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MLA, HAY RIVER NORTH

**Oral Question #697-18(3) Northwest Territories and
Nunavut Workers' Safety and Compensation Commission**

This letter is in follow-up to the Oral Question you raised on March 14, 2019 regarding the Northwest Territories and Nunavut Workers' Safety and Compensation Commission.

During our discussion, I committed to providing information on:

- **Where the difference of \$20 million in revenue goes to?**

The 2017 WSCC audited financial statements provide a summary of the complete financial activities of the organization. The "Statement of Comprehensive Income" shows that the WSCC has two primary revenue sources, assessment and investment revenue or income. Assessment revenue is the total revenue derived from employers annually. In 2017 that number was slightly over \$61 million dollars. Investment revenue, derived from WSCC held investments earned approximately \$27.5 million thus providing \$88.7 million in total revenue available to fund costs.

Costs for the WSCC are separated into two primary categories, claims and administrative/general expenses. The "2017 Statement of Comprehensive Income" shows a total claims expenditure of \$69.9 million and an administrative/general expense of \$18.4 million for total costs of \$88.3 million. Claims costs, both current and prior years reflect both the dollars paid out during the fiscal year in the form of compensation, medical expenses, and pension amounts, as well as the liability held for expected lifetime costs for all claims. Administrative/general expenses include the costs of operations for the WSCC with slightly more than half of the total comprised of salaries, wages and allowances paid to WSCC workers. The total administrative/general expenses for 2017 was \$31.5 million, however \$13.1 million of that total is directly allocated to claims management and captured in the claims expense total referenced above with the net amount of \$18.4 million reported as administrative/general expense.

- **Will the WSCC be putting forward a plan to shift OH&S costs off the backs of private industry and back onto the government?**

The WSCC annually sets rates for the subsequent year. The rate setting process is designed to ensure anticipated claims and administrative costs for the upcoming year are covered through the rate structure system which groups employers in a defined manner. Historical claims costs are utilized for the employer groupings in determining the detailed subclass rates. It is a complex process with expert involvement and analysis completed by the actuaries and ultimately reviewed and approved by the Governance Council.

The WSCC continually evaluates its rate setting model to ensure it best meets its needs. The WSCC is open to exploring alternative approaches to how costs are allocated, however it is fully conscious that it is employers, including government that fund the system. Allocating OH&S costs to the governments is possible. A predictable outcome of that action would be an increased premium cost to government reflecting the reallocation of a higher percentage of total costs to select employers rather than apportioning the costs amongst the total employer base.

- **What portion of the WSCC's budget is spent on occupational health and safety responsibilities?**

Approximately 17% of the total administrative/general expense budget for the WSCC is spent on occupational health and safety responsibilities.



Alfred Moses
Minister Responsible for the
Workers' Safety and
Compensation Commission

c. Clerk of the Legislative Assembly

Chair, Workers' Safety and Compensation Commission, Governance Council

President and CEO, Workers' Safety and Compensation Commission

Legislative Coordinator, Executive and Indigenous Affairs