sort that out. But I am nervous of the Workers' Compensation Board becoming a line department, so to say. Simply put, I do not want that.

Having lived through 10 years now as an MLA, and I just want to share, I guess for the record, that from 1986 to 1991, when I served in opposition, it was a toss-up whether Workers' Compensation Board or Social Services calls were the hottest number . . . highest number of calls to my constituency office. And just every story a tragedy.

I'm delighted to say that those calls have not only hugely reduced in number but they're . . . the reason for the calls has changed as well. So I'm real happy. Anyway, I'm now broaching into some comments not so much aimed at the auditor as aimed at the board and the minister. So I thank you, Ms. Ferguson, for that.

The Chair: — Thank you, Mr. Trew. Before I recognize Ms. Draude, I would like to say that it is — I'm going to repeat again — it is unusual and it is a new process that the Crown Corporations Committee is reviewing these, the Workers' Compensation Board.

But I do want to emphasize to the committee that the reason we're doing this is because, in our opinion, WCB derives significant revenues from non-government sources. And I want to state as Chair, that I do not believe that the revenue — the money that the Workers' Compensation Board gets — is public money. I believe that is money that employers and employees contribute for this insurance fund.

And I also have some real concerns about an insistence of publishing lists of workers who receive public money. I am concerned that that means then we would be setting a precedent that anybody who gets social services or who receives services through their health care card would then have to have their name listed and the amount of money. And that the legislature would be reviewing this. And I do not consider that that is a level of intrusion that any government wants to get into.

But I would hope that the auditors will be, together with the Workers' Compensation Board, sorting this one out. I just think this is an extremely slippery slope and the implications of what's being discussed this morning could be very grave in terms of confidentiality of human beings who receive services in this province.

Ms. Draude: — Thank you, Madam Chair. I just want to make a comment on said . . . saying that to my knowledge there isn't any employee money in workman's compensation.

The Chair: — I'm sorry. Yes.

Ms. Draude: — I didn't think that there was any employee money in workman's compensation. It's all employer money, right?

Mr. Cameron: — Yes. The argument is of course that the employee makes the contribution because his pay or her pay envelope is smaller as a result of currently being paid by the employer, so therefore the buy-in of the Meredith principle.

Ms. Draude: — I do have a question. I'll just go back for a second, I remember . . . I heard you . . . I think it was the Provincial Auditor said that prior to 1989 the work was always done by the Provincial Auditor. And in '89, for a couple of years, it was done by private auditors. Is that correct? For auditing workman's compensation.

Mr. Strelieff: — For the Workers' Compensation Board we did do the direct audit prior to 1989; after '89 we worked with a public accounting firm which was appointed by the Workers' Compensation Board.

Ms. Draude: — Okay. My question was that the Lieutenant Governor would have had . . . there was a request made to the Lieutenant Governor to change it; to have a private accounting firm? So that request would have been made by the previous Tory government to have it done by private . . .

Mr. Strelieff: — Well the cabinet of the day would have made that decision. Sorry . . .

The Vice-Chair: — Order, order. Sorry, Mr. Strelieff, for this.

I just want to remind in this case, Ms. Draude, please to use the microphone for *Hansard*. They're I know having some difficulty picking up what you're saying. And I was reading over the last *Hansard* and I noticed that even your esteemed Vice-Chair had an inaudible — some garble, in other words — at one point when I was speaking. And I would not want that to happen to any of the committee members. With that I'm passing the mike to you, Mr. Strelieff, with apologies for the interruption.

Mr. Strelieff: — Thank you very much, Mr. Chair. What the heck was the question? The question related to whether . . . when we did the audit and . . . No, sorry. My understanding, before '89 the government of the day made the decision to appoint a public accounting firm as the auditor of Workers' Compensation Board. And then when that happens we work with them to get the job done.

Ms. Draude: — Would that have been done as a request of the government that was in power at that time?

Mr. Strelieff: — Mr. Chair, members, I don't know why the decision was made or who requested the change. It's just that it was a decision of the cabinet of the day that the Workers' Compensation Board would appoint a public accounting firm.

Ms. Draude: — Okay. I just have one other question on the auditor's report. When I look at the investments I'm wondering if you reflect on the return of them, on the investment. Is that something that the auditor does? On the percentage of, like the interest earned or the monies earned from investment. Is that something that's commented on?

Mr. Strelieff: — Mr. Chair, members, our reports would be designed to ensure that the information on the investments and investment returns are in their reports so that you would have that information. We haven't commented on whether their investment strategies or rate of returns were good or not good. But the objective of the audited financial statements is to make sure that the information is there for you to have and then ask questions, if you choose to ask questions about it.

Mr. Johnson: — In the financial statements of '94 and '95, both of the reports from KPMG indicate that it's, in all material aspects, the audit is . . . the financial position as written up in the report is accurate and I have not heard anyone disputing that. In fact I think it was agreed to by the Provincial Auditor.

I find it a strange situation that the auditing is required by and done by two different auditing groups, because basically my interpretation would be that if the Provincial Auditor does not accept the auditing by the other . . .

The Vice-Chair: — Order. Order, Mr. Johnson. I'm listening carefully as you're speaking, and the purpose of this portion of the meeting is to ask for points of clarification of either the representative of KPMG or the Provincial Auditor, Mr. Johnson, as opposed to getting into a policy discussion with respect to who should be auditing. That question, I think we could address as a Crown Corporations Committee at some other point. I just remind you of that. And I see your frustration;

you feel you're heading in the direction I'm talking so . . .

Mr. Johnson: — And in essence what appears to me is that simply it became a question as to who ended up reporting that there was a need for a change rather than just working the way through the year-by-year reports, in the sense that, if you're doing an analysis of one year, six months later, what you're reporting on with knowledge of six months later, indicates that basically pre-empting . . . one auditor's pre-empting what would eventually come out in the next audited report.

So in saying that, it isn't in my mind . . . the discussion that's been going on related to this in my mind is basically something that I think that should be taken up by chartered accountants in their own association, along with the Provincial Auditor, to solve it. Because quite frankly it's not something that I . . . that indicates to me something that wasn't going to be coming through the reports in the normal function of how things are at. And if people disagree with each other's capabilities, as an MLA I come into this with the understanding that what people from a professional degree have signed, I either . . . I accept that until somebody proves it wrong and then it follows through.

The workman's compensation organization is in a basis, as I interpret what's taking place, a very large internal structural change. As well, they are facing a huge structural change externally.

And I say that by looking at some of the things that are related in the forestry end where harvesting of timber has shift to mechanical means from the chain-saw and skidder and those types of things. And the people that are coming to work in the forest are not coming off of farms where they've been pitching 50 pound bales for the whole summer so that when they do go in and work in the forestry in felling trees and stuff like that, they're not in physical shape to actually be doing the work. And there's been a huge increase in injury occurring basically because, I think, of a whole structural change in the society.

So in seeing the board making a whole pile of directional changes, we shouldn't expect that in making those . . . when those changes are occurring, that you find that everything is working right up to par. My expectation is, is that the Institute of Actuaries is probably facing some of the same changes of adjusting to a new environment.

So I just think that everyone that's pushing in this particular sense, in more or less wanting to get their name on the . . . on having reported it rather than what is coming forward, is basically a time-wasting scenario for a committee of this nature.

I'd also like to point out that this committee, being the Crown Corporations Committee, is not necessarily bound by the recommendations of the Public Accounts Committee. And when the legislature, in directing where reports go to, if they are . . . if the legislature directs the reports to go to this committee, this is the committee that handles it, not what is taking place in the Public Accounts.

And when you're auditing, moving things back and forth, to assume that because the Public Accounts Committee has made

a statement related to things that are handled by them, that we are to follow it, I don't think that that's really an accurate assessment that . . . made by the auditor, that we should be doing that, because we will be making those decisions internally in this committee. With that, Mr. Chairman, I'd finish my remarks.

The Vice-Chair: — Thank you, Mr. Johnson. I will now entertain a speaking list. I have none. I see Ms. Draude. I recognize Ms. Draude.

Pardon me, am I correct in assuming we are now completed the questioning of the Provincial Auditor and will now direct the questions more properly to the Workers' Compensation Board?

Ms. Draude: — That was the understanding I was . . .

The Vice-Chair: — Terrific. We're all at that degree or at that level; we're all on the same page then.

Mr. Cameron: — Mr. Chair, with respect, could we have an environmental break or whatever we might want to call it.

The Vice-Chair: — Thank you, Mr. Cameron. Since you are the one about to be on the hot seat so to speak, absolutely. We are now going to entertain a 10-minute environmental recess.

Mr. Cameron: — . . . relationship between the break and what we're going to move into here.

The Vice-Chair: — I'm sure there will not be.

The committee recessed for a period of time.

The Vice-Chair: — Order. Thank you, Mr. Cameron, for that environmental break. As Vice-Chair, I assure you I utilized it to its fullest. Thank you all, committee members, for your timeliness in getting back. With that, where we left off, I recognize Ms. Draude.

Ms. Draude: — Thank you. Thank you, Mr. Cameron, and for your people coming out today. I know the workmen's compensation is a big importance not only to the employers, because it's a big cost to them, but the employees who have peace of mind because of WCB.

And I know you mentioned in your report that we were waiting for . . . that the results of the review was going to be forthcoming. Can you tell us when it will be available?

Mr. Cameron: — We had anticipated that we would have it by December 30. The committee has again met and they have asked the two actuarial firms that have differences to bring forward some further information to them. They had anticipated then to report on January 15. We've now understood that the information is all before the committee and that there has been some coming together of the minds, and that it is now being reviewed, peer reviewed within each of their respective organizations. In other words it's moved up the ladder within their own organizations now to see how they're going to mould this together.

And so we anticipate sometime mid-February — not later we hope than the end of February — to have their report, because what it does it compromises our ability to file an annual report to the legislature, which we're required to do on March 31. And we would be in the awkward position of having to file a report without an actuarial component to it, which is a very big part because the liability is significant.

And so we have been encouraging them to move forward as quickly as they can so that we can fulfil our responsibility to the legislature.

Ms. Draude: — I know that the Neville report, there was some hope that there would be basis of using some of the Neville report in this review. So that means that we have the 1997 assessments going out without any impact from the report last year or what this committee is working on? The 1997 assessment?

Mr. Federko: — True. Any revaluation of the liability as a result of the review that the Canadian Institute of Actuaries is doing has not been incorporated into determination of 1997 premium rates.

Ms. Draude: — So what does that mean? Was there any reclassification of industries for 1997 then?

Mr. Federko: — Yes there was.

Ms. Draude: — And that was based on just . . .

Mr. Federko: — There are two parts I guess to what we're talking about here. The first relates to the benefit liability that sits on our balance sheet or a statement of financial position.

And that number represents the total, the present value of the total future costs of claims that are resident at the board as at December 31. So the 467 million that's sitting on the balance sheet says, in our terms, if you take 467 million and invest it at a certain interest rate, that'll be sufficient to pay for the claims that existed on December 31, '95 until their closure.

In setting rates, we look at it prospectively. So we're not looking at claims that are in the door today. Now what we're trying to do is determine what claims will come in next year and collect sufficient money to pay for all of the costs of those next year claims.

Part and parcel of that then is to look at how employers are classified. The workers' compensation system, for all intents and purposes, is an insurance program. And just like any other insurance program, members of the insurance pool are grouped together. So that I don't pay premiums of \$100,000 a year when my house burns down, I pay my 6 or \$700 a year. And in the event that my house burns down in a particular year, the funds are simply drawn out of the pool in order to meet that obligation. That same principle is applied in workers' compensation.

We've taken it a step further however, and decided to split the pool into what we call industry sectors. And within those

industry sectors, we attempt to group employers who are in similar industries and risk in terms of process. So we first look at, are you in the same kind of business and is your risk similar; and if they are, we pool you together.

What's happened over the years is that, largely due to employer lobby, our pool has become segregated to the point where we have so many classifications that some have become extremely small. So that the benefits that ought to be there as a result of having a large pool with a collective liability simply aren't there.

So in setting rates for '97, we looked . . . And part and parcel of setting rates in '97, as Mr. Neville pointed out and we recognized back in 1995, the rate-making model that was used for setting rates up to and including 1996 did not have any actuarial basis. It was based on a historical analysis that was really developed within the board itself and didn't have any actuarial input.

We recognize that, as Mr. Cameron's pointed out, with the changes in the economy, with the changes in the workforce, that we needed . . . that that model was no longer responding to those changes and we needed to make improvements on it. So with the assistance of Watson Wyatt, we've moved to an actuarial rate-setting model which uses actuarial principles and insurance principles in setting rates for next year's injury costs.

As Watson Wyatt went through the process of developing this model, they also pointed out to us that in order for this model to work effectively and prevent dramatic spikes in premium rates, that we had to have credible, in their words, rating units. In our terms, we had to have industry codes that were large enough to support the collective liability and prevent rates from jumping all over the place as the result of just a couple of serious accidents.

So they have a test, an actuarial test, that they've applied. And as Stan has pointed out, 51 per cent of our classifications failed that test.

Ms. Draude: — Because of size.

Mr. Federko: — Because they're just too small.

So in an attempt to restore collective liability to our insurance program, we began looking at employers and attempting to reclassify them, still under the principles of industrial undertaking, so still grouping them as close to business activity as possible and as close to risks as possible.

And for 1997 rates, we reclassified some 18, I believe, employer categories, consolidated them into larger rate codes consistent with what Watson Wyatt determined by applying their actuarial credible tests.

Ms. Draude: — Was there a number of these 18 different categories that actually saw an increase in their rates then?

Mr. Federko: — Yes there were.

Ms. Draude: — So were most of the 18 . . . did their rates go up?

Mr. Federko: — All but two of them, I believe, went up. I'm just trying to find my sheet notes here.

Ms. Draude: — So they failed the credibility test because of their size and then by putting them into another category they had to raise . . . be increased?

Mr. Federko: — Yes. Anytime you do reclassifications there are always winners and losers. Some of the people that you're bringing into the larger group would have been paying . . . obviously they were paying different rates before. And as a result of bringing them together we calculate a new, combined rate. And in some situations — in the majority of the situations actually — that new, combined rate was higher than what their individual rate was before. But on the other hand there were also some of those who were reclassified whose rate actually decreased.

And I was actually incorrect in informing you of the numbers. There were several that actually decreased. The two that came to mind were the health care sector, where we have moved towards consolidating hospitals and nursing homes into one category. And in that particular classification, or reclassification, the hospitals ended up being a loser in that their rate went up and the nursing homes ended up being a winner because their rate came down.

From the board's perspective the reclassifications were totally revenue neutral. We did not generate anymore revenue as a result of doing the reclassifications. In other words the increases that some categories saw as a result of reclass were offset by the decreases that other categories saw. So we end up with the same amount of revenue.

Ms. Draude: — But for individual firms, there would have been some major changes?

Mr. Federko: — Individual firms would have been impacted, depending upon the classification.

Ms. Draude: — Are the new classifications anything in the same perspective as other provinces have, so that now when you look across the board you can actually do some comparisons?

Mr. Federko: — To tell you that they're 100 per cent comparable now would be misleading you, but certainly with those we are employing the same principles in terms of classification that are used by every other board in Canada.

Of course when you go to make a comparison between Saskatchewan and Nova Scotia, for example, we don't have a lot of people in fisheries. So they will have some classifications that will be different than ours, but for the most part, and from a theoretical point of view, we are all using the same principles in terms of common classifications.

An initiative was begun two years ago where we will begin

using standard industry classification codes, the SIC (Standard Industrial Classification) codes. So we are all working off that basis. We've been working now for two years with a summer student project to move our system from the old classification onto an SIC basis. And then from there we'll have to refine it further so that we truly will be on a comparable basis with the other jurisdictions.

Ms. Draude: — Okay. Mr. Cameron, I was looking at the report when it came and talked about administration. And I see that there's about a 70 per cent increase from '91 to '95. Can you just briefly give me an idea of where that money went to?

Mr. Cameron: — Well being as that Mr. Federko was the vice-president of finance until just a few months ago, he probably has more insight into this than I do. So, Peter, I'm going to . . .

Mr. Federko: — The increases in administrative costs primarily have come from two places — salaries and benefits, and secondly, computer processing and development costs.

As Mr. Cameron indicated in his opening comments, when this board took over in 1993 part of their mandate was to improve the service that was being delivered to employers and injured workers.

They also inherited a computer project which would move us from the paper environment into an electronic environment. The demand from the stakeholders in terms of providing them with better service and more timely service was tremendous. And one of the ways . . . or one of the things that we recognized early that had to be dealt with was more efficient, more effective claims management. And operating in a paper world simply didn't provide for that at all.

So we've moved and are currently operating in almost entirely an imaged electronic environment. And what that allows is for more than one claims manager to be working on the file at the same time. So if for example as a result of developing a claim, our client service representative, our CSR, determines if they need some input from our medical doctor, they can simply tell the doctor to call up the file at his terminal and the doctor can be reviewing the file at the same time that the CSR is continuing to provide payments or do anything else. In the old paper world, if the doctor had the file on the third floor, it was impossible for the CSR to have the file on the fifth floor, and if the doctor somehow got backed up, there was potential for payments to get backed up.

That project cost a significant amount of money. In order to meet the further demands simply from a process point of view, it became necessary to add resources, in terms of people, to the organization. And that, combined with negotiated increases in our collective agreement, almost in their entirety has contributed to that 70 per cent increase in administrative costs that you speak of.

Our computer data is all processed at an external data centre, much like all other organizations, and each time we make a call over to that data centre to process the data, we have charges,

just like using your telephone to make a long-distance call. The more times you call, the more expensive it is for you.

And with the increasing number of claims . . . our annual report reports that we have about 35,000 claims per year that we look at. However, archived in our system are in excess of a million files and at any point in time one of those million files could be activated.

As you probably know, we never bring closure to a file. So I could be injured today, receive compensation for a couple of weeks and go back to work, and five years from now I could be back at the board re-opening that same claim. So we never close a file.

Due to the increased amount of activity, we have been forced to make more calls over to the data centre to process the data and those costs have simply gone up.

Ms. Draude: — You talked doctors being on the same network as the administration staff . . .

Mr. Federko: — Those are our own internal doctors.

Ms. Draude: — Okay, so they're all within the same building then?

Mr. Federko: — Yes.

Ms. Draude: — Okay. Mr. Cameron had indicated that administration costs had stabilized at about 15 per cent, and that was the same as SGI. I'm wondering is this . . . how is this compared to other provinces?

Mr. Federko: — Our administrative costs have been at 15 per cent of total expenditures for about the last five years. We did a comparison with SGI, Crown Life, London Life, as well as all other jurisdictions in Canada for 1994 and 1995 for all the data that was available. We were not the highest and we were not the lowest. We were third amongst other jurisdictions in 1994 and fourth — fourth lowest if you will — in 1995.

SGI is actually about 3 per cent higher than we are. Their admin costs are running at about 18 per cent of their total expenditures compared to our 15 per cent. We are significantly lower than Crown Life, who is a private insurer. They're running at about 20 per cent compared to our 15. London Life did do better at about 12 per cent.

The other jurisdictions, the low was — if memory serves me correctly — they range from 12 per cent, which was Alberta in 1994, to a high of 30 per cent, which was one of the territories.

Ms. Draude: — I think that the claims duration seems to be one of the biggest contributor to the cost increases. I'm just wondering what options the board sees as the opportunity to decrease the duration.

Mr. Cameron: — Well I think that prior to 1993 there have been limited work on return-to-work concepts, of trying to get workers reintegrated back into their place of work where they

have been injured. And the fact is I think what often happened was, that the worker stepped off the employer's payroll onto the board's payroll and everybody kind of accepted the fact that that's the way it should be.

As the board started to see the changes in costs, the board initiated a return-to-work concept and the fact is that in 1994 that was enhanced by amendments to The Labour Standards Act, on return-to-work concepts. This is not foreign to the world of workers' comp, but it was somewhat foreign to workers' comp in Saskatchewan. The province of Quebec, the province of British Columbia, have done much progressive work on return-to-work concepts.

And so we see the whole . . . we do not believe that the worker has to be physically and mentally in the exact same place when they return to work as the day of the injury . . . or the moment prior to the injury. We believe that we bring them to a certain point physically and mentally to deal with the injury and that in fact we get them back to work, and work being part of the rehabilitation process.

The board has taken that a step further and has agreed with those employers that will return those people to work, and it's determined that their value of work is 80 per cent of what it was before the injury, that the board will subsidize to the employer the difference. And so this was not an offload back to the employer. There is actually a sharing there.

And that has worked very well. We're quite pleased with that process. The employers are pleased with it. Intercontinental Packers, for example, have had this in place for a long time and are very enthusiastic about what we're doing here, and the fact is we've utilized some of their concepts in developing this.

Other companies now are moving aggressively forward on return-to-work. As I had mentioned earlier, a year ago we did have 500 employers on the whole return-to-work concepts. This year there were over 2,400 and the response was just . . . the staff is overloaded with requests to provide information and seminars.

Ms. Draude: — Isn't the fact that an employee gets 90 per cent of their wages basically tax . . . without having to pay taxes one of the contributing factors why people would . . . why the claims duration would still be long?

Mr. Cameron: — I don't think there's any evidence to support that because workers are getting 90 per cent of the net tax free that they are any longer on the system. You see it is not the worker's determination as to how long they're in the system. That determination is the care-giver and the board. So this isn't a incentive or disincentive for the worker.

Ms. Draude: — Does the board ever . . . when the board goes back to the doctor, if the doctor says I don't think this person is ready to go back to work, do they say yes, he should?

Mr. Cameron: — Prior to 1995 and the task force that we developed with the care-giver community, we would be challenged by the care-giver as to some insight we thought we

had in returning the worker to work, or off of benefits. However in view of the assessment, the 17 assessment centres that are now out there, the care-giver community is happy to actually refer them over. I mean the doctor — the medical doctor or the physiotherapist or a chiropractor — often have the same issues of trying to move these people back to work as did the board.

Because I mean the relationship between the doctor and the patient is one thing and the doctor felt compromised in forcing the issue, I think often. And so they look to considerable favour with what we're doing here. So we do not see it as an incentive or disincentive, the 90 per cent.

Now having said that, there are some organizations covered by collective agreement that do top-up, in which the worker actually gets full benefit while they're away. They actually stay on the payroll of the employer, and then we contribute back to the employer the 90 per cent of net to offset the injury. But the employer, through collective bargaining, has determined that they should be on full pay.

Now that does a couple of things for the worker: that protects their seniority, that protects their security of benefit on their Unemployment Insurance Commission and allows them to continue to make Canada pension contributions, which they can't do when only drawing net from us.

Ms. Draude: — Why would Saskatchewan be at 90 per cent when a lot of the other provinces are . . . most . . . the highest is 85, I believe, in other provinces. How can we justify paying employees 90 per cent here?

Mr. Cameron: — Well again, the benefit to the worker is in the legislation. The Board doesn't have the prerogative to determine what that is; that is the legislators' determination. And I'm not trying to offload that on to the legislators. But I think that until recently, until the last two years, that most jurisdictions were at 90 per cent. But as a result of being fiscally compromised, they have reduced benefits as the way to solve their problem.

For example the province of Nova Scotia had a \$400 million deficit and in order to manage that they chose to reduce benefits to assist. What that really meant was, that by running a \$400 million deficit, they had artificially kept their rates low. That their rates, on average, instead of being \$2.07 as published, perhaps more appropriately should have been \$6.07. So they chose to build debt. Our legislation doesn't allow for that.

Ms. Draude: — The board is really . . .

Mr. Cameron: — Now I might just add, that as you know, that some employer associations have made some overture that in fact benefits in Saskatchewan should be reduced. That question has been posed to the committee of review that has just completed its work, and so I think we'll all be interested to see whether there was a consensus developed there.

Ms. Draude: — Are you saying that the board is actually — the board on behalf of employers — has requested that the legislature reconsider the 90 per cent ruling?

Mr. Cameron: — The board continues to pay on the 90 per cent as stated in the legislation.

Ms. Draude: — Would they ask the legislature to reconsider this 90 per cent?

Mr. Cameron: — At this point the board doesn't see any advantage of reducing benefits to the worker.

Ms. Draude: — So then it would be up to the legislature to take the initiative. And would the board have objections? If a ruling came . . . if an amendment came up to an Act to reduce it, what would the board's feelings be?

Mr. Cameron: — Well as autonomous and as independent as the board might choose to be, the board doesn't get the opportunity to influence that to a great degree. But I can tell you that the board, being made up of stakeholder representation — one being employer and one being labour — what we would have is two board members with opposite views of it.

We would have the employer member, Brown, who would probably support the business initiative, and then we would have a labour representative, Norheim, on the opposite side. So there's no win in it for the board taking a position because this thing is truly owned by the stakeholders. This isn't something that's owned by the government or owned by the board. I mean the stakeholders own this thing.

Ms. Draude: — Then you'd have the same position on a three-day waiting period that other provinces or jurisdictions may have?

Mr. Cameron: — We believe that the idea or concept of a three-day waiting period is short-sighted, and that that in fact will come home to roost. What we have learned so far in talking to other boards in jurisdictions that have adopted that is that the three days gets added onto the end. So it's a no-win thing. I mean it looks wonderful on paper, probably some benefit actuarially initially on the front-end, but over the long term we don't see that. The answer to it is not a three-day waiting period. The answer is getting the worker back to work three days earlier.

Ms. Draude: — SGI has — in their no-fault system — has a three-day waiting period. Is that correct?

Mr. Cameron: — Yes.

Ms. Draude: — So there isn't any relationship. There wasn't when . . . I don't imagine your board would know, but it would seem kind of strange that there would be two different sort of sets of rules here.

Mr. Cameron: — I'm not sure what drove the legislation on the no-fault before SGI. I'm not sure what the, you know, what the three day . . . what their study showed for the three-day waiting period. But I can tell you that as a result of the initiatives of the board on early intervention, return to work, and the relationship with the caregivers, that SGI has stepped off of that model and has implemented it and is using it. And

we are now cooperating with each other in building those resources in the community.

Ms. Draude: — Speaking of SGI, when there is an accident involving a motor vehicle there was for a time at least some controversy over who was going to actually pay the benefits. Has that been resolved?

Mr. Cameron: — In all situations the Workers' Compensation Board, if the injury came out of the course of employment, the Workers' Compensation Board is the first payer, always. And so what we entered in . . . when the no-fault insurance came into place with SGI, what we did we entered into an agreement with them. And so what we do, we pay the claim and we subrogate back to SGI for the costs of the plan so that there's not two premiums being created — you know, one from SGI, and one from us — to pay out one benefit. So what SGI does is makes the contribution back to us.

Ms. Draude: — So how much did SGI give you last year?

Mr. Federko: — Couldn't tell you.

Ms. Draude: — That isn't the kind of numbers that is kept track of?

Mr. Cameron: — I think that we would subrogate back not only to SGI but perhaps to other insurance as well, other liability insurance, approximately 1996, probably 3 million.

Ms. Draude: — Can we get that information?

Mr. Federko: — Oh sure, of course.

Ms. Draude: — Okay. I'm wondering about the accident that happened a few years ago at Shand where there was the case was actually taken to the Supreme Court challenging workmen's compensation. Can you tell me what state that . . . where this case is at this time?

Mr. Cameron: — Currently that decision of the Saskatchewan Court of Appeal brought down a split decision. On the one hand it said the board didn't have some jurisdiction in one part of it but had jurisdiction in the other. The second one, they said that the regulator was in fact responsible. So when the application was made to the . . . which really undermines the whole concept of workers' comp on a national basis — it became of significant interest to everybody nationally.

The result was that the AWCBC (Association of Workers' Compensation Boards of Canada) — which is the Canadian association of workers' comp boards, if you will, where we come together and meet to see if we can find mutual interests and manage mutual concerns — have made a joint . . . there's a petition that has gone to the Supreme Court. The Supreme Court has now agreed to hear that. And so it is now being managed by the board solicitors of the occupational health and safety through the Justice department solicitors. And the other boards on a national basis have applied for leave to be representative in front of the Supreme Court. We anticipate that to move to the Supreme Court in the latter part of 1997. During

the interim we just go on like we always have.

Ms. Draude: — So the costs that are involved in taking the case to the Supreme Court will be cost-shared by other provinces as well?

Mr. Cameron: — No, they will have costs of their own that they will be picking up. Each jurisdiction will pick up their own costs. The Saskatchewan board will pick up its share. We believe that the decision . . . there was an error in the decision. We believe that the court erred in the fact that the board did not have jurisdiction under section 44 and 168 to in fact bar an action by the workers to sue the employer. That's the issue that was challenged.

Ms. Draude: — Do you want me to continue on?

The Vice-Chair: — Thank you, Ms. Draude. You're mindful of the clock and it being 10 seconds to 12, I'm really in the hands of the committee. But we're scheduled to adjourn until 1 o'clock . . . or recess, rather, until 1 o'clock. Does that meet with everyone's agreement?

The committee recessed for a period of time.

The Vice-Chair: — Well, committee, welcome back after lunch. I trust everyone has fuelled up and things will proceed swiftly. We have a 2 o'clock scheduled adjournment. Without further comment from the Chair, I recognize Ms. Draude.

Ms. Draude: — Thank you, Mr. Chair. Mr. Cameron, I want to talk for a minute about the employer advocate. Can you tell me how often an advocate is requested? I know that you say there's about 100 claims a day and I'm just wondering what percentage actually end up having to go the advocate.

Mr. Cameron: — You're talking about the Workers' Advocate? You know I do not have a statistic on that, as to how many, how many files they handle a year, but I believe that it is . . . I don't think I'd be far off to say that it was less than, less than 200 out of the 34,000. And I think we also will appreciate that files are reopened basically at the request of the worker. So we're not really talking about a percentage of 34,000, we're talking a percentage of upwards of a million claimants. So we do not see large numbers.

Ms. Draude: — What does this advocate cost the workmens' compensation?

Mr. Cameron: — I believe that in 1995 it was about 455,000.

Ms. Draude: — Is that just for the advocate? Is there any other monies that this encompasses?

Mr. Cameron: — That would cover their office accommodation and their support staff, equipment and the staffing.

Ms. Draude: — Okay. Is there any money given from the Workers' Advocate for salaries of people such as the deputy minister?

Mr. Cameron: — I don't know that. It's not a part of our budget item. We receive an invoice as to . . . for the amount of money, and then we in fact get to pay the bill. That is all handled through submissions with Treasury Board and accountability to Treasury Board through the line department of the Department of Labour.

Ms. Draude: — Okay, so then we don't, workmens' compensation doesn't know, can't report to the employers how much money was given to them for specific reasons. It was just an invoice, period.

Mr. Cameron: — Well I think that that's fair, but they do give us some support information as to where the money was spent but we don't get the opportunity to manage where it goes.

Ms. Draude: — So do you have a projected amount that you are going to give them each year or does it . . . do you just get a bill at the end of the year?

Mr. Cameron: — No. Normally within their budget cycle they will advise us as to what to anticipate, which has been approved for them in the Department of Labour's budget by Treasury Board.

Ms. Draude: — So has it ever been a lot different than what the projection was?

Mr. Cameron: — No. Normally it is pretty close.

Ms. Draude: — Are the costs of the Occupational Health and Safety Standards Board paid for by workmens' compensation?

Mr. Cameron: — Yes.

Ms. Draude: — Totally?

Mr. Cameron: — Yes.

Ms. Draude: — So what are you expecting that the new standards are going to cost for implementation, new OH&S (occupational health and safety) regulations?

Mr. Cameron: — We have a budget item of approximately \$4.2 million for occupational health and safety and we have the same situation there as we do with the advocate's office. We receive an invoice for the expenditure, they give us support information as to where it was spent on, but we do not have influence on how it was spent.

Ms. Draude: — The new standards that are . . . I guess they're just coming into effect this year, are they? I would expect that you're anticipating a substantial increase in the amount that would be claimed for, right?

Mr. Cameron: — We have no information to suggest that at this point, but my understanding is that they still are working on their budget cycle. And so until they get through the budget cycle and get through Treasury Board as to what their allocations are by vote, or by line-by-line item, we won't know that. But normally as soon as they're aware as to what it is, they

will advise us. And they work on a different calendar year than we do. They work on a fiscal year of March through to February . . . or March 31, I guess it is, and we work on a calendar year. So it doesn't cause us any difficulty particularly in our budget cycle.

Ms. Draude: — Have the employers that work with the board given you any reason to be concerned about the increased costs that they feel are coming down the tubes because of this?

Mr. Cameron: — From time to time the question is posed to the board as to the expenditure for occupational health and safety. But under the legislation pertaining to workers' compensation it's clear that we get to pay; we do not get to influence. And so if they have an issue there they would deal with the appropriate department, being the Department of Labour, as to how that money is expensed; whether it's too much, too little, or where it should go. The board doesn't get the opportunity to influence that.

Having said that though, there is some cooperation between occupational health and safety and the board as to where they might focus some of their energy, but there's no requirement that they do that.

Ms. Draude: — Did the board have input on the new regulations?

Mr. Cameron: — No.

Ms. Draude: — Just to go back to the Workers' Advocate. Is there any way that we can get a breakdown of what the costs were. How the 450 . . . was it thousand . . .

Mr. Cameron: — I think we could make that request of the minister on your behalf, yes.

Ms. Draude: — Okay. I am just going to talk for a minute about the actuaries. I'm wondering if you can . . . I know it's something that's being discussed right now. You said that their decision, sort of what would be a standard, that's coming down fairly soon, is it?

Mr. Cameron: — We have a high expectation that the differences between the two actuaries will have been sorted out by them and that they will come to us with an agreement as to what that number is. If they do not come with an agreement as to what that number is, then of course it's now going to become a board decision as to what we believe more appropriately reflects what that liability should be.

In other words, at this point, we are not the arbitrator here. Their professional association is acting as the arbitrator, or conciliator, if you will. But if in fact there is no agreement, then the board has got before it the question as to which liability do we believe the most appropriate to be, the Mercer report or the Wyatt report.

Ms. Draude: — So how do you choose an actuary in the past? How was it chosen?

Mr. Cameron: — I don't have an answer for that, other than when I arrived in April of 1993, Mercer, the actuaries, had been there for many, many years. And to the best of my knowledge there has not ever been a call for proposals from different actuarial firms. They've just been there for ever as far as I know.

Ms. Draude: — So then their work isn't tendered? Or like the costs for the . . .

Mr. Cameron: — That work has not been tendered during my term at the board. And to my best understanding, is it had not been ever tendered before. So I'm not sure how they got appointed to begin with.

Ms. Draude: — Are there a number to choose from?

Mr. Cameron: — Yes there are. And in fact we went to the market-place to determine . . . or to find someone else to do some more work for us to see if they could answer some of the questions that we had posed to Mercer that they didn't appear to be able to answer, or alternatively couldn't make us understand what the answer was. So we then went to the workers' comp boards on a national basis to find out who was using who and what, who was comfortable with whom, and we were led to Wyatt and company or Wyatt Worldwide as they're known.

Ms. Draude: — So is there a development of national standards as such for actuaries to use across Canada?

Mr. Cameron: — As we understand it, the Canadian Institute of Actuaries has a set of standards and that's the question that's before them now. Has one or the other or both of them met those standards; and if they have met those standards, why are there these differences?

Ms. Draude: — Will the board be considering tendering this position for actuary?

Mr. Cameron: — At this point, we are not. That doesn't mean that we wouldn't consider changing actuaries if one is found to be more credible than the other.

Ms. Draude: — It doesn't have anything to do with costs then.

Mr. Cameron: — No, I don't think that we would look at the costs because I believe that from . . . we wouldn't find much difference on their costs, whether they're Mercer or whether they're Wyatt, or who they might be. I think that they have a block of work to do; they work on a fee-for-service basis; and that we would find them all not too far apart.

Ms. Draude: — So across Canada, you've checked with Manitoba, Alberta and so on, to find out what they pay and it's all within the same . . .

Mr. Cameron: — Yes, the fact is Wyatt came highly recommended to us from the province of Alberta, who had had a similar issue in front of their own board about five years ago.

Ms. Draude: — Okay. The consultants that are used by the board — there was a considerable increase in consulting services, I think, about probably over a hundred per cent between '93 and '95. Why?

Mr. Cameron: — That was a time in which the board was going through a complete reorganization and we used a number of consultants. And the fact is some of those consultants were then hired as the executive, and it also gave the board an opportunity to find out what the quality was of their work and if they were people that we felt we could work with.

In fact one of those consultants was Mr. Federko, who did some work for us for several months and then was offered a position of vice-president of finance. Another one was Mr. Volk, who as well came to us as a consultant on the reorganization and was then hired to be the vice-president responsible for client services. And so we had an opportunity to look at them. So part of that was either hiring people to put on the payroll or alternatively on consulting fees.

The other thing is, I suspect, that part of the increase in consultant costs, as earlier reported, had to do with the development of the technology that was going on that were referred to as consultants, as opposed to — I suppose — subcontract work, because the competence wasn't within the board to build that technology. The competence came through ISM (Information Systems Management Corporation) and a number of other technology companies.

Also I think that in those numbers, prior to 1995, included the normal sort of professional people that we had, for example KPMG, Mercer's — all of those fees at one point were all together. And it was only in 1995 that we broke those out because we saw professional fees as something very different than the consulting fees. The consulting fees have continued, although there has been somewhat less use of them, because the technology has only matured in the last few months and in fact it was in December that the button was finally pushed for the new technology.

Now as we move forward into 1997, we will see the consultant fees again be high because of the fact that the technology, there is one more piece left to build in the system — and that has to do with the actuarially based rate code which was a recommendation of the Neville report, but which was an initiative that the board had already commenced in 1995.

Ms. Draude: — When you hire a consultant, is this . . . is the work tendered?

Mr. Cameron: — The work on the technology, there were calls for proposals and from the call for proposals it was narrowed down. And perhaps I could turn that over to Mr. Federko because he's just gone through that process again recently.

Mr. Federko: — All the significant consulting contracts, and the majority of them are on the computer development side, would have been tendered. So we would . . . We go through an extensive process internally where we prepare what we call a

scoping document where we lay out all of our requirements.

And then we send that, in this last go-around, to all the vendors that we are aware of that were capable of building that technology and ask them to re-submit a proposal. Included with that proposal was not only their price but also the methodology that they would use in developing that and how that could also interact with our already existing computer systems.

Then we go through a ranking process which not only ranks the price, but ranks the, for example, financial stability of the consultant that's delivering the service. Because we don't want them to start the project and then because of financial reasons not be able to complete it. And we come up with a weighting, and based on that weighting we choose who the successful candidate is.

We have a total. If any of the other vendors wanted to come in and audit our process for example, we could show them that we've run the process and here's the ranking and the weighting and that's why they weren't successful.

Ms. Draude: — Okay, so this would be on the technology side. How about on some of the other consultants, like KPMG? Is all that work tendered?

Mr. Cameron: — KPMG is an appointed auditor by the Lieutenant Governor.

Ms. Draude: — Okay, maybe a poor example. Any other consultants? Like what other positions are . . . what other work is done by consultants?

Mr. Cameron: — Well primarily over the last two years, the bulk of the consulting work has been done either on the technology, or alternatively where we had brought someone in because we were interested in them for an executive position within the board.

The Vice-Chair: — Thank you, Ms. Draude.

Mr. D'Autremont: — Okay, thank you for the opportunity to participate again.

Since we're on the consulting and costs associated with that, I wonder if you could explain for me who or what Saskatchewan company no. 603315 is who did consultations for the corporation in 1995 for \$224,330?

Mr. Federko: — That is a communications company. The individual's . . . the principal's name is Harvey J. Linnen. In the process of reorganizing we have now successively got a planning, research, and communication division in place.

In the process of developing that, Harvey Linnen's company was hired, who provided, for example, preparation of the annual report or assistance in preparing the annual report, doing several brochures, and did all of our subcontract work for us as well. So for that period of time, until such time as we got planning, research, and communications up and running, Harvey's company, which is a numbered Saskatchewan

company, was used for those purposes.

Mr. D'Autremont: — The name is familiar but I'm not just sure where, in what context, I know that name — but it will come to me at some point in time.

Mr. Cameron: — He had been a long-established public relations firm or associated with public relations firms in the city.

Mr. D'Autremont: — Well that's probably where I've heard the name. And how about Donald Ching? I think we all know that name.

Mr. Cameron: — Don Ching was invited by the board to come and spend a short bit of time with us to in fact do some work between the board and the executive arm of government in which there were questions posed as to the autonomy and the independence of the board with executive government.

Mr. Ching had been the deputy minister of Labour, and the result was had a long relationship of several years between executive government and the Workers' Compensation Board, and in my judgement — and this was my judgement call — was that he was best able to do some of that work for us.

What we invited him to do there was to try and explain to elected people currently within the government as to what that relationship was and how it ought to function more appropriately.

Mr. D'Autremont: — Did he present a report to you as to what his results were?

Mr. Cameron: — He presented a verbal report. But I like to think it was successful because the relationship changed considerably.

Mr. D'Autremont: — Thank you. One of the rumours that came to us on this particular . . . and the consulting, and I think it's one that should be cleared up and you're in a position to do that, is that Mrs. Cameron was hired as a consultant by the corporation. Is there any truth to that at all?

Mr. Cameron: — Well I have no . . . If you're referring to my spouse, Opal Cameron, there is no truth to that at all. The fact is, I'm not aware of any Cameron having anything to do with it. In fact the corporation that she was closely associated with, that she had owned and had sold, had looked to the board for work and continues to look to the board for work, and has not had any success in getting any. Not because of their qualifications but clearly there ought to have been some distance there. And so we did not want to be in a conflict.

Mr. D'Autremont: — I just wanted, because it was a rumour, to give you the opportunity to settle that so that it wasn't a problem.

One of the statements that you made — I'm not sure if it was you or if it was the minister in your opening presentations — dealt with the length of time that people remain on WCB

payments or services. That in 1990 it was 23.4 days; in '95 it was 30.9 days; and that in 1982 it had been 39 days. I wonder if you can give an explanation as to why the decrease from '82 to '90 and then the rise again from '90 to '95.

Mr. Cameron: — If I could speculate for a moment. In 1982 was when the legislation changed so we moved to a wage-loss system away from a pension system. And I think that there was a long period of time in which the board and its administration were trying to find ways in which to manage the new wage-loss system.

The result was that no one was clear as to what it actually was about, whether it was the worker or the employer or the board itself. And so there was a maturing process. During that period of time there was an escalation of . . . to 38 days. As that maturity came about, that number started to reduce.

And some of the policies of the board had changed as well in the '80s and the '90s. That impacted on benefits. For example, a policy of deeming workers to be fit for employment by the board as opposed to by the primary care-giver. The result of that policy was a change in legislation in 1994, which was the removal of section 107 from the Act; 107 is what gave the board the power to terminate benefits or overrule the primary care-giver.

That is actually what prompted the building of a task force with care-givers as to how we might now manage that, as opposed to having always used the college of physicians and surgeons or the professional associations to be the arbitrator.

So as we went into 1990 . . . benefits were terminated in '91, '92, and '93. Benefits were terminated basically at the will of the board's internal, house doctor. The 1992 committee of review challenged the board and felt that it was inappropriate. That was a unanimous decision of the board . . . of the committee. So that in 1993 the board started to move that responsibility away from its in-house doctors and move the responsibility back to the primary care-givers.

The primary care-givers of course look often, we think, at their patient. I mean as a . . . the relationship is what it is and there's a fee for services there. So I'm not suggesting for a moment that the doctors wouldn't state that they were fit for employment if in fact they were, therefore drag them onto benefits longer because the board now relied on what the primary care-giver said.

However, we're satisfied now with the assessment teams that are out there, where a group of professionals in the communities now get to assess the competence of the worker in returning to work or why they're not fit for work . . . has relieved that. I suppose the possibility does exist that the doctor could have looked at it and said we may lose a customer as a result of my harsh decision here and there may have been some hesitation to do that. But we have no mechanisms in which to monitor that; therefore we decided to move to a new . . . build a new relationship with our professional community.

Mr. D'Autremont: — Well I've had these discussions with

SGI also and I believe that the personal care-giver has to be involved in the decision process, and that there are advantages for both sides if they are the sole arbiter of that medical condition. In the case of the practitioner, the client's practitioner, it's perhaps in his financial interest to maintain that relationship with that client. On the other side, with the board, it may be in your financial interest to limit the amount of benefit paid to the client. So I think there needs to be a joint decision on that process. And I think . . .

Mr. Cameron: — And frankly, that's what had happened as to why the duration as such shortened up so considerably, because the board just arbitrarily, through its medical department, was terminating benefits regardless of what the primary care-giver said.

So now we try and work with the primary care-giver. We still have doctors on staff. They were always in a consultation role between our client service rep, who is the front-line worker, and the medical practitioners.

Mr. D'Autremont: — Your front-line service representative that would be dealing with the clients on their benefits, what kind of training have they had? Are those actually medical people or are they counsellors that have some training within WCB but are not medical people?

Mr. Federko: — They are non-medical people who are, for the most part, people who have started with our organization in various capacities and just have gained a lot of WCB experience through our posting process consistent with our collective agreement. They have an opportunity to bid on those jobs, and if they happen to be successful then we put them through our own in-house training program which is typically six weeks of kind of in-depth training. And then we go through a buddy system process.

We've recognized that that isn't necessarily the most efficient and effective way to train them, and as an initiative for 1997 have taken forward, through our budget to the board, a strong focus on training so that we can actually enhance those skills even further.

Mr. D'Autremont: — Do they make any medical recommendations or decisions dealing with the benefits?

Mr. Federko: — They are the first adjudicators. They will make the decision as to whether this is an injury coming out of a work situation. They will also determine the level of benefits, having decided to accept the claim.

When they get into a situation where, from their experience, they are receiving conflicting medical information, so they receive a medical report from a physician and they've seen some of these before, and this isn't consistent with what they've seen in the past, or they don't understand it, they will refer that case to one of our in-house medical doctors who then will either advise the CSR directly or will actually make contact with the treating physician to get clarification or actually question him on the proposed treatment.

Mr. D'Autremont: — So they wouldn't make a recommendation or a decision then, based on the information before them, without — a decision based on the medical condition of the client — without consulting the medical doctors that you have employed?

Mr. Federko: — Absolutely not.

Mr. Cameron: — The primary role is to gather information from the employer, from the care-giver, from the worker, to determine first of all, did the injury come out of the course of employment? What is the degree of . . . What is the medical condition? And then to solicit from the primary care-giver, and with the cooperation of the employer and the worker, some way to reintegrate the worker back into the workplace.

So the real focus on the front end is to gather the information and then focus on getting the worker back to work.

Mr. D'Autremont: — Okay. How do you go about determining that the injury occurred in the workplace and not on the ski trip over the weekend?

Mr. Cameron: — We rely on the employer's report to a large degree, who also files a report as to how the injury happened. Failing that, if we can't get an agreement between the worker and the employer as to what took place, we actually have investigative . . . claims investigators that go to the workplace, interview other workers, other supervisors, and try and do the investigation. And in fact, often when we're faulted for having not got the first cheque out quick enough, it's because of the fact that we're doing an investigation and it's taking time.

Mr. D'Autremont: — Do you do follow-up investigations? Say a worker has a claim for a back injury and is off work. Do you have investigators that monitor that client at some point down the road?

Mr. Cameron: — No, we rely strictly then on the primary care-giver's medical reports to the board. And in 1996 we added for the first time a loss control officer at the board. In other words, a fraud investigator. There had never been one at the board before.

I mean I'm not naïve enough to believe that there isn't some abuse of the system. Whether or not it is fraud or not, I don't know that. The other thing is, I mean who really committed the fraud here — the worker, or the employer that supported the original injury, or the care-giver that supports it. I mean where does it really lie here.

And so we have decided that there is some of that in the system. We believe it could be 3 to 5 per cent; so we have decided to look at it with a professional.

Mr. D'Autremont: — Well 3 to 5 per cent of your budget would be a significant amount of money.

Mr. Cameron: — Yes it would.

Mr. D'Autremont: — So this loss control, is it a single

individual or is it a small department that you've set up?

Mr. Cameron: — We developed in 1996 a program evaluation and quality control unit, which is an internal audit function, and attached to that unit is this investigator that reports in effect . . . because that particular unit reports directly to the CEO (chief executive officer). It doesn't report through a vice-president function.

Mr. D'Autremont: — So who would refer cases to this audit department?

Mr. Cameron: — Some may be referred to us because we received a letter from someone in the community that suggests that there is a fraud being committed. Some may come from an employer who has raised the question, that believes that the worker is doing things but can't report to work and there seems to be some relationship between the two physical requirements.

Some have to do . . . we get some just out of our client service end. They look at it and say, there are things in here that just don't seem . . . do not appear to add up correctly and they'll refer it for a review.

Mr. D'Autremont: — Well I'm glad to hear that you have that in place because I think . . . I'm sure we've all heard rumours — we don't necessarily have evidence — but rumours that someone's on workers' compensation and is out doing carpentry work when they're supposed to be a welder or something.

Mr. Cameron: — And perhaps I could help maybe clarify even that. There are people that will be receiving workers' compensation that may in fact be working as well. And that has to do with those that have a wage loss, where we're subsidizing the wage loss. In other words, they were earning \$16 an hour, they're getting 90 percent of that, or are entitled to 90 per cent of that, they have a job where they're working for \$8 an hour, the board has to pick up the wage-loss difference.

And so we have those situations where people believe that they're working and drawing workers' comp — absolutely right, but that's the rule of the legislation in a wage-loss system.

Mr. D'Autremont: — Well the examples that I was thinking of were not those where they were drawing wages but that they're working on their brother-in-law's house or something while they're supposedly off on workers' compensation and can't carry on with their regular duties.

Some of the other items that need to be pursued in the increase in either time that people are on workers' compensation or the costs involved . . . I think you said that there are more injuries taking place now than there were in 1990. Are those injuries more intensive? Has there been a change in the nature of the injury?

Mr. Cameron: — I think as we looked to the late '80s or early '90s, we had considerable heavy industrial work going on in which somebody would break an arm, a leg — a fracture — on construction and then return to work.

What we're seeing now is more carpal tunnel, soft tissue type injuries, which are more difficult to manage, more difficult to assess, more difficult for the care-givers to determine, and more difficult to treat. And of course this is the challenge that workers' comp boards across Canada have.

Mr. D'Autremont: — Would those types of injuries mean higher medical costs or simply longer time off of work?

Mr. Cameron: — Both.

Mr. D'Autremont: — Which would be more prevalent — the higher cost or that it takes longer to get back to work?

Mr. Cameron: — It takes longer to get back to work because the care-giver can't, with certainty, determine that in fact they are fit for work.

I think too, that when we talk about the costs prior to 1995, or through '94-95 as we moved into early 1996, there was only one facility for injured workers and that was the injured workers treatment program at the Wascana centre, and the waiting period was up to five months for the worker to get into that facility for treatment.

So first of all, we had waiting periods of 8 to 12 weeks for the injury to stabilize. Then there was an assessment period in which they had to wait to get lined up to go through assessment as to what sort of treatment plan they needed for another month or six weeks. And then there was a four- or five-month waiting period to actually get into the facility for treatment. And that's what I had alluded to earlier, that today there are no waiting-lists for either assessment or for treatment and therefore a reduction in costs.

Mr. D'Autremont: — Well I wouldn't want to say the people on workers' compensation are lucky, but they seem to have better access to medical services than the general public; that the general public is on waiting-lists.

Mr. Cameron: — Well we certainly as a board aggressively pursue the professional ... or the care-givers to treat our workers.

Mr. D'Autremont: — Thank you. You made a mention of a 7 per cent increase in costs, and I'm not sure if this dealt with the information technologies management or with the overall costs of administration, and that you were ... that it was stabilizing at around 6 per cent. Just what was that referring to?

Mr. Cameron: — It was a 7 per cent increase in Workers' Compensation expense. It went from 165 to 176 million in 1995. That was global cost.

Mr. D'Autremont: — And that would be related to the longer term on ... or is this the administration side of it?

Mr. Cameron: — That's overall.

Mr. D'Autremont: — Overall.

Mr. Cameron: — Right.

Mr. D'Autremont: — So that would include everything then.

Mr. Cameron: — And included in that was a 6 per cent increase in compensation expense, actual compensation expense. The rest would be made up of actuarial adjustment for long-term liability or it would be made up of increased admin costs for a total of 7 per cent.

Mr. D'Autremont: — I'm glad you mentioned the actuarial, because I did have a question on that. And I don't understand what the argument is between the two actuarial firms. I wonder if you could explain what their differences are.

Mr. Cameron: — Well part of the reason there's two actuaries is because they couldn't explain it well enough for us to understand it either, as to why their differences were there. And therefore it's in front of their professional association for peer review, to see if they can simplify it for us. But perhaps Mr. Federko can put it in terms that might help all of us.

Mr. Federko: — Thank you, Stan. The one thing we learnt in dealing with the actuaries is actuarial work is much closer to an art than it is a science. There isn't any one right answer, as Jamie Wilson from KPMG mentioned in his opening remarks. Even the CICA in their recommendations for new disclosure recognizes that a number determined by an actuary is, at best, an estimate and future disclosure will be to give you a range that we might be out by 25 per cent either way.

Actuaries, in developing valuations, use a set of assumptions. And just like the rest of us, depending on what assumptions you adopt, you'll come to different conclusions. And the differences between the number that Mercer is coming up with and the number that Wyatt is coming up with is based on two things: one, simply different underlying assumptions; and secondly, which is what the Institute of Actuaries primarily will be dealing with from a professional point of view, are differences in their underlying methodology. To give you any more detail than that would be stretching it. But clearly the differences are simply that they're employing different assumptions and they're using a different method of calculating it.

Mr. D'Autremont: — Sounds as scientific as figuring out football pools.

Mr. Federko: — You're right.

Mr. D'Autremont: — I promised a constituent that I would bring up an issue and I'm not sure ... are we shutting down at two o'clock?

The Vice-Chair: — That is the plan.

Mr. D'Autremont: — I'll bring this up now. He is in, I believe, the C ... no, D5 pool. That's oilfield. And his rate — he phoned me — that for 1996 he received a notice that his rate will be 4.5 per hundred, \$4.50 per hundred, and he says that's an increase from 55 cents per hundred. He's had no claims against it. The people he employs are in a supervisory position

and have no hands-on contact with the actual equipment. What they are is drilling rig consultants. And he says in talking with other people in the same industry in the area, they are at 55 cents. And he's wondering why his rate is \$4.50 when theirs is 55 cents still. His was 55 previously.

Mr. Cameron: — It went from 55 cents or it increased by 55 cents?

Mr. D'Autremont: — No, went from 55 cents to \$4.50 is what he says.

Mr. Federko: — If I might ask that you just verify that information with your constituent, because it certainly differs from what we would show. D5 has two classifications: one is paying \$4.50 and that is the same rate as it was in 1996, and the other one is paying \$7.25 and that's the same rate as what the '96 rate was.

Mr. D'Autremont: — What were the rates in '95?

Mr. Federko: — I don't have that with me but my recollection of oil and gas is, is that there was no change in oil and gas for a number of years.

Mr. D'Autremont: — The information that I have was that in '95 it was 55 cents. It went to 4.50 for '96, but that the categories that he was in was changed, were amalgamated, and so he was put into a pool that covered a larger area.

Mr. Federko: — D5 was not impacted by any reclassifications in '96 or proposed for '97.

Mr. D'Autremont: — I don't know what he would have been in in '95 but he's in D5 now for '96.

Mr. Cameron: — Well if you would be prepared to share with us the specifics and the name of the person stating this, we'll be happy to give you a written response.

The Vice-Chair: — Mr. Cameron, and, Mr. D'Autremont, I just remind, particularly you, Mr. Cameron, we have an established procedure here where if you are giving a written response at the committee to a member, what we ask you to do is provide — what is it, a dozen? — 15 copies and have them sent to our Clerk at the legislature, and then we distribute them to all of the committee members.

Mr. Cameron: — That will be fine. Thank you very much. My apologies for not understanding the protocol.

Mr. D'Autremont: — We have arcane rules. One of the comments was also made that the surcharge has gone from 40 per cent . . . from 25 per cent to 40 per cent now. And that 7 per cent — I believe it's 7 per cent — of the employers were responsible for 70 per cent of the costs. Now is this on an ongoing basis? Is it the same 7 per cent that year after year represent 70 per cent of the cost?

Mr. Cameron: — It's not the same individual employers, but it always seems to work out to about 7 per cent of the employers

that drive 90 per cent of the costs. But the employers may very well change from year to year. And so what we try and do is put a focus on and invite those 7 per cent to meet with us to talk about some plan as to how they might better manage safety.

I suppose that the suggestion could be made that that is the responsibility of occupational health and safety, to actually be developing those safety initiatives with that employer, but we find a considerable success with our approach to it. And when we can't get that sort of success or cooperation, we're not hesitant to invite occupational health and safety to do some auditing.

Mr. D'Autremont: — Well with your corporation you have the opportunity to dangle a carrot in front of people — that if you can improve your safety record your rates will drop to a certain extent. Are you going to eliminate that surcharge?

Mr. Cameron: — Yes, with regard to the surcharge, the employer community have felt rather strongly that rather than this . . . good employers being penalized in the system, that the surcharge . . . or those that are driving the costs should more appropriately be picking up a larger share. And they successfully convinced the board in 1995 to, for 1996 and '97, to change the surcharge. And so the board has been trying to find a way to make the surcharge and the merit payment, cost neutral. So some employers can get now a 40 per cent surcharge because of their negative experience, while others, as a result of good experience, can earn a 25 per cent discount on their premiums.

So when we publish our rates and say that the average is \$2.07, that would be before any merit rebate. And in 1997, based on the 1996 experience, we will be paying out approximately 10 million. So the 2.07 is really the average before merit is applied.

Mr. D'Autremont: — You talked about soft tissue injuries being very difficult to determine for the length of times and we have the same experience with SGI, that soft tissue industries are difficult; and in fact they seem to be moving away from claims on soft tissue industries and going to a treatment program rather than compensation. Within Workers' Compensation Board, how are you dealing with the actual injuries for people with soft tissues, particularly with neck injuries and head injuries?

Mr. Cameron: — We flag some time frames within the claim or the management of the claim and then invite the primary care-giver and the worker to present their position in front of an assessment team made up of a broader section of the community. In addition to that we refer them much more quickly to the Canadian Back Institute, the Wascana centre, Bourassa's, and a number of other agencies that deal very specifically with soft tissue. So we're getting them into treatment quicker.

Mr. D'Autremont: — What kind of determinations do you make in treatment, particularly with neck injuries, as to whether or not the injury is still ongoing, whether or not they're suffering headaches and these types of injuries?

Mr. Cameron: — We would try and build some relationship with the employer on a return-to-work program where, as need be, for that worker to be allowed time away for treatment during working hours, with or without pay. If the employer is not prepared to pay, then of course invite the board and we'll pick up the costs of that.

I mean pain is . . . Workers' Comp does not compensate for pain. That doesn't make sense to most people because that's what injuries are about, pain. But we do not compensate for pain. So when the physical injury has been treated, there is really no further benefit available, unless that pain negatively impacts on their ability to do the physical work that was required.

So I guess a short answer to it all is that we're all in a learning phase here, whether it's the care-giver, or whether it's the board, or whether it's the employer. And we're trying to find ways between the three of us to accommodate these situations.

Mr. D'Autremont: — You say physical work. Would it also impact on mental work? I think . . . if somebody is sitting in front of a computer with a headache, can they actually carry on their job?

Mr. Cameron: — I didn't mean to say physical work; I meant physically fit. I mean, as a person, physically fit. And yes, exactly right, whether they can actually sit at the terminal for four hours or can only sit there for 40 minutes. And I mean those are parts of the return-to-work plan that are developed.

The return-to-work plan that is currently being presented to employers is where the employer and the workers and our front-line people actually sit down and develop a program within the workplace of returning workers to work and then trying to do an audit on what the tasks were prior to the injury; and then to try and determine after the injury how many of those tasks they can do if returned to work and see how we can help on the differences.

Mr. D'Autremont: — So in the context of my understanding and my work experience, a return to work could mean a return to what we refer to as light duties.

Mr. Cameron: — Could, yes. Or it could return to start to begin training for a totally different job. Some companies have successfully worked arrangements with their employee association or union where they have actually allocated or earmarked certain tasks within the organization for return-to-work opportunities, whether it's for workers' comp, automobile accidents, short-term or long-term disability other than.

And I think it would be a fair assessment that everyone is suspicious now that this actually works, specifically in the woodworking sector in Hudson Bay, for example. I mean they earmarked and allocated number of jobs, not always with the same employer, and they're in fact having considerable success and happy to do it.

Mr. D'Autremont: — Well it seemed to work within the

industries that I was involved in, that light duties put people back to work a lot quicker and made them feel productive.

The Vice-Chair: — Mr. D'Autremont, pardon me for this. It's very near 2 o'clock and I'm anxious to recognize Ms. Stanger whose . . .

Mr. D'Autremont: — I know. She wants to rebut.

The Vice-Chair: — Yes, fair enough, whatever she wants to do. But I'm just wondering, are you at a natural pause in your questioning? I very much appreciate that, Mr. D'Autremont.

Ms. Stanger: — Well thank you very much, Mr. Chair. I'm not a member of this committee but thank you for recognizing me.

My questions are very short. This is an area I've really been interested in because when I was elected in 1991, we just had an overwhelming case-load of workers' comp, and I have to tell you it has decreased — I don't know why — but it was overwhelming from '91 to '93. We dealt with so many worker comp issues.

What I'm interested in is actually back injuries. I'd like to know some history about this. I've got a specific reason. I'm not going to tell you why, but I want to know about back injuries. Do you find that people go back to work as quickly as the health people tell you they should? Or do you find back injuries have increased or have they decreased? Or the amount of time that people are spending off work — has that increased or decreased?

Mr. Cameron: — I think statistically, if we looked historically, we would find that there are really, as an overall number of injuries that the board administers on an annual basis, that there are very, very small change.

Ms. Stanger: — There's small changes?

Mr. Cameron: — If we looked at back injuries specifically. I don't think we can . . . Lumbar spine, there were 5,912 claims in 1995. And if we just pause for a moment here, in 1994 we might be able to give you the same number; 5,801 — compared to 5,912.

Ms. Stanger: — So there isn't that much change.

Have you have what I would call — you likely have a professional name for this — but do you have a lot what you would call chronic injuries where you're paying out money for five, ten years, for a long time? Do you have a number of cases like that?

Mr. Cameron: — I think if we looked at our actuarial liability we would find approximately 1,400 in the system that are long-term claims.

Ms. Stanger: — Those are long-term . . .

Mr. Cameron: — That's out of something over a million claims over the years, of which there would be about 1,400 in

the system.

Ms. Stanger: — Are long-term?

Mr. Cameron: — We have a liability with . . . for them to age 65, about 460 . . . About \$400 million.

Ms. Stanger: — 400 million?

Mr. Cameron: — Yes. And that's fully funded and invested.

Ms. Stanger: — Okay. Do you find that soft tissue, in your experience, and carpal tunnel, is it hard to diagnose? Is that something that the medical people find difficult?

Mr. Cameron: — Well not being a diagnostician so I don't do any diagnosing, but the care-givers tell us that it has become more difficult. And that carpal tunnel, for example, is kind of the disease of the '90s, work-related disease. And so, yes.

Ms. Stanger: — So it is very hard for the medical people to tell how bad it is, if it's work-related, or how long it lasts?

Mr. Cameron: — It is more difficult. The fact is we have an injury prevention module and have started to do some work with it. One particular corporation . . . of one injury . . . where carpal tunnel is significant to see if there's some ways to mitigate it.

And you know, often we think of it, it has to be in the typing pool, whereas it actually can be in the production worker as well. Whether it's in the slaughtering and meat processing or whether it's just repetitive machine shop type work, it is much more difficult to handle.

Ms. Stanger: — What percentage of the pay-out, say in '95, would be soft tissue and carpal tunnel?

Mr. Federko: — I can't tell you specifically what percentage. I can tell you that the majority of the costs would be associated with soft tissue and lower back injuries.

Ms. Stanger: — Of the total. I sort of thought that. I was going to throw in the back injuries next. I mean it would almost be difficult to tell sometimes if this isn't only even lifestyle, plus the work.

Mr. Cameron: — Well of course. But there's a section in the Act called section 50 that in effect directs the board as to how it will handle that. We talked earlier this morning about the ageing of workers and the impact of the workplace. Just the ageing process has un-work-related injuries. Older workers work safer, but older workers that have an injury take longer to respond to treatment.

Ms. Stanger: — Thank you. That's the area I was interested in.

Mr. Vice-Chair: — Thank you, Ms. Stanger. True to your word, you kept your questions very short. And I appreciate Mr. Cameron's short and to-the-point responses. Although I do confess at one point when you said I'm not a diagnostician, I

thought you were going to turn it over to Mr. Federko to finish the answer.

Mr. Cameron: — I don't think he is either. We can tell you what the statistics show, but what the muscle's doing, we can't tell you.

Mr. Vice-Chair: — Right. Committee members, this being now 5 after 2 and we were scheduled to end this at 2 o'clock, I know that some of the members have other commitments at 2 o'clock so extension is simply not an option, unfortunately, this day. And I'm sensing that there are still some areas that committee members do wish to pursue with the board.

I want to thank committee members for their diligence this day, and particularly thank the auditors and Mr. Cameron and Mr. Federko for your part in making these deliberations a worthwhile and useful exercise for us to go through. And indeed as legislators, as we interpret and take the responses back to the general public, I know from experience that we find this a useful exercise.

It's my understanding that this is intended to be the last time the Crown Corporations Committee will meet until we start meeting regularly during a legislative session. Of course I would defer that if in the opinion of the chairperson . . . If Ms. Lorje decides otherwise, she would be in consultation with committee members. But my expectation is this is it until the legislature reconvenes.

Mr. D'Autremont: — I think the chairman's expectation was that we would have wrapped this up today, so perhaps it's worthwhile discussing with her the possibility of having another session before the beginning of the legislative session.

The Vice-Chair: — To deal with Workers' Compensation? Fair enough. I will see that that gets passed on and we'll see what happens with that.

With that, I'll entertain a motion to adjourn. Mr. D'Autremont, thank you. The committee is adjourned.

The committee adjourned at 2:10 p.m.