

COMPENSATION FUND (YUKON)

FINANCIAL STATEMENTS

December 31, 2002

(audited)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

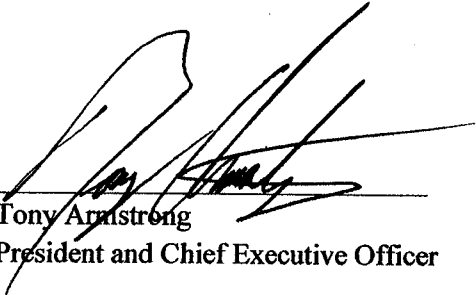
The management of the Yukon Workers' Compensation Health and Safety Board (the board) is responsible for establishing and maintaining a system of books, records, internal controls and management practices designed to provide reasonable assurance that reliable financial information is produced; board assets are safeguarded and controlled; transactions of the board are in accordance with relevant legislation, regulations and board policies; and that the board resources are managed efficiently and economically and the operations of the board are carried out effectively.

Management is also responsible for the integrity and objectivity of the financial statements of the board. The financial statements as at December 31, 2002, which include amounts based on management's best estimates as determined through experience and judgement, are in accordance with Canadian generally accepted accounting principles. Other financial information included in the Annual Report is consistent with these financial statements.


Board members (the Board) are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises its responsibilities through the Finance, Investment, and Audit Committee. The Finance, Investment, and Audit Committee has reviewed the financial statements and has submitted its report to the Board, which has approved these financial statements.

The Auditor General of Canada conducts an independent audit for the purpose of expressing her opinion on the financial statements. She also considers whether the transactions that come to her notice in the course of the audit are, in all significant respects, in accordance with specified legislation.

Hewitt Associates, an independent consulting actuarial firm, has been engaged to provide an opinion of the adequacy and appropriateness of actuarial valuations of the benefits liability of the board.



Tony Armstrong
President and Chief Executive Officer



Jim Stephens, CMA, CGA
A/ Vice President, Operations
and Chief Financial Officer

April 4, 2003



AUDITOR'S REPORT

To the Honourable Peter Jenkins,
Minister responsible for the Compensation Fund

I have audited the balance sheet of the Compensation Fund as at December 31, 2002 and the statements of operations and reserves and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Compensation Fund as at December 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Workers' Compensation Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Fund that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Workers' Compensation Act* and regulations, the *Occupational Health and Safety Act* and regulations and the *Financial Administration Act* and regulations.

Ronald C. Thompson, CA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
April 4, 2003

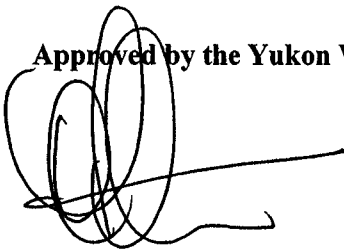
**Compensation Fund
Balance Sheet
As at December 31**

	<u>2002</u> <u>(\$000s)</u>	<u>2001</u> <u>(\$000s)</u>
Assets		
Accounts receivable (note 3)	\$ 887	\$ 216
Investments (note 4)	128,871	136,874
Capital assets (note 5)	<u>3,741</u>	<u>3,284</u>
	<u>\$ 133,499</u>	<u>\$ 140,374</u>
Liabilities and Reserves		
Bank overdraft (note 9)	\$ 682	\$ 75
Accounts payable (note 3)	2,724	2,575
Benefits liability (note 6)	<u>95,022</u>	<u>78,174</u>
Total liabilities	98,428	80,824
Reserves (note 7)	<u>35,071</u>	<u>59,550</u>
	<u>\$ 133,499</u>	<u>\$ 140,374</u>

Contingencies (note 10)

The accompanying notes are an integral part of the financial statements.

Approved by the Yukon Workers' Compensation Health & Safety Board



**Chair
Craig Tuton**

**Compensation Fund
Statement of Operations and Reserves
For the year ended December 31**

	2002 (\$000s)	2001 (\$000s)
	<u>Total</u>	<u>Total</u>
Revenue		
Assessments	\$ 7,749	\$ 7,165
Investment (note 4)	4,590	9,004
Recoveries and miscellaneous	421	412
	<u>12,760</u>	<u>16,581</u>
Expenses		
Claims expenses (note 6)	29,465	17,548
Administration and prevention (note 11)		
Administration	5,662	5,464
Occupational health and safety	907	952
Workers Advocate office	343	309
Appeal Tribunal office	179	194
Employer Consultant	80	-
Business process improvement costs (note 5)	603	-
Total expenditures	<u>37,239</u>	<u>24,467</u>
Operating deficit for the year	(24,479)	(7,886)
Effect of change in assumptions (Note 6)	-	9,337
Final operating (deficit) surplus	<u>(24,479)</u>	<u>1,451</u>
Reserves, beginning of year	59,550	58,099
Reserves, end of year (note 7)	<u>\$ 35,071</u>	<u>\$ 59,550</u>

The accompanying notes are an integral part of the financial statements.

Compensation Fund
Statement of Cash Flows
For the year ended December 31

	<u>2002</u> <u>(\$000s)</u>	<u>2001</u> <u>(\$000s)</u>
Cash flows from operating activities		
Cash received from:		
Employers, for assessments	\$ 7,477	\$ 6,783
Recoveries and miscellaneous	519	821
Investment revenue	6,114	8,686
	<u>14,110</u>	<u>16,290</u>
Cash paid to:		
Claimants or third parties on their behalf	(12,766)	(10,764)
Suppliers, for administrative and other goods and services	(7,924)	(6,143)
	<u>(20,690)</u>	<u>(16,907)</u>
Cash used in operating activities	<u>(6,580)</u>	<u>(617)</u>
Cash flows from investing activities		
Sales and maturities of investments	433,024	156,043
Proceeds on disposal of capital assets	1	1
Purchases of investments	(426,245)	(154,648)
Purchases of capital assets	(807)	(472)
Cash provided by investing activities	<u>5,973</u>	<u>924</u>
Net (decrease) increase in cash	(607)	307
Bank overdraft, beginning of year	(75)	(382)
Bank overdraft, end of year	<u>\$ (682)</u>	<u>\$ (75)</u>

The accompanying notes are an integral part of the financial statements.

Compensation Fund
Notes to Financial Statements
December 31, 2002

1. Nature of Operations

The Compensation Fund (the Fund) was established by the *Workers' Compensation Act* and is administered by the Yukon Workers' Compensation Health and Safety Board (the board) pursuant to the Act. The Fund, as administered by the board, provides compensation for injury or death by accident arising out of and in the course of employment. Annual assessments are levied upon employers, usually on the basis of their reported assessable payrolls. The assessment and investment revenue pays for all of the claims, administration and prevention expenses. In 1992, the board was made responsible for the administration of the *Occupational Health and Safety Act* and regulations to advance strategies for preventing workplace injuries in the territory.

2. Significant Accounting Policies

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The more significant accounting policies of the board are as follows:

(a) Benefits liability

The benefits liability represents the actuarial present value of all future benefit payments expected to be made for claims which have occurred in the current fiscal year or in any prior year. The benefit liability contains a provision for future payments on claims that have not been finalized to date. It is comprised of three liabilities for medical aid and compensation, pension, and annuity.

The benefits liability includes a provision for all benefits provided by current legislation, policies and administrative practices in respect of existing claims. These claims were discounted to a present value at a real interest rate of 3.5%. No provision has been made for claims related to known latent occupational diseases where the claim has not yet been reported and the year of disablement would be in a subsequent period.

Medical aid and compensation includes benefits for medical aid, compensation for loss of earnings and personal property, lump sum payments for permanent impairment, rehabilitation assistance, emergency transportation, traditional aboriginal healing, and death and funeral expenses.

The pension liability includes monthly pension benefits indexed annually that are paid to spouses, dependent children and guardians of dependent children of those who die from a work-related injury.

The annuity liability is for workers who have received compensation for the same disability for at least two full years. Ten percent of the total compensation payments, plus interest, is set aside to provide a retirement annuity at sixty-five years of age.

2. Significant Accounting Policies (continued)

(b) Allocation of reserves

The reserves are comprised of a prevention and benefit enhancement reserve, a target reserve, and a rate transition reserve. Once the benefits liability is determined, the remaining difference between the board's assets and liabilities is credited to reserves as follows:

Prevention and benefit enhancement reserve - the initial amount identified as at December 31, 1997 will be credited with interest at the same rate as the annuity liability

The target reserve itself has three components, funded as follows:

Catastrophic claims - 200 times the maximum wage rate

Adverse claims experience - 16% of the unsubsidized assessment revenue plus 12% of the benefits liability

Occupational disease and enhanced disabilities including latent occupational diseases - 7% of the benefits liability

After the target reserve has been funded, the rate transition reserve is charged with the difference between the amounts charged or credited to the other two reserves and the total available for reserves.

(c) Investments

The objective of the board's investment policy is to ensure that funds are available to satisfy the liabilities. A portion of the investments is designated to match the benefits liability.

The carrying value of fixed-term investments, having terms greater than one year, consisting primarily of bonds, is cost, net of amortization of premiums/discounts on purchase. Fair value is the stated market value at year-end. Gains and losses realized on disposal of fixed-term investments during the year are deferred and amortized over the remaining period to maturity of the related investment.

Equity investments are carried at cost plus a moving average market method adjustment to amortize unrealized gains and losses over a five year period. Net realized gains or losses on the disposal of equity investments are deferred and amortized to income on a straight-line basis over five years.

Investments denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the end of the year. Income is translated at the rate in effect at the time of receipt. Exchange gains and losses resulting from the translation of foreign currency balances and transactions are amortized into investment income over a five-year period.

(d) Assessments

Assessment revenues are calculated on actual or estimated payrolls as reported by the employer, or on provisional assessments as determined by the board. Separate rates of assessment are established for each industry classification.

2. Significant Accounting Policies (continued)

(d) Assessments (continued)

In addition, the board administers the Government of Yukon employees' compensation claims related to injuries prior to January 1, 1993 when the Government was a self-insured employer. The Fund receives reimbursement for the claim costs and related administrative expenses of those employees.

(e) Supplementary compensation benefits

Supplementary compensation benefits are granted, pursuant to the Yukon Workers' Compensation Supplementary Benefits Ordinance, to all persons receiving compensation on or after October 1, 1973 for accidents prior to that date. Compensation is increased to the amount that would have been granted had the accident occurred after the Act came into force. The cost of these benefits is recovered from the Yukon Consolidated Revenue Fund.

(f) Third party subrogated claims

In certain limited circumstances, under section 42 of the *Workers' Compensation Act*, the board is deemed to be an assignee of a cause of action in respect of a claimant's disability. The claimant receives 25% of any settlement received after deducting all the costs of the action. This is over and above any future benefits entitlement. The remaining amount is used to offset future claims benefits, which were previously expensed in accordance with actuarial calculations, and which were previously incorporated in the benefits liability.

Revenue received from third party subrogated claims is recorded in the year the settlement occurs. No provision is made for these claims in the benefits liability, because of their contingent nature.

(g) Capital assets

Capital assets are carried at cost less accumulated amortization. Amortization is calculated on the straight-line method, using rates based on the estimated useful life of the assets as follows:

Buildings	40 years
Furniture and equipment	5 to 10 years
Computer equipment & software	3 years

System development costs are deferred until the date of implementation and amortized on a straight-line basis over the expected life of the system.

(h) Employee future benefits

Non-Pension Benefits

Under conditions of employment, employees may qualify and earn employment benefits for vacation, sick, compensatory and personal leave, travel bonus, and severance benefits. The benefit obligation was determined on an actuarial basis. The key assumptions used were a liability discount rate of 7% and an annual rate of general escalation of 3%. The obligation for vacation leave, sick leave, and severance benefits were calculated using the projected benefit method prorated on service. The remainder was calculated assuming all employees would receive the benefits on valuation date.

2. Significant Accounting Policies (continued)

(h) Employee future benefits (continued)

Pension Benefits

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Board's contribution to the Plan reflects the full cost of the employer contributions. This amount is currently based on a multiple of the employee's required contributions, and may change from time to time depending on the experience of the Plan. These contributions represent the total pension obligations of the Board and are charged to operations on a current basis. The Board is not currently required to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account (PSSA).

(i) Use of estimates

The preparation of financial statements in accordance with the Canadian generally accepted accounting principles requires management to make certain estimates and assumptions that effect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. This mainly affects claims expenses, benefits liability and the reserves. Actual results could materially differ from these estimates.

3. Accounts Receivable and Accounts Payable

	2002 (\$000s)	2001 (\$000s)
Receivable		
Assessments	\$ 790	\$ 184
Other receivables	97	32
	<u>\$ 887</u>	<u>\$ 216</u>
Payable		
Assessments	\$ 324	\$ -
Government of Yukon	280	867
Other payables	2,120	1,708
	<u>\$ 2,724</u>	<u>\$ 2,575</u>

4. Investments and Investment Revenue

	2002 (\$000s)		2001 (\$000s)	
	Carrying Value	Market Value	Carrying Value	Market Value
(a) Fixed-term securities				
Federal Bonds	\$ 21,082	\$ 21,846	\$ 73,452	\$ 74,527
Provincial Bonds	8,678	9,133	22,794	23,834
Corporate Bonds	30,416	31,709	35,087	36,120
Municipal Bonds	652	677	-	-
	<u>60,828</u>	<u>63,365</u>	<u>131,333</u>	<u>134,481</u>
Equities				
Canadian	24,028	21,948	10,245	9,926
United States	14,692	12,376	1,355	1,091
Overseas	35,050	31,779	1,802	1,424
	<u>73,770</u>	<u>66,103</u>	<u>13,402</u>	<u>12,441</u>
Cash and short-term investments				
Cash	230	231	1	1
Treasury Bills	2,212	2,214	2,363	2,363
Accrued interest income	913	854	1,313	1,313
	<u>3,355</u>	<u>3,299</u>	<u>3,677</u>	<u>3,677</u>
Custodial and investment				
Management fee accrual	(70)		(83)	
Deferred investment gains	(9,012)		(11,455)	
	<u>\$ 128,871</u>	<u>\$ 132,767</u>	<u>\$ 136,874</u>	<u>\$ 150,599</u>

	2002	2001
	(\$000s)	(\$000s)
(b) Deferred investment gains		
BONDS		
Balance, beginning of year	\$ 11,455	\$ 11,412
Realized net gains for the year	2,037	1,125
Amortization	(1,548)	(1,082)
Balance, end of year	<u>11,944</u>	<u>11,455</u>
EQUITIES		
Balance Beginning of year	-	-
Realized net losses for the year	(3,665)	-
Amortization	733	-
Balance, end of year	<u>(2,932)</u>	<u>-</u>
TOTAL	<u>\$ 9,012</u>	<u>\$ 11,455</u>

4. Investments and Investment Revenue (continued)

	2002 <u>(\$000s)</u>	2001 <u>(\$000s)</u>
(c) Investment Income		
Dividends and interest		
Fixed-term	\$ 4,451	\$ 7,914
Equity	1,305	-
Short-term	-	5
	<u>5,756</u>	<u>7,919</u>
Deduct:		
Amortized realized and unrealized (losses) gains	(749)	1,509
	<u>5,007</u>	<u>9,428</u>
Deduct:		
Investment management fees	(417)	(424)
Investment Income	<u>\$ 4,590</u>	<u>\$ 9,004</u>

The following is the total amortization of net deferred investment gains to be credited to income:

	Total
2003	\$ 1,208
2004	606
2005	285
2006	98
2007 to 2032	6,815
	<u>\$ 9,012</u>

The fixed-term investments mature as follows:

1 to 5 years	\$ 18,857	31%
6 to 10 years	33,455	55%
greater than 10	8,516	14%
	<u>\$ 60,828</u>	<u>100%</u>

Annual investment returns:

	2002 <u>(%)</u>	2001 <u>(%)</u>
Total Fund	-3.7	5.8
Canadian Equities	-10.1	-5.7
U.S. Equities	-22.1	-9.1
Overseas Equities	-19.9	-15.6
Bonds	8.7	7.0

4. Investments and Investment Revenue (continued)

The Board has established a policy for the management of the investment process, utilizing external investment portfolio managers. The portfolio managers' compliance with this investment policy is monitored on a regular basis.

In following its new investment policy, the board has engaged new investment portfolio managers. As a result, the Fund disposed of all of its pooled fund equity investments in February 2002. New equity managers were appointed and the new managers have reinvested in equities and pooled equity funds.

Credit Risk Management

Credit risk on financial instruments arises from the possibility that the issuer of a fixed-term instrument fails to meet its obligations. Therefore, short-term investments must have a credit rating of at least R1, and long term investments require a rating of A or higher by the Dominion Bond Rating Service in order to be eligible for consideration as an investment. Diversification of credit risk is managed by limiting the exposure in a single private institution to 5% of the portfolio.

Foreign Exchange Risk Management

The board has investments in equities denominated in foreign currencies. It does not undertake long-term hedging strategies for the currency risk of foreign investments. The Board undertakes long-term investment strategies; however, currency fluctuations may affect short-term returns. These fluctuations are not expected to affect the long-term position of the investment portfolio. Investments in US\$ total \$16,240,801 (2001 - \$2,073,482). Investments in European Currency total \$444,654.

Interest Rate Risk Management

Fluctuations in interest rates can impact the market value of the fixed-income portfolio, as well as shift investor preferences among asset classes. Interest rate risk is minimized by managing the duration of the fixed-term portfolio.

5. Capital Assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2002 Net Carrying Value (\$000s)</u>	<u>2001 Net Carrying Value (\$000s)</u>
Land	\$ 390	\$ -	\$ 390	\$ 390
Buildings	3,208	(830)	2,378	2,439
Furniture and equipment	525	(405)	120	102
Computer systems and equipment	1,727	(1,508)	219	353
Software development	⁽¹⁾ 634	-	634	-
	<u>\$ 6,484</u>	<u>\$ (2,743)</u>	<u>\$ 3,741</u>	<u>\$ 3,284</u>

⁽¹⁾ The board initiated a project to upgrade and improve computer systems and business processes. This project - Achieving Better Customer Service - has incurred expenditures of \$1,237,000 as at December 31, 2002. \$603,000 of these expenditures are related to business process improvement and are expensed as required by current Canadian generally accepted accounting principles. The remaining \$634,000 has been capitalized and will be amortized when the project is fully developed.

6. Benefits Liability

	2002 (\$000s)				2001 (\$000s)
	Medical Aid & Compensation	Pension	Annuity	Total	Total
Balance, beginning of year	\$ 54,736	\$ 20,408	\$ 3,030	\$ 78,174	\$ 80,792
Effects of change in assumptions	-	-	-	-	(9,337) ⁽¹⁾
Adjusted Balance, beginning of year	\$ 54,736	\$ 20,408	\$ 3,030	\$ 78,174	\$ 71,455
Add claims costs incurred:					
Current year injuries	11,157	-	-	11,157	10,038
Prior years' injuries	15,400	2,196	712	18,308 ⁽²⁾	5,585
Impact of appeal decisions	-	-	-	-	1,925 ⁽³⁾
	26,557	2,196	712	29,465	17,548
Less claims payments made:					
Current year injuries	2,525	-	-	2,525	1,966
Prior years' injuries	8,499	1,593	-	10,092	8,863
	11,024	1,593	-	12,617	10,829
Balance, end of year	\$ 70,269	\$ 21,011	\$ 3,742	\$ 95,022	\$ 78,174

- ⁽¹⁾ Every three years, the methods and assumptions used to value the benefits liability are reviewed by the board's actuary. As part of this review, the board revised its net investment rate of return to 3.5% in 2001 (2000-3%). The use of this new rate to discount claims costs to the present is the principal reason for a lower benefits liability valuation.
- ⁽²⁾ The Yukon Government passed legislation in 2002 to amend the *Workers' Compensation Act*. This amendment provides increases to 26 injured workers who were still in receipt of compensation benefits as a result of a disability under the *1986 Workers' Compensation Act*. The amendment to the Act raises the wage rate for those workers to the current level - \$65,000 in 2002 - and provides that it will be indexed annually. The estimated current and future cost of this amendment is \$5,400,000.
- ⁽³⁾ During 2001, a number of claims were successfully appealed. As a result, a number of adjustments were made to the claims, including retro-active payments. With these retro-active adjustments to the claims data, the beginning of the year Benefits Liability in 2001 was increased by \$1,925,000.

The benefits liability was determined using accepted actuarial practices in accordance with standards established by the Canadian Institute of Actuaries. The actuarial present value of future benefits reflects management's long-term estimates of economic and actuarial assumptions and methods, which were based on past experience modified for current trends. As these assumptions may change over time to reflect underlying economic or legislated conditions, it is possible that such changes could cause a material change to the actuarial present value of future benefit payments.

6. Benefits Liability (continued)

The following key long-term economic assumptions were used in the actuarial valuation of the benefits liabilities:

	2002	2001
Future net investment rate of return	3.50%	3.50%
Future net increase in medical aid	2.25%	2.25%
Future net increase in compensation	2.25%	2.25%
Future net increase in rehabilitation	3.50%	3.50%

7. Reserves

	Prevention and Benefit Enhancement Reserve	
	2002	2001
	(\$000s)	(\$000s)
Balance, beginning of year	\$ 14,750	\$ 13,772
Current allocation	559	978
Balance, end of year	<u>\$ 15,309</u>	<u>\$ 14,750</u>

	Target Reserve				
	2002				2001
	(\$000s)				(\$000s)
	Catastrophic Claims	Adverse Claims Experience	Occupational Disease Claims	Total	Total
Balance, beginning of year	\$ 13,020	\$ 11,285	\$ 5,472	\$ 29,777	\$ 29,155
Current allocation	220	2,213	1,180	3,613	622
Balance, end of the year	<u>\$ 13,240</u>	<u>\$ 13,498</u>	<u>\$ 6,652</u>	<u>\$ 33,390</u>	<u>\$ 29,777</u>

	2002	2001
	(\$000s)	(\$000s)
Prevention and Benefit Enhancement Reserve	\$ 15,309	\$ 14,750
Target Reserve	33,390	29,777
Rate Transition Reserve, end of year	-	15,023
Total required Reserves, end of Year	<u>\$ 48,699</u>	<u>\$ 59,550</u>
Deficiency in reserve funding	13,628	-
Total Funded amount of reserves	<u>\$ 35,071</u>	<u>\$ 59,550</u>

7. Reserves (continued)

The Board is planning to review the structure of the reserves in 2003 after consultation with stakeholders. Until this review is completed the Board felt that it would be premature to make any changes to the reserves.

As explained in note 6(2), there has been an increase in benefits of \$5,400,000 to certain workers. This amount has not been applied to any reserves as the Board wishes to consult with stakeholders prior to any allocations and/or changes to the structure of reserves.

8. Pension Fund

During the year, the Public Service Superannuation Plan required the Board to contribute to the PSSA at a rate of 2.14 times the employee's contributions.

	2002	2001
Employees' contributions	\$ 168,511	\$ 142,588
Fund contributions	359,763	304,210
Total	<u>\$ 528,274</u>	<u>\$ 446,798</u>

9. Related Party Transactions

As an agency of the Government of Yukon, the board is related to all government departments, agencies and Crown corporations. The Compensation Fund paid the Government \$502,000 (2001 - \$541,000) for building maintenance, computer, office supplies, payroll, recruitment, vehicle and rehabilitation services. The Fund also reimbursed \$4,614,000 for payroll costs (2001 - \$4,088,000). Revenues totalled \$408,000 (2001 - \$402,000) for supplementary benefits. All mainframe computer software is owned by the Government.

Any other transactions with the Government are part of the ordinary course of business. Effective January 1, 1993, all Government employees are covered by the Fund. The board received assessments from the Government totalling \$2,236,364 (2001 - \$2,134,804) for post-92 claims. Pre-93 claims costs of \$677,000 (2001 - \$380,000) were reimbursed to the Fund.

The Government of Yukon's Department of Justice currently owes the board \$659,000 for occupational health and safety and mine rescue expenses for 2000 and 2001.

The board has access to the Government of Yukon overall line of credit facility with its banker. This access provides the board with overdraft coverage when needed.

10. Contingent Liabilities

The board is responsible for future costs of claims relating to certain latent occupational diseases which may have occurred in the current year or previously, but which may not be recognized and reported for a number of years due to the extended latency period of such diseases. Because of the absence of reliable evidence and data pertaining to these matters, these liabilities cannot be estimated. Therefore, a separate amount has been allocated in the target reserve.

11. Administration and Prevention Expenses

	2002 (\$000s)	2001 (\$000s)
Salaries and benefits	\$ 4,844	\$ 4,397
Consulting and professional	426	523
Amortization	347	508
Board expenses	249	232
Communications	223	215
Computer systems	221	209
Automobile and travel	212	227
Buildings	167	193
Printing and publications	148	94
General administration	134	97
Staffing and recruitment	123	153
Supplies and stationery	46	42
Furniture and equipment	31	29
	<u>\$ 7,171</u>	<u>\$ 6,919</u>

The net expenses have been allocated as follows:

Administration	\$ 5,662	\$ 5,464
Workers' Advocate office	343	309
Appeal Tribunal office	179	194
Occupational health & safety	907	952
Employer Consultant	80	-
	<u>\$ 7,171</u>	<u>\$ 6,919</u>