WORKERS' SAFETY AND COMPENSATION COMMISSION

ANNUAL REPORT 2015

NORTHWEST TERRITORIES AND NUNAVUT

WSCC Workers' Safety & Compensation Commission | ᐃᖅᑲᓇᐃᔭᖅᑎᓄᑦ ᐊᑦᑕᓇᖅᑐᓂᒃ ᐊᒻᒪ ᓇᓪᓕᐅᒃᑯᒫᓂᒃ ᖃᐅᔨᓴᖅᑏᑦ

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WSCCNTNU

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Letter of Transmittal

May 30, 2016

The Honourable Gerald W. Kisoun
Deputy Commissioner of the
Northwest Territories

The Honourable Nellie T. Kusugak
Commissioner of Nunavut

The Honourable Louis Sebert
Northwest Territories Minister Responsible for the Workers' Safety and Compensation Commission

The Honourable Keith Peterson
Nunavut Minister Responsible for the Workers' Safety and Compensation Commission

In accordance with Section 106(1) of the Northwest Territories and Nunavut *Workers' Compensation Acts*, it is my pleasure to present the Workers' Safety and Compensation Commission's (WSCC) Annual Report for the year ending December 31, 2015.

The Governance Council, in collaboration with the WSCC Senior Management Team, share the vision and responsibility to eliminate workplace diseases and injuries across the Northwest Territories and Nunavut. Operating in a manner consistent with the *Workers' Compensation Acts*, policies and corporate governance directives, the Governance Council oversees the business, management and accountability of the WSCC.

The 2015 Annual Report reports on our strategic commitments, our progress towards achieving our goals and is generally a summary of last year's operations. Also included in the analysis of our year are audited financial statements which reflect our commitment to sustaining the *Workers' Protection Fund*.

Accompanying the financial statements is an actuarial opinion on the reasonableness of future pension and claims liabilities.

I congratulate the Governance Council, employees, and WSCC partners on their continued dedication to serving our stakeholders and ensuring workplace safety and care for workers throughout the Northwest Territories and Nunavut.

David Tucker
Chairperson

REPORT TO STAKEHOLDERS

WORKERS' SAFETY AND COMPENSATION COMMISSION
NORTHWEST TERRITORIES AND NUNAVUT

Message from the President

The Workers' Safety and Compensation Commission of the Northwest Territories and Nunavut plays an integral part of daily life in the north. We serve over 40,000 workers and close to 4,000 employers through fair and effective administration of the territorial workplace compensation system, all while promoting and enforcing workplace safety.

The 2015 year marks the beginning of a three-year strategic cycle. With our partners, we continue to provide safety and care to northern employers and workers, while working towards our vision to *eliminate workplace diseases and injuries*. The 2015 – 2017 Strategic Plan has three strategic priorities: *Advancing the Safety Culture, Delivering Quality Services and Outcomes for Workers and Employers,* and *Sustaining the Workers' Protection Fund*. In this annual report, I am pleased to provide an overview of our strategic priorities and what we delivered to stakeholders in 2015.

We see positive results with the work we are doing in *Advancing the Safety Culture* of northern workplaces. Through a proactive approach to targeted inspections, information sharing, and programs for safety education and training, time loss injury rates are decreasing, when compared to the past five-year averages and 2014 numbers. This is a good indicator that our efforts are moving the safety culture of northern workplaces in the right direction.

Under the strategic priority of *Delivering Quality Services and Outcomes for Workers and Employers*, there are indicators of positive change. Our time to first compensation payment continues to exceed targets, with 97% of workers receiving their first compensation payment within our target of 20 days. The average time to first payment for all 2015 claims was 14.7 days. This year also saw the launch of several multi-year initiatives to improve our service to employers and workers. We launched a comprehensive return to work initiative to help workers return to work in a safe and timely manner. We also released the first phase of online services under our multi-year e-Business strategy to simplify and improve our services to stakeholders.

The global and Canadian economies continue to show instability, with a declining Canadian dollar and commodity prices. In 2015 we saw the closure of the Snap Lake mine in the Northwest Territories and a decline in exploration dollars in the north. All of this makes it more important to diligently sustain the *Workers' Protection Fund*. In 2015 we continue to manage risk with our Enterprise Risk Management plan and ensure checks and balances are in place with an audit and control plan.

We are proud of our accomplishments in 2015. Serving northern workplaces and workers is a privilege and I look forward to continuing our work with workers, employers and partners in our vision to eliminate workplace diseases and injuries.

Dave Grundy
President and CEO

Vision, Mission, and Values

Our Vision	Eliminate workplace diseases and injuries.
Our Mission	In partnership with stakeholders, we ensure workplace safety, and care for workers.
Our Values	**Respect** — We demonstrate care, compassion, honesty and fairness. **Engagement** — We work with others to ensure meaningful participation and collaboration. **Integrity** — We honour our commitments. **Openness** — We are clear and transparent in everything we do. **Excellence** — We are efficient and service focused.

What are an organization's Vision, Mission, and Values?

Vision: A clear, concise and compelling picture of what success looks like to the organization. The vision needs to motivate and inspire.

Mission: A brief explanation of why the organization exists, what it provides for, and for whom.

Values: Expressions of fundamental beliefs that guide the behaviours of staff in how they act toward each other and with stakeholders.

2015 – 2017 Strategic Priorities and Objectives

Strategic Priorities	Strategic Objectives
Advancing the Safety Culture	• Take a proactive approach to the prevention of workplace incidents through directed services - Strengthen targeted inspection, compliance and enforcement efforts - Target safety awareness for high risk populations and injury types • Develop and implement an education/ training framework for employers • Drive awareness of incidents and information sharing • Continue the evolution of safety incentive programs for employers
Delivering Quality Services and Outcomes for Workers and Employers	• Promote safe and timely return to work • Review WSCC legislation • Increase access of WSCC services • Implement the e-Business strategy • Continue and expand implementation of the *Continuous Excellence* initiative
Sustaining the Workers' Protection Fund	• Provide responsible stewardship of the *Workers' Protection Fund* • Ensure stable rates for employers

Enablers

People: our people are integral to WSCC success. Fully engaging our employees expertise, commitment and passion allows our organization to excel.

Organizational Capacity: information management, financial resources and internal processes that allow for the delivery of the most appropriate and efficient care and compensation services.

Partnerships: that allow for collaboration and achievement of common goals.

Governance Council

A seven-person Governance Council, representing the interests of workers, employers and the general public, governs the Workers' Safety and Compensation Commission (WSCC). The Governance Council is responsible for oversight of the WSCC's management and for providing responsible stewardship of the *Workers' Protection Fund*.

The Governance Council oversees the WSCC according to the rules provided in the *Workers' Compensation Acts*, WSCC policies and Governance Council directives.

David Tucker, Chairperson

Jack Rowe, Vice Chairperson, Northwest Territories Employer Representative

Arlene Hansen, Northwest Territories Employer Representative

Rachel Makohoniuk, Northwest Territories Worker Representative

Abe Theil, Northwest Territories Public Interest Representative

Janet Brewster, Nunavut Worker Representative

Robert Gabuna, Nunavut Public Interest Representative

The Governance Council roles and responsibilities include:

- providing strategic direction and oversight;
- providing risk management oversight;
- governing the WSCC and giving general direction to the President on WSCC operations;
- ensuring the proper administration of the *Workers' Compensation Acts*, the *Explosives Use Acts*, the *Mine Health and Safety Acts*, the *Safety Acts*, and regulations made under these Acts;
- reviewing and approving the programs and policies of the WSCC;
- reviewing and approving the annual operating and capital budgets;
- ensuring the proper stewardship of the *Workers' Protection Fund*; and
- recommending to the Ministers any changes it considers necessary respecting the Years' Maximum Insurable Remuneration (YMIR).

Governance Council

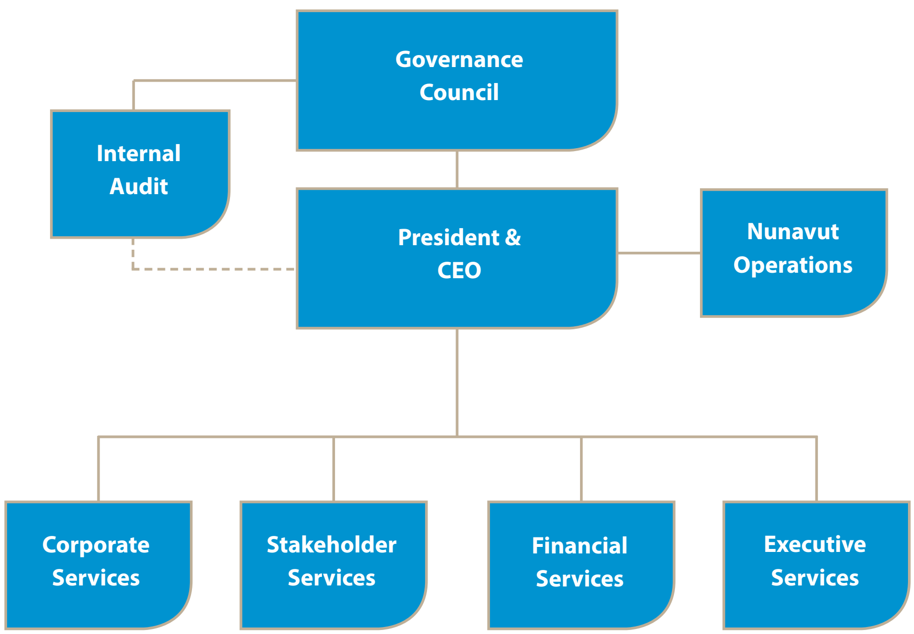
1. David Tucker
2. Jack Rowe
3. Arlene Hansen
4. Rachel Makohoniuk
5. Abe Theil
6. Janet Brewster
7. Robert Gabuna

Corporate Overview

The WSCC administers the *Workers' Compensation Acts*, the *Safety Acts*, the *Mine Health and Safety Acts*, the *Explosives Use Acts*, and related regulations. Together, these *Acts* and regulations help protect and care for workers and employers in the Northwest Territories and Nunavut.

The WSCC assesses employers, sets assessment rates, collects revenue, pays compensation to injured workers, provides rehabilitation and medical aid and advances the safety culture across the Northwest Territories and Nunavut.

The WSCC's corporate structure has four operational divisions reporting to the President and CEO.



President's Office

The President's Office is the link between WSCC administration and the Governance Council. This office communicates the directions, decisions and requirements of the Governance Council and the Northwest Territories and Nunavut Ministers responsible for the Workers' Safety and Compensation Commission. It includes the WSCC's President & CEO, Chief Governance Officer and Senior Advisor, and Legal Services.

The President & CEO is accountable for the WSCC's operations and performance according to authority delegated by the Governance Council. The President & CEO ensures the effective and efficient operation of the WSCC by establishing and achieving corporate performance goals and objectives.

Legal Services provides the WSCC with legal advice and manages the WSCC's ongoing legal actions.

Within this division is also the Audit and Investigations unit. The WSCC Internal Auditors are employees of the WSCC who act independently of other WSCC divisions. Administratively, they fall under the President's Office, but they report directly to the Governance Council. The Internal Auditors provide detailed financial and program audits of WSCC programs and processes and make recommendations to the Governance Council and President. Audits ensure the effective and efficient operation of the organization. The Investigations function helps protect the integrity of the *Workers' Protection Fund* by investigating potential abuse of the system.

Corporate Services

The Corporate Services division provides human resources, facilities and records management and information technology services to all WSCC divisions.

The Human Resources unit recruits new employees, facilitates the employee development and training program, leads the employee performance management process and maintains the internal workplace safety program.

The Facilities and Records Management unit ensures that WSCC properties are safe, work environments are healthy and that the WSCC's filing system accurately archives and stores vital information.

Information Services provides multi-faceted information technology services throughout the organization, including technical support, systems security and business analysis and applications development.

Stakeholder Services

Stakeholder Services consists of Prevention, Claims, Pensions, Medical and Employer Services.

The Prevention Services unit is at the forefront of the WSCC's vision to *eliminate workplace diseases and injuries*. Prevention Services consists of the Industrial and Mine Safety units. They conduct safety inspections and incident investigations; monitor mine rescue programs; promote safety standards and regulations; identify and target unsafe work conditions; and provide guidance and share best safety practices with workers and employers.

The Claims Services unit works directly with injured workers, their employers and health care providers to assist them throughout their claims process in the event of a workplace injury or illness. They also play a key role in supporting injured workers and employers in the recovery and rehabilitation process for a safe and timely return to work.

In the event of permanent medical impairment or disability as a result of a workplace injury or illness, the WSCC's Pension unit provides compensation and services for the impairment or disability, as well as payment for loss in earning capacity.

Medical Services provides technical expertise to WSCC staff, supporting efforts to get claimants back to work as soon and safely as possible.

The Employer Services unit works with employers to ensure the accurate classification of businesses and process assessments to the *Workers' Protection Fund*.

Financial Services

The Financial Services division consists of the Finance, and Treasury and Procurement units, which together ensure the sustainability of the *Workers' Protection Fund*.

The Finance unit monitors internal financial systems and controls, including banking and budgets. It also manages all financial processing, internal and external financial and management reporting, budget development and variance reporting, collections, and processing and payment of benefits.

The Treasury and Procurement unit administer contracts, procurement, risk management and the WSCC's investments.

Executive Services

The Executive Services division consists of Policy and Corporate Reporting, Communications and the Review Committee. Policy and Corporate Reporting provides policy, corporate planning and data analysis on a range of issues, spanning the breadth of WSCC operations. They work with the Governance Council and President & CEO to set the WSCC's strategic plan and governance documents and provide ongoing reviews of the WSCC's corporate performance.

The Communications unit generates and maintains awareness of the WSCC through communications and community engagement. They promote awareness of WSCC services and work with all units to advance the safety culture of northern workplaces.

The Review Committee is the WSCC's internal review body. They provide the first level of review in the legislated appeals process. A claimant or employer dissatisfied with a decision made by the WSCC may request a review under the *Workers' Compensation Acts*.

Nunavut Operations

Nunavut Operations, located in Iqaluit, ensures that the WSCC's operations in Nunavut are effective and efficient. The WSCC delivers Claims, Employer, Medical and Prevention services to stakeholders throughout Nunavut from this office.

2015 Year at a Glance

Territorial Demographics:	NWT	Nunavut	Total
Population[1]	44,165	36,711	80,876
Number employed[2]	26,985	14,785	41,770
Average weekly earnings[3]	$1,421.47	$1,255.78	$1,362.82

Operational Statistics[4]

Claimants:	2013	2014	2015
Number of claims reported	3,995	3,953	4,064
Number of claims established	3,416	3,237	3,400
Number of time loss compensated claims	899	997	832
Number of work related fatalities	5	5	3
Number of new pensions	99	84	128
Average composite duration of time loss claims	36 Days	44 Days	43.3 Days

Employers:	2013	2014	2015
Total number of assessable employers	3,855	3,847	3,934
Number of industry classes	8	8	8
Number of rate groups	21	20	20
Number of employers requesting additional optional coverage	513	577	512

Time Loss Injury Rate:	2013	2014	2015
Time loss injury frequency *	2.21	2.08	1.99

Financial Indicators:	2013	2014	2015
Maximum annual insurable earnings (Years' Maximum Insurable Remuneration)	$84,200	$84,200	$86,000
Assessable payroll (in millions)	$2,554	$2,617	$2,810
Approved average provisional assessment rate per $100 of assessable payroll	$2.05	$2.05	$2.00
Actual average assessment rate per $100 assessable payroll	$1.90	$1.99	$2.11
Percentage funded	116%	116%	117%

* The time loss injury frequency (LTI) is the number of time loss compensated injuries per 100 workers.

[1] Statistics Canada. *Table 051-0005 - Estimates of population, Canada, provinces and territories, quarterly (persons),* CANSIM (database).

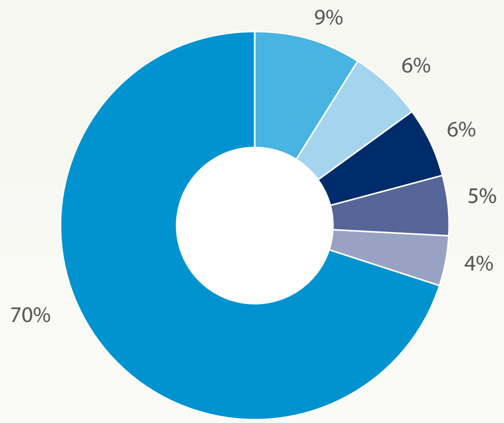
[2] Statistics Canada. *Table 281-0024 - Employment (SEPH), unadjusted for seasonal variation, by type of employee for selected industries classified using the North American Industry Classification System (NAICS), annual (persons),* CANSIM (database).

[3] Statistics Canada. *Table 281-0026 - Average weekly earnings (SEPH), unadjusted for seasonal variation, by type of employee for selected industries classified using the North American Industry Classification System (NAICS), monthly (current dollars),* CANSIM (database).

[4] WSCC Compensation Assessment and Accident Prevention System (CAAPS) database.

2015 Injury Statistics

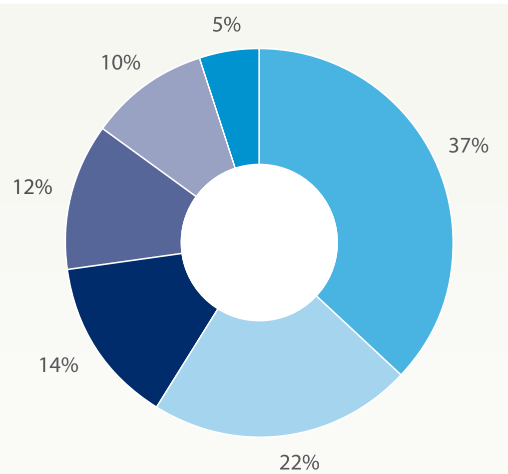
Top Five Occupations with Time Loss Claims in 2015



The top five occupations with time loss claims in 2015 contributed 30% of the total time loss claims at the WSCC. They include:

1) Construction trades helpers and labourers, 9%
2) Carpenters, 6%
3) Janitors, caretakers and building superintendents, 6%
4) Heavy equipment operators (except crane), 5%
5) Air transport ramp attendants, 4%

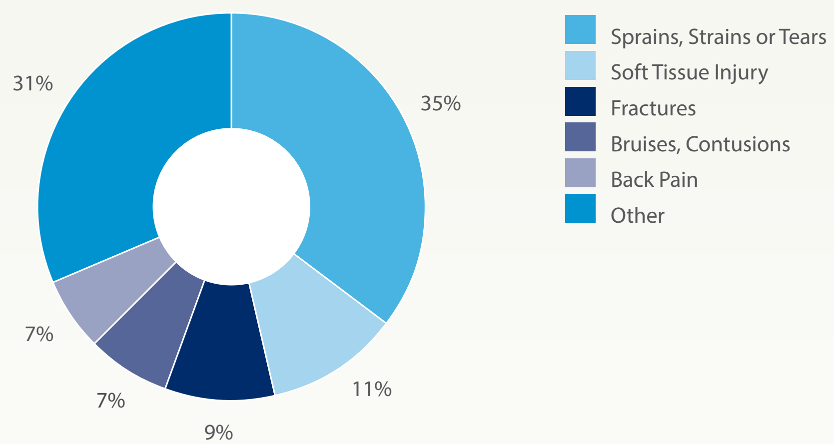
Top Five Industries with Time Loss Claims in 2015



The top five industries with time loss claims in 2015 contributed 95% of total time loss claims at the WSCC. They include:

1) Public administration & defense, 37%
2) Construction, 22%
3) Services, 14%
4) Trade, 12%
5) Transportation, 10%

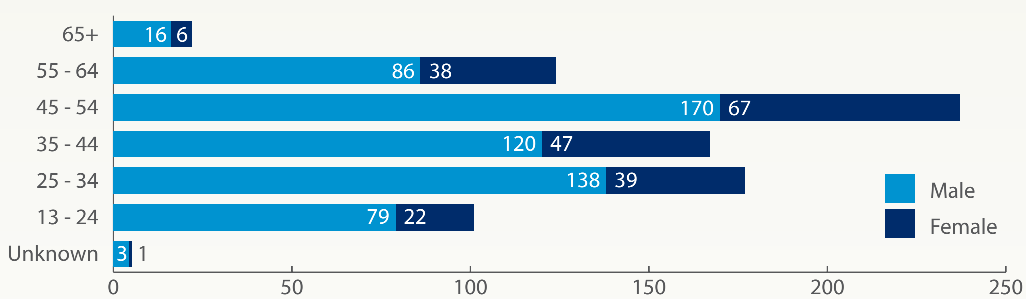
Top Five Injury Types with Time Loss Claims in 2015



The top five injury types with established claims in 2015 contributed to 69% of total claims at the WSCC. They include:

1) Sprains, strains, tears, 35%
2) Soft tissue, 11%
3) Fractures, 9%
4) Bruises, contusions, 7%
5) Back pain, 7%

2015 Time Loss Injury by Age & Gender



In 2015, males contributed to the majority of time loss claims, representing 74% of total time loss claims.

Workers aged 45 – 54 were the most vulnerable age group, representing 28% of total time loss claims.

2015 Key Performance Indicators

Strategic Priorities		Key Performance Indicator	Metric
Advancing the Safety Culture	1.	Time loss frequency[1]	Time loss claims per 100 workers
	2.	No time loss frequency[1]	No time loss claims per 100 workers
	3.	Directed inspections[2]	% total inspections that are directed
	4.	Safe Advantage employers in penalty position	% of Safe Advantage employers receiving a penalty
	5.	Employers passing the Prevention component of Safe Advantage Management Practices Questionnaire[3]	% completed questionnaires that pass the Prevention component
Delivering Quality Services and Outcomes for Workers and Employers	6.	Time loss duration[4]	Days (point-in-time measure at end of quarter)
	7.	Time to first compensation payment	% of payments made under 20 days
	8.	Employers passing the Return to Work component of the Safe Advantage Management Practices Questionnaire[3]	% completed questionnaires that pass the return to work component
	9.	e-Business client satisfaction (e-Business client tracking to start in 2016)	% very satisfied and satisfied
	10.	Stakeholder satisfaction with overall WSCC services (Stakeholder Survey available in 2016 only)	% very satisfied and satisfied
	11.	Stakeholder agreement that WSCC needs to improve communication of WSCC services (Stakeholder Survey available in 2016 only)	% stakeholders strongly agree or agree
Sustaining the Workers' Protection Fund	12.	Funded position	Assets as a percentage of liabilities
	13.	Bad debts ratio (annual measure)	Bad debts as a percentage of assessment revenue

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[1] Quarterly injury frequencies may change over time to reflect the updated status of claims since the last reporting period.
[2] The definition of 'Directed', as provided by Stakeholder Services, was broadened in Q3 to take into account the reason for inspection. This resulted in a greater number of inspections considered to be 'Directed'. This definition affects Q3, Q4 and YTD numbers.
[3] Includes COR certifications.
[4] Time loss duration target and Q1 result have been adjusted to reflect new calculation that removes open pensions from the calculation of time loss duration.

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Strategic Priorities		Target	Q1	Q2	Q3	Q4	2015
Advancing the Safety Culture	1.	2.22	2.01	1.78	1.99	2.19	1.99
	2.	5.53	6.41	5.29	5.88	5.40	5.74
	3.	70%	65%	54%	98%	99%	99%
	4.	19%	n/a*	13%	n/a	n/a	13%
	5.	86%	n/a	85%	n/a	n/a	85%
Delivering Quality Services and Outcomes for Workers and Employers	6.	17.6 days	17.6 days	17.0 days	17.3 days	16.6 days	17.1 days
	7.	90%	97%	98%	97%	96%	97%
	8.	88%	n/a	82%	n/a	n/a	82%
	9.	Employers: 80% Workers: 80%	n/a	n/a	n/a	n/a	n/a
	10.	Employers: 80% Workers: 80%	n/a	n/a	n/a	n/a	n/a
	11.	Employers: 30% Workers: 40%	n/a	n/a	n/a	n/a	n/a
Sustaining the Workers' Protection Fund	12.	105% - 135%	n/a	n/a	n/a	n/a	117%
	13.	0.3%	n/a	n/a	n/a	n/a	0.18%

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**Not available for 2015*

2015 Review and Results

Advancing the Safety Culture

The WSCC's vision is to *eliminate workplace diseases and injuries*. Thus, ensuring a safe work culture in every workplace across the Northwest Territories and Nunavut has been a key focus in this strategic plan.

A total of four objectives were in place to support *Advancing the Safety Culture* in 2015.

1

OBJECTIVE	ACTIONS
Take a proactive approach to the prevention of workplace incidents through directed services • Strengthen targeted inspection, compliance and enforcement efforts • Target safety awareness for high risk populations and injury types	• Support internal management decision making by improving access to data with the development of management reporting and business intelligence tools. • Develop a strategy for directed inspections by assessing the risk of industry and injury types. • Identify high risk populations through data analysis and deliver targeted safety awareness campaign to these groups.

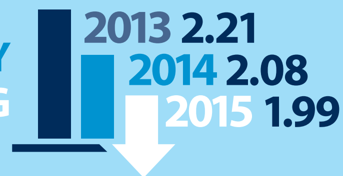
In 2015 the WSCC:

- Conducted a review of data requirements for decision making and evaluated various dashboard reporting platforms to enhance the business intelligence tools currently in place;
- Restructured the workplace inspection process to ensure that workplaces with the highest risk of injury were prioritized; and
- Developed communication plans to prevent Sprains, Strains and Tears and coordinated inspection processes with this area of focus.

Data is at the heart of making better decisions for inspections and safety awareness. The WSCC recognizes that tools for analyzing injury statistics and understanding trends can help predict and prevent injury. In 2015 there was close collaboration between Prevention Services and WSCC Data Analysts to develop business intelligence (BI) tools for prioritizing and targeting workplace inspections. While these BI tools helped strengthen inspection efforts, it is recognized that real time data capabilities and dashboards for customized reports would provide Prevention Services with stronger analytics to direct their efforts in areas where they are most needed.

With the aim to strengthen the organization's analytical capabilities – in Prevention Services as well as other units – an overall assessment of data needs required for effective decision making at the WSCC was conducted. Various dashboard reporting tools were also evaluated as platforms for delivering data. This work sets the foundation for a longer term plan for making data easily accessible to WSCC staff.

TIME LOSS FREQUENCY IS DECREASING



The time loss injury frequency is the number of time loss compensated injuries per 100 workers.

2

OBJECTIVE	ACTIONS
Develop and implement an education/training framework for employers	• Support employers in meeting their legislated requirements by identifying education and training needs and best practices. • Evaluate how to provide education and training delivery. • Develop relationships with new training providers and strengthen partnerships with existing training partners.

In 2015 the WSCC:

- Developed a plan to help employers identify their legislative requirements for training;
- Provided consultation to training partners on their safety course offerings;
- Developed a toolbox of templates to support employers' internal safety programs; and
- Supported the WSCC's largest employer, the Government of the Northwest Territories, in their development of supervisor safety familiarization course materials.

As administrators of the *Safety Act* and associated regulations, the WSCC is a resource for employers and training partners in navigating the training requirements that are legislated across the Northwest Territories and Nunavut. A key step to simplifying the understanding of legislated requirements was the launch of the new WSCC website. In 2015 the organization of health and safety related information was simplified under a Health & Safety section on the website and a list of approved training partners was made available. This work is especially important in light of the new *Occupational Health & Safety (OHS) Regulations* that were rolled out in the Northwest Territories in 2015 and its upcoming rollout in Nunavut in 2016. This work will continue throughout 2016.

In 2015 a toolbox of safety resources was also developed for employers, including Codes of Practice, safety policy templates and resources for developing Joint Occupational Health & Safety Committees.

In addition, in 2015 the WSCC provided consulting services to safety training partners and employers. Employers included the WSCC's largest employer, the Government of the Northwest Territories, as well as local government administrators and independent business owners.

3 OBJECTIVE	ACTIONS
Drive awareness of incidents and information sharing	• Establish an online portal for employers to facilitate WSCC information sharing and awareness of hazard alerts. • Leverage partnerships and stakeholders to expand reach of occupational health & safety information.

In 2015 the WSCC:

- Launched *Safety Share*, an online forum for employers to share safety information and resources;
- Developed a new 48-hour process for sharing hazard alerts; and
- Developed information sharing agreements with partners.

Employers are often valuable resources for each other when it comes to best practices for safety. With this in mind, the WSCC developed *Safety Share* in 2015, with a January 2016 launch. While developed by the WSCC, *Safety Share* is not a tool to promote WSCC messaging; it is instead a forum for employers to converse with each other and share news and resources and ask each other questions.

Hazard alerts are important for disseminating critical safety information. In 2015 the WSCC revamped its process for hazard alerts, both from an internal perspective and external perspective. Internally, a procedure was put in place to ensure identified hazards were efficiently routed within the organization and then promptly published and communicated to external stakeholders within 48-hours. Information sharing agreements were developed with partners to ensure that hazard alerts, and critical information, are distributed to stakeholders.

The SafetyShare *online forum launched in 2015.*

4 OBJECTIVE	ACTIONS
Continue the evolution of safety incentive programs for employers	• Continue to implement recommendations from the *Safe Advantage* program evaluation. • Evaluate the viability of a safety incentive program for small business; implement recommendations as required.

In 2015 the WSCC:

- Integrated the *Certificate of Recognition* (COR™) certification into the Safe Advantage Management Practices (MPQ) verification process; and
- Conducted a cost/benefit analysis of a small business safety incentive program.

In order to simplify the administration of safety programs, the certification process for COR™ was integrated into the Safe Advantage verification process. The COR™ program is an industry recognized occupational health and safety program administered by the Northern Safety Association (NSA), a WSCC safety partner. Safe Advantage is the WSCC's safety incentive program. Often, an employer belongs to both programs. In order to reduce administrative redundancies and simplify program requirements for WSCC's stakeholders, the WSCC made COR™ certifications an acceptable form of assessment and verification for an employer's Safe Advantage MPQ.

Safe Advantage is targeted to employers with an average three-year assessment of $40,000 or more. At the direction of the Governance Council, the WSCC was tasked with evaluating a small business safety incentive program. An analysis was conducted in 2015 with input from the actuary and a small business safety incentive program was deemed not financially or administratively sustainable.

Delivering Quality Services and Outcomes for Employers and Workers

At its core, the WSCC exists to serve employers and workers. The Commission supports safety in the workplace and care for workers. *Delivering Quality Services and Outcomes for Workers and Employers* is at the forefront of what the organization does and a total of five objectives were in place to support this strategic priority in 2015.

1 OBJECTIVE	ACTIONS
Promote safe and timely return to work	• Increase employer's and workers' understanding of the benefits of early and safe return to work. • Leverage partnerships and stakeholders in supporting early and safe return to work. • Develop programs to support return to work. • On an annual basis determine directed services initiatives based on analysis of historical claims trends.

In 2015 the WSCC:

- Implemented a return to work campaign explaining the benefits of safe and timely return to work;
- Collaborated with partners for the delivery of return to work programs;
- Developed a return to work toolkit for employers;
- Targeted return to work services to employers failing the return to work component of the Safety Advantage MPQ; and
- Targeted return to work services to employers with workers with sprain and strain injuries greater than two months and time loss injuries greater than six months.

The WSCC return to work program benefits both injured workers and employers. Workers who are away from work with an injury for six months have only a fifty percent chance of returning to full-time, pre-injury employment. Early support is important and an effective return to work program can help with a speedy and safe recovery, while supporting employers in retaining trained and skilled staff. In 2015 the WSCC launched a return to work campaign to highlight the importance of return to work and provided employers with a return to work toolkit. This toolkit included step-by-step instructions for developing and implementing a return to work program, job demand analysis tools, sample communication logs and templates for forms and checklists.

In addition, in 2015 the WSCC provided targeted and personalized return to work services to employers failing the return to work component of the Safe Advantage MPQ and employers with injured workers with sprain and strain injuries greater than two months and time loss injuries greater than six months.

2

OBJECTIVE	ACTIONS
Review WSCC legislation	• Develop a methodology to identify priority issues for legislative review. • Develop and implement a plan to conduct ongoing legislative reviews.

In 2015 the WSCC:

- Drafted amendments to the *Safety Act* arising out of new *OHS Regulations*; and
- Initiated a review of the *Workers' Compensation Act* and mapped out the process for identifying aspects of the *Act* that requires change.

In the work that the organization does every day, trends in occupational health and safety and workers compensation emerge. Recognizing that emerging trends can impact workers' and employers' outcomes, the WSCC is ensuring processes are in place for legislative reviews. In 2015 the WSCC identified resources for this initiative and took action by reviewing the acts and regulations that the Commission administers to identify aspects that require change.

TIME TO FIRST COMPENSATION PAYMENT

97% OF CLAIMANTS ARE PAID WITHIN TARGET OF 20 DAYS

3 OBJECTIVE	ACTIONS
Increase access to WSCC Services	• Optimize access to WSCC services by evaluating stakeholder needs. • Develop and implement communication strategy to increase understanding of WSCC services and how stakeholders can access them.

In 2015 the WSCC:

- Conducted an evaluation of WSCC external services;
- Developed a multi-phase communication plan to address gaps in uptake and understanding of WSCC external services; and
- Launched a new corporate website to meet legislative requirements for official languages.

The WSCC has a breadth of services in place to support stakeholder needs, ranging from supporting workplace safety and injury prevention, care and compensation for injured workers and providing value for employer's assessment revenues. Feedback from stakeholders in past stakeholder surveys and in a special 2015 stakeholder engagement project indicated that stakeholders did not have good awareness and understanding of the Commission's services.

In 2015 the WSCC conducted an evaluation of its external services by developing an inventory of all external services, assessing awareness and uptake levels of services by division, and examining whether or not there are functionality issues with the services the organization is providing. This evaluation is the first step in a three-year initiative to improve access to WSCC services. An outcome of this evaluation is the development of a multi-phase communication plan to address gaps in the understanding and uptake of WSCC services. In addition, this evaluation provided input for services requiring process improvement under the WSCC *Continuous Excellence* (CE) program.

The new WSCC website launched in 2015 supported the delivery of positive outcomes for employers and workers. The website improves the organization and searchability of online tools and services, while meeting legislative requirements for official languages.

4 OBJECTIVE	ACTIONS
Implement the e-Business strategy	• Implement internet-based self-service tools for employers and workers by conducting ongoing evaluation of stakeholder e-Business needs. • Ensure internal readiness for e-Business with systems infrastructure and human resources planning.

In 2015 the WSCC:

- Developed *WSCC Connect*, the entry point to the WSCC's new and expanding array of e-Business services; and
- Launched EZ Access for employers, allowing for online clearance requests, payment of employer assessments and access to assessment rates.

In 2015 the WSCC embarked on a multi-year e-Business strategy, a major initiative that simplifies how stakeholders interact with the organization. The e-Business strategy will see the gradual migration of services conducted on paper to online. The WSCC recognizes that technology can be used to improve customer service by improving accessibility, efficiency and quality of services.

WSCC Connect launched in 2015 and it is the portal from which online services are accessed. The first wave of online services was launched and included EZ Access for employers, which allows for online clearance requests, payment of employer assessments and access to historical and current assessment rates.

Online services will continue to be rolled out in coming years and will include services for injured workers and health and safety related tools for employers.

5 OBJECTIVE	ACTIONS
Continue and expand implementation of the Continuous Excellence (CE) initiative	• Ensure sustainability of the CE initiative by continuing to build internal Lean expertise. • Continue to implement process improvements events. • Incorporate Lean principles into management practices and planning.

In 2015 the WSCC:

- Maintained a team of internal CE Leaders;
- Conducted process improvement events across the organization;
- Integrated CE into organizational planning; and
- Developed plans for tools to support managing in a Lean environment.

Continuous Excellence (CE) is a WSCC program using Lean principles to seek perfection in processes – both internal and external – with an objective to increase customer value for the Commission's stakeholders. Lean works by eliminating non-value activities from a process through a systematic identification of waste. The elimination of non-value activities frees up the organization's resources so more effort can be directed to improving service efficiency and quality.

The WSCC ensured sustainability of the CE program by retaining internal Lean expertise through the training and development of a team of WSCC CE Leaders. These CE Leaders supported four process improvement events over the course of 2015, and included process improvements in the areas of planning and budgeting, communications project management, employer account registration and employer payroll statements.

Recommendations were also developed in 2015 to further integrate Lean and the philosophy of continuous improvement into the WSCC's workplace culture. To this end, tools and training will be provided to the WSCC leadership team in the coming years to support change management in a Lean environment.

Sustaining the *Workers' Protection Fund*

The WSCC provides responsible stewardship of the *Workers' Protection Fund*, providing value for employers' money, while providing care for injured workers. In 2015, a total of two objectives were put in place to support *Sustaining the Workers' Protection Fund*.

1 OBJECTIVE	ACTIONS
Provide responsible stewardship of the Workers' Protection Fund	• Incorporate risk-management into management practices. • Conduct ongoing, control-based internal audits. • Adjust investment risk profile by conducting an asset/liability study.

In 2015 the WSCC:

- Implemented an Enterprise Risk Management (ERM) plan;
- Continued to implement internal audits and controls;
- Undertook a public procurement process for expert investment management services and reporting; and
- Conducted and asset/liability study.

The WSCC's ERM plan, complemented with a system of audits and controls, helps the organization proactively manage risk. ERM ensures that proper checks and balances are in place to provide responsible stewardship of the *Workers' Protection Fund*. Coming out of the 2015 ERM plan is the development of a Business Continuity Plan (BCP), to ensure services to stakeholders can continue in the event of a disaster. The development of the BCP will continue in 2016.

The *Workers' Protection Fund* is funded by a combination of employer assessment premiums and returns on WSCC investments. In 2015, the WSCC conducted a Request for Proposal for a new contract for investment management services and reporting. In addition, the WSCC investment manager presented an asset/liability study to the Audit Committee. Next steps coming out of the study is a jurisdictional comparison of the asset mix and investment performance of other workers' compensation boards.

The asset/liability study in 2015 provided recommendations and analysis that the WSCC used in the determination of the structure of the investment portfolio going forward.

2015 FUNDED POSITION: 117%

2

OBJECTIVE	ACTIONS
Ensure stable rates for employers	• Continue implementation and adherence to the funding strategy.

In 2015 the WSCC:

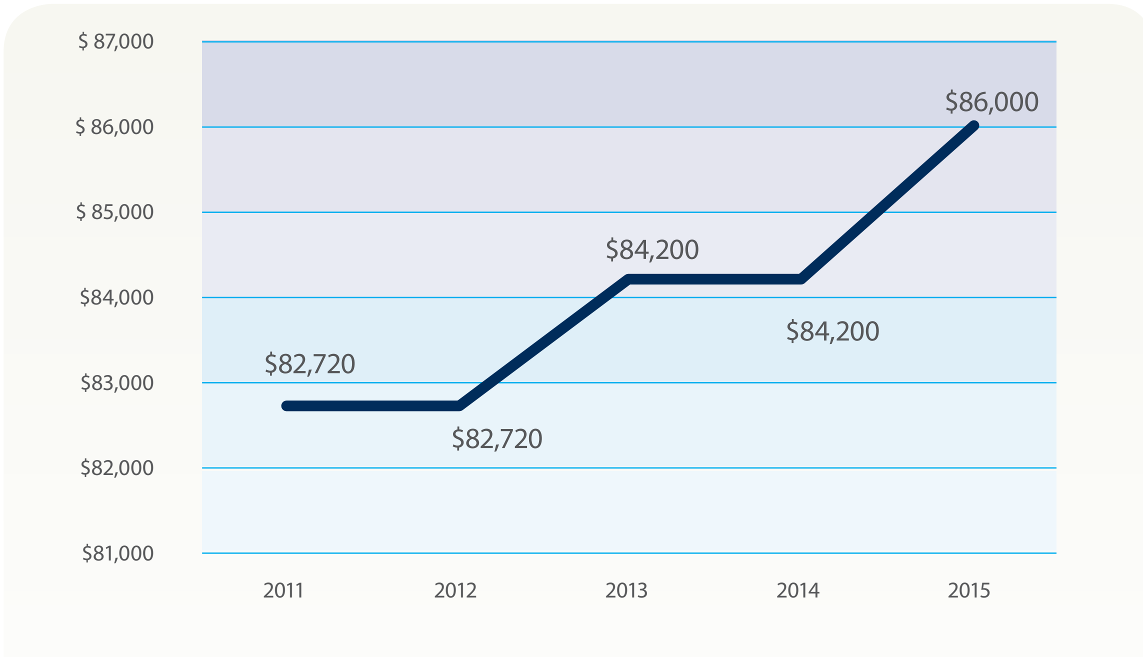
- Quantified and reported liability for latent occupational diseases; and
- Established 2016 assessment rates.

The Actuarial Standards Board of the Canadian Institute of Actuaries issued new standards for workers' compensation organizations. These standards are effective for valuations dated December 31, 2014 and beyond. The new standard for valuations is to include an allowance for all recognized latent occupational disease claims expected to arise in the future as a result of past exposures. Occupational diseases differ from other types of occupational injuries in that there can be a time lag between the exposure, the onset of the disease, and the identification of the subsequent disability. The process for quantifying the latent occupational disease exposure and for its inclusion in the overall benefit liability for the WSCC was established in 2015. The impact of that resulted in an increase of the overall benefit liability going forward.

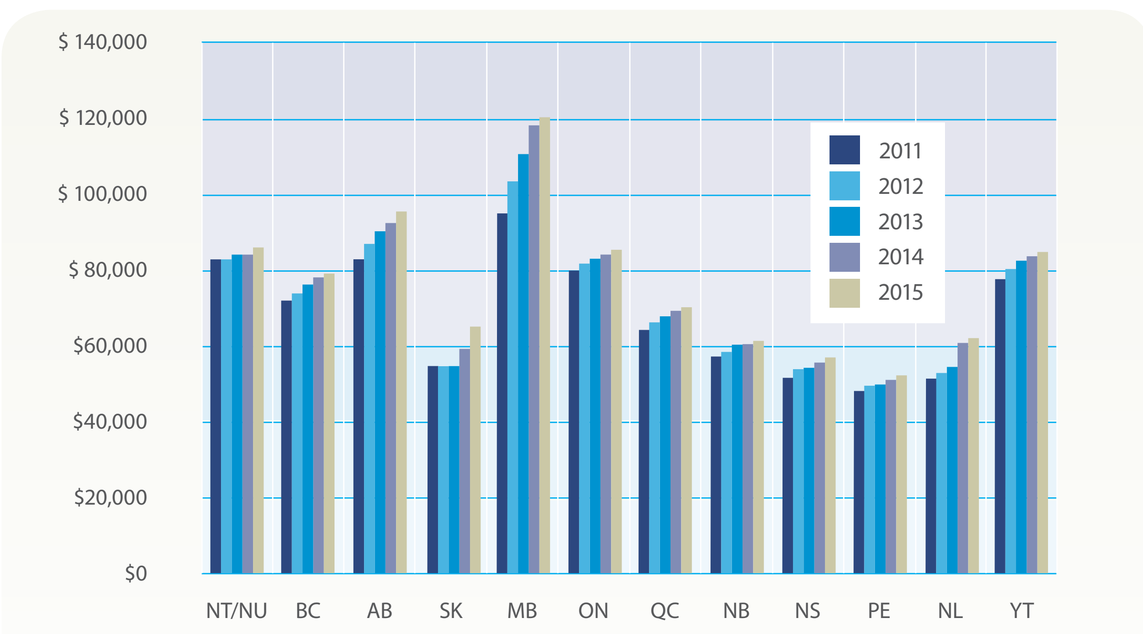
The average provisional assessment rate is the rate employers would pay if there was only one rate for all employers, and is the rate the WSCC uses as a starting point when setting individual subclass rates. In 2015 the average provisional assessment rate was $2.00, a $0.05 decrease from 2014's rate of $2.05. In 2015 the Governance Council made the decision to keep this rate flat for 2016.

The Year's Maximum Insurable Remuneration (YMIR) is the maximum earnings the WSCC uses to calculate compensation paid to an injured worker per year. YMIR is also the maximum earnings the WSCC uses to calculate employer assessable payroll. In 2015, YMIR was $86,000, an increase of $1,800 from the 2014 rate of $84,200. In 2015, the Governance Council established a new policy that makes annual changes to YMIR automatic, according to a set formula based on average wages in the Northwest Territories and Nunavut. As a result, YMIR in 2016 is $88,600. The WSCC has the third highest YMIR in Canada, a reflection of the above mentioned higher than average earnings of workers in the territories compared to other jurisdictions.

Year's Maximum Insurable Remuneration
Northwest Territories and Nunavut, 2011 - 2015



Year's Maximum Insurable Remuneration
Across Canadian Jurisdictions, 2011 - 2015



OUR FINANCES

WORKERS' SAFETY AND COMPENSATION COMMISSION
OF THE NORTHWEST TERRITORIES AND NUNAVUT

FINANCIAL STATEMENTS
DECEMBER 31, 2015

Management Commentary

For the year ended December 31, 2015

As part of the annual report, the management commentary provides additional insights into the Workers' Safety and Compensation Commission's (WSCC) operations and financial affairs. The following audited financial statements are integral to this commentary and should be read in conjunction.

Forward-looking Information

This report contains forward-looking information from which actual results may differ. This information contains assumptions about the future and therefore subject to risks and uncertainties. Forward-looking information includes, but is not limited to: WSCC priorities, objectives, actions and projections.

Risks and uncertainties about future assumptions may include: changing financial markets, industry and general economic conditions; legislation; accounting standards; appeals and court decisions; and other risks, known or unknown. The reader should be cautious about placing too much reliance on forward-looking information contained in this document.

Funded Position

Under the authority of the *Workers' Compensation Acts* of the Northwest Territories and Nunavut, the WSCC Governance Council must ensure the proper stewardship of the Workers' Protection Fund (the Fund). In doing so the Governance Council must maintain assets sufficient to meet its liabilities. The funding strategy is designed to ensure the long term financial security and stability of the WSCC and the Fund by establishing a funding target and methodologies for maintaining that target.

A key financial measure utilized by the WSCC and workers' compensation organizations across Canada is the overall funded position. The WSCC's current funding strategy and resultant policy implemented in March of 2014 establishes a target funding ratio (assets/liabilities) of 125%, which includes reserve funds.

As at December 31, 2015 the WSCC's funded position is 117%, slightly increasing from the 2014 measure of 116%. Although the current funded position falls below the target rate it does remain within the "no action zone" as set in the policy and therefore will not affect assessment rates in 2017.

Overview of 2015 Financial Results

The WSCC's total comprehensive income for 2015 was $6.9 million, compared to a comprehensive income of $3.0 million for 2014. Total revenues for 2015 declined by $4.1 million from 2014 levels. Decreased investment returns were the primary contributing factor to the decline.

The strong investment markets that had existed for several years experienced volatility and downward pressures in 2015, particularly in the latter stages of the fiscal year. While the WSCC's investment returns declined the overall return of 6.7% in 2015 was sufficient exceeding the 5.85% gross rate at which the WSCC discounts its claims and pension benefit liability.

The provisional employer payroll assessment rate declined slightly in 2015 dropping from the 2014 level of $2.05 to $2.00 per $100 of assessable payroll.

The year's maximum insurable remuneration (YMIR) increased slightly from the 2014 level of $84,200 to $86,000. YMIR represents the level of employee covered wages that is used for benefit determination. In June of 2015 the Governance Council approved a change to Policy 00.04 Year's Maximum Insurable Remuneration. The change introduced a formula driven approach to annual YMIR adjustments, which is based upon the change in average weekly earnings for the Northwest Territories and Nunavut.

In February 2011, the Actuarial Standards Board of the Canadian Institute of Actuaries issued new standards of practice for workers' compensation organizations. These standards became effective for valuation dates on or after December 31, 2014. The standards require benefit liability valuations to include an allowance for all recognized latent occupational disease claims expected to arise in the future as a result of past exposures. In accordance with the change in actuarial standards the WSCC in 2014, included within its benefit liability a provision for latent occupational diseases. The provision for 2015 is $29.6 million, increasing from $25.8 million in 2014. $2.9 million of the increase represented the cost impact resulting from the legislated addition of five cancer types to the list of firefighter presumptive cancers. The provision for latent occupational diseases in 2015 comprises 9.3% of the total benefit liability, up from 8.5% in 2014.

Current year claim costs in 2015 increased from $28 million in 2014 to $32.8 million in 2015. Increases in medical aid, compensation and future pension capitalizations contributed to the total increase while pension awards remained relatively consistent with 2014 levels.

The continued positive financial performance in 2015 enabled the WSCC reserves to grow to $57.4 million from $50.5 million in 2014. The catastrophe reserve of $16.6 million is at 5% of total liabilities in accordance with the funding policy while the operating reserve of $40.5 million is at 12.2% of total liabilities, under its target of 20% but within the "no action zone" for assessment rate setting purposes.

Forward Looking

A stagnating economic outlook and the impact of that outlook on worldwide investment markets is a concern to the WSCC. The fiscal environment facing governments in both territories and a collective agreement covering most of the WSCC workforce which expires early in 2016 are just two of the challenges facing the WSCC. Management is cognizant of the impact the WSCC has in the business environment of the territories and endeavours to maintain rate stability, balancing that with growing expectations and demands from stakeholders.

The strategic priorities as detailed in the WSCC 2015 -2017 Strategic Plan remain valid and are as follows:

- Advancing the safety culture;
- Delivering quality services and outcomes for workers and employers; and
- Sustaining the Workers' Protection Fund.

The funding policy and annual rate setting process are critical to ensuring the WSCC remains financially stable and sustainable. A financially stable, sustainable system supports the strategic direction of the WSCC while balancing the needs of workers and employers in the Northwest Territories and Nunavut.

Management's Responsibility for Financial Reporting

May 27, 2016

The accompanying financial statements of the Workers' Safety and Compensation Commission of the Northwest Territories and Nunavut (the Commission), and all information in this annual report are the responsibility of the Commission's management and were reviewed and approved by the Governance Council. The financial statements were prepared in accordance with International Financial Reporting Standards and include some amounts, such as the benefits liability, that are necessarily based on management's best estimates and judgement. Financial information contained elsewhere in the annual report is consistent with that contained in the financial statements.

In discharging its responsibilities for the integrity and fairness of the financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized and in accordance with the specified legislation, assets are safeguarded, and proper records are maintained.

The Governance Council is responsible to ensure management fulfills its responsibilities for financial reporting and internal control. The Governance Council exercises this responsibility and is composed of Directors who are not employees of the Commission. The Governance Council meets with management and the external auditors on a regular basis. The external auditors have full and free access to the Governance Council.

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

Morneau Shepell, an independent firm of consulting actuaries, performed an actuarial valuation and provided an opinion on the adequacy and appropriateness of the benefits liability of the Commission.

Dave Grundy
President and CEO

Leonard MacDonald, CMA
Vice-President of Financial Services

Actuarial Statement of Opinion

MORNEAU SHEPELL

I have completed the actuarial valuation of the benefit liabilities of the Workers' Safety and Compensation Commission (the "Commission") as at December 31, 2015 (the "valuation date"). Details of the data, actuarial assumptions, valuation methods and results are included in the actuarial valuation report as at the valuation date, of which this statement of opinion forms part.

In my opinion:

1. The data on which the valuation is based were supplied by the Commission in accordance with specifications provided by us. We applied such checks of reasonableness of the data as we considered appropriate, and have concluded that the data are sufficient and reliable to permit a realistic valuation of the liabilities of the Commission.
2. The actuarial assumptions adopted in computing the liabilities are adequate and appropriate for the purpose of the valuation.
3. The methods used are appropriate for the purpose of the valuation and are in accordance with accepted actuarial practice for Workers' Compensation organizations in Canada. The economic assumptions are consistent with the funding and investment policies of the Commission.
4. The estimate of the actuarial liabilities as at the valuation date is $318,617,000. This includes provisions for benefits and future administration expenses expected to be paid after the valuation date for claims that occurred on or before the valuation date. A provision for future claims arising from long latency occupational diseases is included in this valuation. This liability includes the Hunters & Trappers group but does not include any self-insured employers.
5. The amount of the actuarial liabilities makes appropriate provision for all personal injury compensation obligations and the financial statements fairly present the results of the valuation.
6. This report has been prepared, and my opinions given, in accordance with accepted actuarial practice in Canada.
7. The valuation is based on the provisions of the Workers' Compensation Act S.N.W.T. 2007, c. 21, the Workers' Compensation Act S.Nu. 2007, c. 15 and on the Commission's policies and practices in effect on the valuation date.

Thane MacKay, F.C.I.A

March 31, 2016

This report has been peer reviewed by Mark Simpson, F.C.I.A.

Independent Auditor's Report

Auditor General of Canada
Vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

To the Ministers responsible for the Workers' Safety and Compensation Commission of the Northwest Territories and Nunavut

Report on the Financial Statements

I have audited the accompanying financial statements of the Workers' Safety and Compensation Commission of the Northwest Territories and Nunavut, which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Workers' Safety and Compensation Commission of the Northwest Territories and Nunavut as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

As required by the *Financial Administration Act* of the Northwest Territories and of Nunavut, I report that, in my opinion, the accounting principles in International Financial Reporting Standards have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Workers' Safety and Compensation Commission of the Northwest Territories and Nunavut and the financial statements are in agreement therewith. In addition, the transactions of the Workers' Safety and Compensation Commission of the Northwest Territories and Nunavut that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* of the Northwest Territories and of Nunavut and regulations and the *Workers' Compensation Act* of the Northwest Territories and of Nunavut and regulations.

Lana Dar

Lana Dar, CPA, CA
Principal
for the Auditor General of Canada

27 May 2016
Vancouver, Canada

Financial Statements

Statement of Financial Position

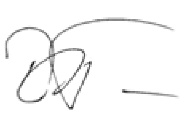
As at December 31 (in thousands of Canadian dollars)

	2015 $	2014 $
ASSETS		
Cash and cash equivalents (Note 4)	7,746	13,153
Investments (Note 5)	363,740	340,922
Assessments receivable (Note 6(a))	5,904	3,665
Other receivables (Note 6(b))	1,458	2,236
Prepaid expenses	384	222
Property and equipment (Note 7)	8,002	5,664
Intangible assets (Note 8)	2,488	2,367
	389,722	368,229
LIABILITIES AND EQUITY		
LIABILITIES		
Accounts payable, accrued and other liabilities (Note 9)	5,199	5,083
Salaries and wages payable	1,633	1,620
Assessments refundable	5,646	5,371
Benefits liability (Note 10)	318,617	304,468
Post-employment benefits (Note 11(b))	1,251	1,215
	332,346	317,757
EQUITY (Note 12)		
Operating reserve	40,547	34,253
Capital asset replacement reserve	212	331
Catastrophe reserve	16,617	15,888
	57,376	50,472
	389,722	368,229

Commitments (Note 13), Contingencies (Note 14)

The accompanying notes form an integral part of these financial statements.

Approved by the Governance Council:



David Tucker
Chairperson, Governance Council

Statement of Comprehensive Income

For the year ended December 31 (in thousands of Canadian dollars)

	2015	2014
	$	$
REVENUE AND INCOME		
Assessments	59,685	52,712
Add: Safe Advantage penalties	430	421
Less: Safe Advantage refunds	(1,131)	(957)
Net assessment revenue	58,984	52,176
Investments		
Interest	3,857	3,356
Dividends	13,115	7,801
Investment gains (Note 5(d))	5,935	22,455
Investment fees	(1,152)	(1,026)
Net investment income	21,755	32,586
Fines and miscellaneous revenue	204	264
	80,943	85,026
EXPENSES		
Claims costs		
Claims costs, current year injuries (Note 10(b))	32,813	27,951
Claims costs, prior years' injuries (Note 10(b))	21,313	36,506
Third party legal claim recoveries	(2,093)	(395)
Recoveries for hunters and trappers (Note 17)	88	(1,533)
	52,121	62,529
Administration and general expenses (Note 16)	21,924	19,290
	74,045	81,819
Income before other comprehensive income	6,898	3,207
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss in subsequent periods:		
Re-measurement gains (losses) on defined benefit plan (Note 11(b))	6	(165)
Total comprehensive income	6,904	3,042

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended December 31 (in thousands of Canadian dollars)

	OPERATING RESERVE	CAPITAL ASSET REPLACEMENT RESERVE	INVESTMENT FLUCTUATION RESERVE	SAFETY RESERVE	CATASTROPHE RESERVE	Total
	$	$	$	$	$	$
Balance at January 1, 2014	**146**	**240**	**34,838**	**100**	**12,106**	**47,430**
Total comprehensive income for the year						
Income before other comprehensive income	3,207	-	-	-	-	3,207
Re-measurement losses on defined benefit plan	(165)	-	-	-	-	(165)
Transfer from safety reserve - to close reserve	100	-	-	(100)	-	-
Transfer from investment fluctuation reserve - to close reserve	34,838	-	(34,838)	-	-	-
Transfer to catastrophe reserve	(3,782)	-	-	-	3,782	-
Transfer to capital asset replacement reserve	(91)	91	-	-	-	-
Balance at December 31, 2014	**34,253**	**331**	**-**	**-**	**15,888**	**50,472**
Total comprehensive income for the year						
Income before other comprehensive income	6,898	-	-	-	-	6,898
Re-measurement gains on defined benefit plan	6	-	-	-	-	6
Transfer to catastrophe reserve	(729)	-	-	-	729	-
Transfer from capital asset replacement reserve	119	(119)	-	-	-	-
Balance at December 31, 2015	**40,547**	**212**	**-**	**-**	**16,617**	**57,376**

Capital management and reserves (Note 12)

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows

For the year ended December 31 (in thousands of Canadian dollars)

	2015	2014
	$	$
OPERATING ACTIVITIES		
Cash received from:		
Assessments from employers	**58,151**	53,722
Cash paid to:		
Payments to claimants or third parties on their behalf	**(36,432)**	(38,961)
Purchase of goods and services	**(22,269)**	(16,179)
Assessment rebate	**(1,131)**	(957)
Cash used in operating activities	**(1,681)**	(2,375)
INVESTING ACTVITIES		
Proceeds on sale of investments	**264,323**	225,320
Dividends	**12,919**	7,801
Interest	**4,117**	3,356
Change in cash held by investment managers	**(307)**	7,496
Purchase of intangible assets	**(584)**	(574)
Purchase of property and equipment	**(3,230)**	(733)
Purchases of investments	**(280,964)**	(234,768)
Cash (used in) provided by investing activities	**(3,726)**	7,898
(Decrease) increase in cash and cash equivalents	**(5,407)**	5,523
Cash and cash equivalents, beginning of year	**13,153**	7,630
Cash and cash equivalents, end of year	**7,746**	13,153

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended December 31, 2015 (in thousands of Canadian dollars)

1. Nature of operations

The Workers' Safety and Compensation Commission (the Commission) is domiciled in Canada. The Commission, a territorial entity, was established by and operates under the authority of the *Workers' Compensation Acts* of the Northwest Territories and of Nunavut (the Acts). In addition, the Commission is also responsible for the administration of the *Safety Acts, Mine Health and Safety Acts*, and the *Explosives Use Acts* of the Northwest Territories and of Nunavut. The Commission is exempt from income tax and the goods and services tax.

The Commission has its corporate office in Yellowknife, Northwest Territories, Canada, and area offices in Inuvik, Northwest Territories and Iqaluit, Nunavut.

The Commission's mandate is to provide benefits to injured workers and to levy assessments on employers to cover the current and future costs of existing claims and claims related to latent occupational diseases. The Commission is also responsible for developing safety awareness programs and monitoring and enforcing safety practices in the workplace.

The Government of the Northwest Territories and the Government of Nunavut have signed an inter-governmental agreement for a shared Workers' Safety and Compensation Commission to allow the Commission to remain as a single entity serving both territories. Cancellation of this agreement by either party requires minimum notice of one full fiscal year.

2. Statement of compliance, basis of preparation and summary of significant accounting policies

The financial statements of the Commission have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements were authorized for issue by the Governance Council on May 27, 2016.

The financial statements have been prepared on a historical cost basis, except for investments classified as held-for-trading which have been measured at fair value. The financial statements are presented in Canadian dollars and all values are rounded to the nearest thousand ($000), except when otherwise indicated. The following is a summary of the significant accounting policies:

a) Liquidity classification

The Commission presents assets and liabilities in the statement of financial position in order of liquidity. When items contain both a current and non-current component the Commission discloses both components within the accompanying notes.

An asset is current when it is: expected to be realized or intended to be sold or consumed in the normal operating cycle; held primarily for the purpose of trading; expected to be realized within twelve months after the reporting period; or the asset is cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. Cash and cash equivalents, assessments receivable, other receivables and prepaid expenses are current assets. All other assets are classified as non-current, except investments which have both a current and non-current component.

Notes to the Financial Statements

For the year ended December 31, 2015 (in thousands of Canadian dollars)

A liability is current when it is: expected to be settled in the normal operating cycle; held primarily for the purpose of trading; due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Salaries and wages payable and assessments refundable are classified as current liabilities. All other liabilities contain both current and non-current components.

b) Financial instruments

Investments

Investments are classified as held-for-trading and are measured at fair value because they are acquired for the purpose of selling in the near term. Profit or loss from changes in fair value is recognized as investment income in the statement of comprehensive income.

Interest and dividends are recognized as income in the period earned. Transaction costs are recognized as an expense in the period incurred. Purchases and sales of investments are recognized on the trade date.

Investments denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the end of the year. Interest, dividends, and realized gains and losses are translated at the exchange rates in effect on the transaction date. Exchange gains and losses resulting from the translation of foreign currency balances at year-end and transactions during the year are recognized as investment income in the statement of comprehensive income.

Other financial assets and liabilities

Cash and cash equivalents are classified as held-for-trading and are measured at fair value through profit and loss on initial recognition and transaction costs are expensed when incurred. Assessments receivable and other receivables are classified as loans and receivables and are initially measured at fair value, and subsequently measured at amortized cost using the effective interest rate method. Accounts payable, accrued and other liabilities, assessments refundable and salaries and wages payable are classified as other financial liabilities and are initially measured at fair value, and subsequently measured at amortized cost using the effective interest rate method. Due to the short-term nature of cash and cash equivalents, assessments receivable, other receivables, assessments refundable, accounts payable, accrued and other liabilities and salaries and wages payable, their carrying values approximate their fair values.

Derecognition of financial assets and liabilities

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the rights to receive the cash flows are transferred in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. The Commission derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Notes to the Financial Statements

For the year ended December 31, 2015 (in thousands of Canadian dollars)

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized using the following hierarchy of valuation techniques:

- Level 1 is used when there are quoted (unadjusted) prices in active markets for identical assets, for example:

  a) Traded on stock exchange.
  b) Notional unit values for segregated funds are established daily.

- Level 2 is used when there are other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly, for example:

  a) Valuations are based on appraisals of the properties that are based on observable market metrics, such as capitalization rates, growth rates, or lease rates.
  b) Bonds are traded over the counter rather than on an exchange.

- Level 3 is used when there are techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Due to the short-term nature of various financial assets and financial liabilities, the carrying value approximates fair value.

Changes in valuation methods may result in transfers into or out of an asset's assigned level. The Commission's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no such transfers between levels in 2015 (2014 – no transfers).

c) Cash and cash equivalents

For the purposes of the statement of cash flows and the statement of financial position, cash and cash equivalents includes cash and money market instruments with a term to maturity of three months or less when acquired and which are readily convertible to cash. Cash and short-term investments held by investment managers for investment purposes are excluded from cash and cash equivalents.

d) Assessments receivable and assessments refundable

At the beginning of each year, the Commission levies assessments on employers by applying their industry assessment rate to their estimated payrolls for the year. The assessment levy is payable by instalments during the year. At year-end, employers file a statement of actual assessable payroll and the difference between the estimated assessment and the actual assessment is recognized either as an increase in assessment revenue and recognized as a receivable, or as a decrease in assessment revenue and recognized as assessment refundable. When an employer does not provide estimated payroll, the Commission estimates and levies assessments based on prior experience with the employer and industry.

Notes to the Financial Statements

For the year ended December 31, 2015 (in thousands of Canadian dollars)

Assessment revenue is recognized in the year that the actual assessable payroll was paid by employers to their employees.

Collectability of receivables is reviewed on an ongoing basis using judgement. An allowance for doubtful accounts is recorded for assessments receivable when there is objective evidence that the amounts due will not be collected in accordance with the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the estimated future cash flows. The amount of the allowance recognized or derecognized is recorded in the statement of comprehensive income. The Governance Council must approve all assessments receivable write-offs.

e) Third party legal claims recoveries

Under Section 64 of the Acts, the Commission is deemed to be an assignee of a cause of action in respect of a claimant's injury. If settled, or as a result of a Court decision, the settlement amount less recoveries of legal costs and costs associated with the claim which were incurred by the Commission is distributed to the claimant.

The recoveries from third parties are recognized when receipt is virtually certain and the amount can be reliably measured. Recoveries for claims costs are recognized in the statement of comprehensive income net of contingency-based legal expenses. Non-contingency-based legal expenses are recognized in professional services and subsequent recoveries of such expenses are recognized in recoveries within administration and general expenses.

f) Property and equipment

Property and equipment are measured at cost less accumulated depreciation and impairment losses. Depreciation is recognized over the estimated useful lives using the straight-line method as follows:

- Building 15 – 25 years
- Equipment 2 – 10 years
- Furnishings 5 – 15 years
- Vehicles 5 years
- Leasehold improvements lesser of useful life or lease term

Where an item of property and equipment is comprised of significant components with different useful lives, the components are accounted for separately. Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Depreciation expense is recognized in administration and general expenses in the statement of comprehensive income.

g) Intangible assets

Intangible assets are comprised of purchased and internally developed computer application software systems and are measured at cost less accumulated amortization and any accumulated impairment losses. Development costs for internally generated intangible assets are capitalized at the point that the Commission has identified the asset and demonstrated that the asset will generate probable future economic benefits. Amortization is recognized over the asset's estimated useful life (2 – 15 years) using the straight-line method. Amortization expense is recognized in administration and general expenses in the statement of comprehensive income.

Notes to the Financial Statements

For the year ended December 31, 2015 (in thousands of Canadian dollars)

h) Benefits liability

The benefits liability represents the present value of expected future payments for medical aid benefits, compensation payments, and pensions in respect of claims arising from accidents that occurred prior to the end of the fiscal year as well as an allowance for all recognized latent occupational disease claims expected to arise in the future as a result of past exposures. Occupational diseases differ from other types of occupational injuries in that there can be a considerable time lag between the exposure, the manifestation of the disease and the identification of the ensuing disability as a claim. Further, it may be difficult to establish a link between an occupational disease and the workplace. A portion of the total liability is held based on the accumulated exposure up the valuation date relative to total exposure before manifestation of the occupational disease. The benefits liability also includes an allowance for future claims management costs.

The benefits liability includes provision for all benefits provided by current legislation, policies, and administrative practices. Many assumptions are required to calculate the benefits liability, including estimates of future inflation, interest rates, and mortality rates. The benefits liability is determined annually by an independent actuary. The independent actuary's opinion on the adequacy and appropriateness of the benefits liability is attached to these financial statements.

A portion of administration and general expenses is allocated as claims management costs to the current year's claims and the prior years' claims. The amount allocated to claims is reviewed by the independent actuary for reasonableness as part of the annual actuarial valuation of the benefits liability.

i) Employee benefits

Pension plan

Substantially all of the employees of the Commission are covered by the public service pension plan (the Plan), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employee and the Commission to cover current service cost. Pursuant to legislation currently in place, the Commission has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the Commission.

Post-employment benefits

Under the terms and conditions of employment, employees may earn non-pension benefits for severance upon resignation, or retirement based on years of service and final salary, and ultimate removal assistance based on years of service. The obligation is calculated using the projected unit credit method prorated on service on an actuarial basis. The liability for accrued employee benefits is based on the December 31, 2015 actuarial valuation as calculated by the Commission's actuary. Any actuarial gains or losses are recognized as income or loss through other comprehensive income in the year they are incurred and any re-measurements are not reclassified to profit or loss in subsequent periods. The amounts recognized in other comprehensive income for the year are immediately transferred to the operating reserve.

Notes to the Financial Statements

For the year ended December 31, 2015 (in thousands of Canadian dollars)

Short-term employee benefits

Employee benefits that are expected to be settled within twelve months of the reporting date are measured on an undiscounted basis. These benefits include wages and salaries, and annual vacation leave earned but not yet used.

Other long-term employee benefits

Benefits that are expected to be settled beyond twelve months are determined based on an actuarial valuation as the best estimate of future cash flows discounted to present value with actuarial gains and losses recognized in profit and loss as incurred. These benefits include sick leave and special leave benefits earned but not used.

j) Leases

Judgement is used to classify leases as financing or operating depending on the terms and conditions of the contracts. The costs of assets acquired under financing leases are amortized on a straight-line basis over the term of the lease. Obligations recorded under financing leases are reduced by lease payments net of imputed interest. Expenses incurred under operating leases are recognized as expenses in the statement of comprehensive income on a straight-line basis over the term of the lease.

k) Impairment of non-financial assets

The Commission assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Commission estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. This is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Based on an analysis of cash flows, the Commission has established that the appropriate CGU for impairment review is the entity. The Commission has statutory power under the Acts to increase premiums and /or charge a premium surcharge to ensure full funding into the foreseeable future and impairment at the entity level is remote.

l) New and revised accounting standards and interpretations issued but not yet effective

IFRS 4 – *Insurance Contracts*

The International Accounting Standards Board (IASB) issued an exposure draft, ED/2013/7 on insurance contracts and is working on revisions to IFRS 4 – *Insurance Contracts*. In December 2015 the IASB announced that it expects to issue the new standard in 2016. The mandatory effective date has not yet been finalized. The Commission will assess the impact that this resultant standard will have on the financial statements once it is issued.

Notes to the Financial Statements

For the year ended December 31, 2015 (in thousands of Canadian dollars)

IFRS 9 – *Financial instruments*

In July 2014 the IASB issued the final version of IFRS 9 – *Financial Instruments* which will replace IAS 39 - *Financial Instruments: Recognition and Measurement*. The amendments are effective for annual periods beginning on or after January 1, 2018; however, early adoption is permitted. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes a substantially reformed approach to hedge accounting. The Commission is currently assessing the impact that the final standard is expected to have on the financial statements.

IFRS 16 – *Leases*

The IASB has published a new standard, IFRS 16 - *Leases*. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Short-term leases less than 12 months and leases of low value assets will have an optional exemption from the requirements. Lessor accounting however remains largely unchanged. IFRS 16 supersedes IAS 17 - *Leases* and related interpretations and is effective for periods beginning on or after January 1, 2019. Early adoption is permitted if IFRS 15 - *Revenue from Contracts with Customers* has also been applied. The Commission has not early adopted and is currently assessing the impact the new standard will have on the financial statements.

IAS 1 – *Presentation of Financial Statements*

In December 2014 the IASB issued amendments to IAS 1 to include guidance on the application of materiality in practice and are designed to encourage entities to apply professional judgement in determining what information to disclose in their financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016. The adoption of these amendments is not expected to have a significant impact on the Commission's financial statements.

IAS 7 – *Statement of Cash Flows*

In January 2016 the IASB issued amendments to IAS 7 to require entities to provide disclosures that enable users of the financial statements to evaluate changes in liabilities arising from financing activities. These amendments are effective for annual periods beginning on or after January 1, 2017. The adoption of these amendments is not expected to have a significant impact on the Commission's financial statements.

3. Critical accounting estimates and judgements

The Commission makes estimates and judgements in respect of certain key assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

For the year ended December 31, 2015 (in thousands of Canadian dollars)

In particular, information about significant areas of estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

- Note 10 – Benefits liability, the estimation uncertainty relates to the determination of assumptions as discussed in Note 10(i)

In particular, information about applying critical judgements in accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in the following notes:

- Note 2(b) and Note 5 – Investments, classification of financial instruments
- Note 2(d) – Assessments receivable, determination of estimated payroll
- Note 2(f) and Note 7 – Property and equipment, degree of componentization
- Note 2(g) – Intangible assets, determination of development costs

4. Cash and cash equivalents

The Commission invests in short-term money market instruments. The market yield of this portfolio for the year was 0.80% (2014 – 1.23%). All instruments held in cash and cash equivalents are readily convertible to cash and are held in high quality debt obligations issued or guaranteed by federal, provincial, or territorial governments, Canadian chartered banks, or loan or trust companies registered in Canada.

	2015	2014
	$	$
Short-term investments	**6,020**	10,234
Cash	**1,726**	2,919
Total	**7,746**	13,153

5. Investments

The Commission's investment portfolio consists of fixed income, equity, and real estate portfolio investments. The Commission's investment objective is to achieve a long-term rate of return that is sufficient to allow the Commission to fund its benefits liability, cover its operating costs, and set reasonable and stable assessment rates for employers. All investments, including cash and cash equivalents managed by investment managers, are classified as held-for-trading.

	2015		2014	
	Fair Value	**Cost**	Fair Value	Cost
	$	**$**	$	$
Fixed income	**162,404**	**146,904**	137,509	122,571
Equities	**153,549**	**133,100**	157,724	130,648
Real estate	**47,787**	**44,711**	45,689	41,516
Total	**363,740**	**324,715**	340,922	294,735

Notes to the Financial Statements

For the year ended December 31, 2015 (in thousands of Canadian dollars)

a) Fixed income

The fair value and cost of the fixed income investments are as follows:

	2015		2014	
	Fair Value	**Cost**	Fair Value	Cost
	$	**$**	$	$
Fixed income securities	**62,334**	**60,067**	50,598	48,165
Pooled funds				
Indexed bond funds	**66,625**	**64,672**	54,470	52,241
Mortgages	**33,445**	**22,165**	32,441	22,165
Total	**162,404**	**146,904**	137,509	122,571

The Commission uses judgement to classify securities held in a pooled fund on the basis of the assets comprising the major portion of such pooled fund.

Included in the above amounts are investments in privately held related party bonds, as disclosed in Note17. The cumulative unrealized gains in 2015 on the privately held investments were $595 (2014 – $627).

The cumulative unrealized gains on fixed income investments are as follows:

	2015	2014
	$	$
Fixed income - cost	**146,904**	122,571
Cumulative unrealized gains	**15,500**	14,938
Fixed income - fair value	**162,404**	137,509

The remaining term to maturity of the fixed income securities is as follows:

	Within 1 year	1 to 2 years	2 to 5 years	5 to 10 years	Over 10 years	**Fair value December 31, 2015**	Fair value December 31, 2014
	$	$	$	$	$	**$**	$
Cash, short-term investments and net payable in investment manager accounts	1,175	-	-	-	-	**1,175**	1,085
Government bonds	-	11,400	5,816	12,698	10,094	**40,008**	31,068
Corporate bonds	2,862	4,850	5,912	2,244	5,283	**21,151**	18,445
Total	4,037	16,250	11,728	14,942	15,377	**62,334**	50,598

Notes to the Financial Statements

For the year ended December 31, 2015 (in thousands of Canadian dollars)

b) Equities

The fair value and cost of the equity investments are as follows:

	2015		2014	
	Fair Value	**Cost**	Fair Value	Cost
	$	**$**	$	$
United States equities	**57,103**	**44,108**	64,918	50,556
Canadian equities	**56,212**	**49,057**	58,337	46,680
International equities	**40,234**	**39,935**	34,469	33,412
Total	**153,549**	**133,100**	157,724	130,648

Included in the International equities is $362 (2014 - $134) of cash that is held in Canadian funds.

The cumulative unrealized gains on the equity investments are as follows:

	2015	2014
	$	$
Equity investments - cost	**133,100**	130,648
Cumulative unrealized gains	**20,449**	27,076
Equity investments - fair value	**153,549**	157,724

c) Real estate

The Commission classifies securities held in a pooled fund on the basis of the assets comprising the major portion of such pooled fund.

The cumulative unrealized gains on the real estate portfolio investments are as follows:

	2015	2014
	$	$
Canadian properties - cost	**44,711**	41,516
Cumulative unrealized gains	**3,076**	4,173
Canadian properties - fair value	**47,787**	45,689

Notes to the Financial Statements

For the year ended December 31, 2015 (in thousands of Canadian dollars)

d) Investment gains and losses

The investment gains and losses recognized in comprehensive income are as follows:

	2015	2014
	$	$
Realized gains	**13,098**	13,907
Change in unrealized gains	**(7,163)**	8,548
Investment gains - net	**5,935**	22,455

e) Investment performance

Investments are managed by nine independent investment managers. The market returns of the portfolio for the years ended December 31 are as follows:

	2015	2014
	%	%
United States equities	**20.24**	19.09
International equities	**17.71**	4.94
Cash and cash equivalents	**10.58**	6.14
Real estate	**4.59**	3.33
Fixed income securities and indexed bond funds	**3.55**	8.54
Mortgages	**3.09**	6.54
Canadian equities	**(3.65)**	20.52

f) Investment activity

The Commission's change in investments during the years ended December 31 is as follows:

	2015	2014
	$	$
Balance, beginning of year	**340,922**	316,516
Investment gains - net	**5,935**	22,455
Dividends	**13,115**	7,801
Interest	**3,857**	3,356
Transfer to short-term investments	**(89)**	(161)
Transfer to operating cash accounts	**-**	(9,045)
Balance, end of year	**363,740**	340,922

Notes to the Financial Statements

For the year ended December 31, 2015 (in thousands of Canadian dollars)

6. Assessments and other receivables

Assessments receivable

	2015	2014
	$	$
Current assessments receivable	**5,911**	3,556
Overdue assessments receivable	**98**	200
Less: allowance for doubtful accounts	**(105)**	(91)
Net assessments receivable	**5,904**	3,665

The Commission collected $96 (2014 – $127) of legislated prescribed penalties during the year on the receivables. The legislated prescribed penalty is charged at the rate of 2% per month on the outstanding balance. None of the assessments receivable, except for those included in the allowance, are considered to be impaired. The total bad debt expense recognized during the year is $363 (2014 – $24) which is recognized in administration and general expense.

a) Other receivables

	2015	2014
	$	$
Other	**1,041**	154
Due from claimants	**329**	328
Receivable from other Governments	**110**	159
Due from employees	**104**	32
Fines	**25**	15
Hunters and trappers receivable	**-**	1,533
Pensions receivable	**-**	15
Less: allowance for doubtful accounts	**(151)**	-
Total	**1,458**	2,236

Other receivables are non-interest bearing.

b) Reconciliation of allowance for doubtful accounts and aging analysis

	2015	**2015**	2014	2014
	Employers	**Other**	Employers	Other
	$	**$**	$	$
Carrying amount at the beginning of the year	**91**	**-**	116	-
Net debts written off during the year	**(42)**	**(157)**	(67)	-
Provision made during the year	**83**	**308**	71	-
Recoveries	**(27)**	**-**	(29)	-
Carrying amount at the end of the year	**105**	**151**	91	-

Notes to the Financial Statements

For the year ended December 31, 2015 (in thousands of Canadian dollars)

Aging of assessments and other receivables that are overdue and not impaired

	31 to 60 days	61 to 90 days	91+ days	**Total overdue**
	$	$	$	**$**
2015	12	9	607	**628**
2014	43	23	43	109

7. Property and equipment

	Building	Equipment	Furnishings	Vehicles	Leasehold improvements	**Total**
	$	$	$	$	$	**$**
Cost						
At January 1, 2014	5,744	1,745	349	308	1,116	9,262
Additions	239	208	161	86	39	733
Disposals	-	(113)	(7)	(77)	-	(197)
At December 31, 2014	5,983	1,840	503	317	1,155	9,798
Additions	2,011	227	1,292	-	-	3,530
Disposals	(386)	(256)	(126)	-	-	(768)
At December 31, 2015	7,608	1,811	1,669	317	1,155	**12,560**
Depreciation						
At January 1, 2014	1,639	1,193	170	266	256	3,524
Annual depreciation	432	152	44	45	118	791
Disposals	-	(97)	(7)	(77)	-	(181)
At December 31, 2014	2,071	1,248	207	234	374	4,134
Annual depreciation	518	220	143	31	94	1,006
Disposals	(239)	(254)	(89)	-	-	(582)
At December 31, 2015	2,350	1,214	261	265	468	**4,558**
Net book value						
At December 31, 2015	**5,258**	**597**	**1,408**	**52**	**687**	**8,002**
At December 31, 2014	3,912	592	296	83	781	5,664

Notes to the Financial Statements

For the year ended December 31, 2015 (in thousands of Canadian dollars)

8. Intangible assets

	Purchased software systems $	Internally developed software systems $	**Total $**
Cost			
At January 1, 2014	818	5,485	6,303
Additions	277	297	574
Disposals	(122)	(63)	(185)
At December 31, 2014	973	5,719	6,692
Additions	174	450	624
Disposals	(298)	(108)	(406)
At December 31, 2015	849	6,061	**6,910**
Amortization			
At January 1, 2014	586	3,405	3,991
Annual amortization	122	324	446
Disposals	(51)	(61)	(112)
At December 31, 2014	657	3,668	4,325
Annual amortization	96	356	452
Disposals	(270)	(85)	(355)
At December 31, 2015	483	3,939	**4,422**
Net book value			
At December 31, 2015	**366**	**2,122**	**2,488**
At December 31, 2014	316	2,051	2,367

Included in internally developed software systems is the Compensation, assessment, and accident prevention system (CAAPS) which the Commission uses to process and maintain claims information and employer information including claims, assessments and safety reports. The net book value amount and remaining amortization period of this asset are $1,150 and 5 years respectively (2014 - $1,368 and 6 years).

Notes to the Financial Statements

For the year ended December 31, 2015 (in thousands of Canadian dollars)

9. Accounts payable, accrued and other liabilities

	Current	Non-Current	**2015 Total**	2014 Total
	$	$	**$**	$
Accounts payable	2,492	-	**2,492**	1,342
Accrued liabilities	2,487	-	**2,487**	3,483
Other	49	171	**220**	258
Total	5,028	171	**5,199**	5,083

10. Benefits liability

a) Future claims liability and approved pension liability

The benefits liability is composed of two parts: the future claims liability and the approved pension liability.

The future claims liability represents the present value of the expected future benefit payments on claims arising from accidents that occurred on or prior to the end of the fiscal year for hospital and medical services (Medical Aid), short-term income benefits and subsistence payments (Compensation), pension benefits for future capitalizations (Future Capitalizations), and related administrative expenses. Future Capitalizations represent an estimate of the liability for expected future pension awards that relate to injuries that have already occurred, but are not yet approved pension awards. The latent occupational disease liability, shown separately, represents the expected cost of future claims that have not yet been filed but are expected to manifest themselves in the future as a result of exposure to a causative agent in the workplace.

The Commission includes a provision for expected future claims costs for Hunters and Trappers in accordance with the Memoranda of Understanding on Renewable Resources Harvesters (April 2015 for the Northwest Territories and April 2009 for Nunavut) (Note17).

The liabilities for the Medical Aid and Compensation benefits were developed using the loss development method. This method is also commonly known as the "claims run-off" approach. The liability for Future Capitalizations was developed using a modified version of the loss development method.

The approved pension liability represents the present value of the expected future pension awards payments and related expenses for approved pension awards as at the end of the fiscal year.

Notes to the Financial Statements

For the year ended December 31, 2015 (in thousands of Canadian dollars)

b) Benefits liability continuity schedule and reconciliation

The benefits liability is composed of the following:

	Medical aid $	Compensation $	Future capitalizations $	Pension awards $	Occupational disease claims $	**Total 2015** **$**
Balance, beginning of year	45,095	35,628	29,550	168,416	25,779	**304,468**
Add: Claims costs						
Current year	9,417	13,722	8,462	1,212	-	**32,813**
Prior years	6,393	(2,346)	4,795	8,628	3,843	**21,313**
Liability transfer, capitalizations	-	-	(8,362)	8,362	-	**-**
	15,810	11,376	4,895	18,202	3,843	**54,126**
Less: Claims payments						
Current year injuries						
Claims payments	2,602	3,204	75	(10)	-	**5,871**
Claims management	1,171	1,442	8	(2)	-	**2,619**
Prior years' injuries						
Claims payments	5,223	5,288	3,555	11,191	-	**25,257**
Claims management	2,350	2,380	356	1,144	-	**6,230**
	11,346	12,314	3,994	12,323	-	**39,977**
Balance, end of year	49,559	34,690	30,451	174,295	29,622	**318,617**

Notes to the Financial Statements

For the year ended December 31, 2015 (in thousands of Canadian dollars)

	Medical aid $	Compensation $	Future capitalizations $	Pension awards $	Occupational disease claims $	Total 2014 $
Balance, beginning of year	47,365	36,393	28,691	167,057	-	279,506
Add: Claims costs						
Current year	7,044	12,258	7,320	1,329	-	27,951
Prior years	1,303	(780)	1,168	9,036	-	10,727
Latent occupational disease provision	-	-	-	-	25,779	25,779
Liability transfer, capitalizations	-	-	(4,724)	4,724	-	-
	8,347	11,478	3,764	15,089	25,779	64,457
Less: Claims payments						
Current year injuries						
Claims payments	1,838	2,963	77	74	-	4,952
Claims management	827	1,333	8	8	-	2,176
Prior years' injuries						
Claims payments	5,484	5,481	2,564	12,407	-	25,936
Claims management	2,468	2,466	256	1,241	-	6,431
	10,617	12,243	2,905	13,730	-	39,495
Balance, end of year	45,095	35,628	29,550	168,416	25,779	304,468

The expected claims payment for the benefits liability in 2016 is $25,377 (2015 - $23,177).

Notes to the Financial Statements

For the year ended December 31, 2015 (in thousands of Canadian dollars)

The Commission bases expectations of the costs of awarded pensions and the ongoing cost of Compensation and Medical Aid payments on the experience of prior years. The principal sources of the experience loss or gain and an actuarial reconciliation of the changes in the benefits liability during the years ended December 31 are as follows:

	2015	2014
	$	$
Balance, beginning of year	**304,468**	279,506
Adjust for effects of:		
Provision for current year's claims	**24,323**	20,823
Inflation experience, which was 1.49% versus the expected 2.5% (1.43% versus 3.0% in 2014)	**(1,714)**	(2,582)
Claims experience	**3,889**	(3,563)
Change in claims run-off factors for Compensation and Medical aid	**(2,222)**	(402)
Change in factors for Medical aid liability	**1,203**	-
Latent occupational disease claims provision	**(619)**	25,779
Change in legislation for presumptive firefighters coverage	**2,890**	-
Interest allocated	**17,823**	17,428
Other assumption changes	**63**	(154)
	45,636	57,329
Deduct:		
Payments for prior years' claims	**(31,487)**	(32,367)
Balance, end of year	**318,617**	304,468

c) Objectives in managing risks arising from the Acts and policies for mitigating those risks

The Commission has an objective to control insurance risk, thus reducing the volatility of operating results. In addition to the inherent uncertainty of insurance risk, this can lead to significant variability in the experience gain or loss. The Commission's operating results are affected by market factors, particularly movements in investment values.

Key aspects of processes established to mitigate insurance risks include:

- The maintenance and use of management information systems, which provide data on the risks to which the Commission is exposed to at any point in time.
- Actuarial models, using information from the management information system, are used to monitor claims patterns and calculate premiums. Past experience and statistical methods are used as part of the process.
- The mix of assets in which the Commission invests is determined to achieve a long-term rate of return that is sufficient to fund the benefits liability. The management of assets and liabilities is closely monitored to attempt to match assets with the expected pattern of claim payments.

Notes to the Financial Statements

For the year ended December 31, 2015 (in thousands of Canadian dollars)

d) Terms and conditions of the Acts

The terms and conditions attached to the Acts affect the level of insurance risk accepted by the Commission. All insurance transactions entered into are in the same standard form and are subject to substantially the same terms and conditions under the Acts.

e) Concentration of insurance risk

The Commission's exposure to insurance risk is due to workplace injury caused through an event or disaster that occurred during the reporting period, and/or occupational diseases diagnosed during the reporting period. The Commission's benefits liability includes an amount estimated to cover any such occurrences. This figure is reviewed on an annual basis. The Commission's risk is concentrated by industry as some industries have higher claims experience costs than others. This is mitigated by higher premiums being charged to industries with proven higher experience costs.

f) Development of claims

There is a possibility that changes may occur in the estimate of the Commission's obligations over time. The tables in part (k) of this note show the Commission's estimates of total net and gross claims outstanding for each underwriting year at successive year ends.

g) Interest rate risk

The Commission is exposed to the risk that interest rate movements may materially impact the value of the benefits liability. The financial impact of changing interest rates on the benefits liability is expected to be offset in the longer term by similar changes in claims inflation.

The discount rates being applied to future claims payments in determining the valuation of the benefits liability are disclosed in part (i) of this note.

The exposure to interest rate risk for classes of financial assets is set out in Note 15(d).

h) Liquidity risk

The Commission's exposure to liquidity risk is set out in Note 15(a).

The following table estimates the expected amounts and timing of future benefit payments for the provision of outstanding claims. The expected timing of payments from the provision for outstanding claims involves considerable uncertainty. The projections presented below do not include a provision for future administration expenses or latent occupational diseases.

Notes to the Financial Statements

For the year ended December 31, 2015 (in thousands of Canadian dollars)

Expected timing of future payment for outstanding claims:

	2015	2014
	%	%
Up to 1 year	**4.80**	4.29
Over 1 year and up to 5 years	**14.80**	13.90
over 5 years and up to 10 years	**15.70**	15.11
Over 10 years	**64.70**	66.70
Total	**100.00**	100.00

i) Actuarial assumptions and methods

The overall valuation approach is designed to reflect emerging trends without placing too much emphasis on temporary fluctuations. The factors used in the valuation have been developed on a best estimate basis by taking the Commission's historical experience into consideration along with recent trends in that experience. The general philosophy is to avoid reacting too strongly to temporary fluctuations until there is sufficient evidence that a change in assumption is required.

The Medical Aid and Compensation liability represents the present value at December 31, 2015 of expected future benefit payments for hospital and physician services, short-term income compensation payments, travel expenses, rehabilitation benefits and other eligible medical services under the Acts. The Medical Aid and Compensation liability is calculated using the loss development method also known as the "claims run-off" approach. In this method, historical paid claims data are summarized by accident year and payment year in order to observe the relationships between payments at different durations for each accident year. Historical factors, at each duration, are developed from prior accident years and are applied to accident years that are not yet fully mature in order to estimate the future timing and amount of remaining benefit payments.

The Future Capitalizations liability represents the present value of expected future pension awards that have not yet been approved as of December 31, 2015. These future pension capitalizations are in respect of all claims arising from accidents which occurred on or before December 31, 2015. The estimated number and timing of these future capitalizations has been developed based on the historical emergence of capitalized claims experience by accident year for the Commission. In addition, the expected cost of each capitalized claim has been developed based on actual pension awards approved prior to December 31, 2015.

The Approved Pension liability (pension awards) represents the present value at December 31, 2015 of all expected future pension awards payments, including future inflationary adjustments, to individuals who have been approved for a pension award at December 31, 2015. The Approved Pension liability is calculated on a seriatim basis using the discounted cash flow method. Pension benefits are indexed annually on January 1 of each year, this annual index rate is referred to as the Supplementary Pension Increase (SPI) rate. The SPI is determined by taking into account the average monthly change in consumer price index (CPI) Canada for the most recent July to June period. Mortality rates are used to determine the future life expectancy of individuals in receipt of a pension award. The actual gender and date of birth for all pension recipients is used in the valuation. Pensions are payable to dependent children until age 19 or age 25 if attending school. The probability of a dependent child continuing to receive a pension award from age 19 to 25 is based on actual experience of the Commission. A projection of future pension payments requires that an explicit assumption be

Notes to the Financial Statements

For the year ended December 31, 2015 (in thousands of Canadian dollars)

made with respect to the rate of award inflation. The present value of expected future pension payments uses a gross discount rate of 5.85% derived from the ultimate inflation assumption of 2.25% and a net discount rate of 3.50% for years 2017 and thereafter. The use of the actual inflation rate of 1.49% for 2016 results in a net discount rate of 4.30% for that year only.

The following economic assumptions are used in the valuation of the Future Claims Liability: discount rate – 5.85% (2014 – 6.10%), inflation rate – i) future capitalizations: 1.49% in 2016 and 2.25% per annum thereafter (2014 – 1.43% and 2.50%), and ii) Compensation: 2.25% (2014 – 2.50%) and Medical Aid: 4.75% (2014 – 2.50%)

The following economic assumptions are used in the valuation of the Approved Pension Liability: discount rate – 5.85% (2014 – 6.10%), inflation rate – 1.49% in 2016 and 2.25% thereafter (2014 – 1.43% and 2.50%). The mortality assumption is determined by the 2000-2002 Statistics Canada General Life Mortality Table (2014 – same table).

The Occupational Disease provision represents a portion of the present value of the expected future cost of claims that have not yet been filed but are expected to manifest themselves in the future as a result of cumulative exposure to a causative agent in the workplace (i.e. long latency cases). Only a portion of the total provision is held based on the accumulated exposure up to the valuation date relative to total exposure before an occupational disease manifests itself. Occupational diseases differ from occupational injuries in that there can be a considerable time lag between the exposure, the manifestation of the disease and the identification of the ensuing disability as a workers' compensation claim. Furthermore, while the circumstances of an injury usually make it clear whether it is work related or not, the link between an occupational disease and the workplace may be difficult to establish.

In 2015, an amendment to the Acts came into force. This amendment added five primary site cancers (primary site bladder cancer, primary site kidney cancer, primary site ureter cancer, primary site esophageal cancer and primary site breast cancer) to the list of covered cancers under the Firefighters' Presumptive Regulations of the Northwest Territories and of Nunavut. The estimated cost of the expanded list of presumptive cancers has been reflected in the benefits liability as December 31, 2015.

j) Liability sensitivity

The most significant assumption in the determination of the benefits liability is the net discount rate. The net discount rate is the assumed discount rate in excess of the assumed inflation rate. A reduction in the assumed net discount rate would result in an increase in the actuarial present value of the benefits liability and a decrease in comprehensive income.

Medical benefits represent approximately 16% of the benefits liability. An increase in the assumed excess medical inflation rate (above the assumed inflation rate) would result in an increase in the benefits liability for medical benefits and a decrease in comprehensive income.

The Approved Pension liability takes into account the future life expectancy of each individual pensioner, surviving spouse or dependent child according to their age and gender. An improvement in the assumed mortality experience would increase the life expectancy of benefit recipients, thereby increasing the actuarial present value of the liability for approved pension awards benefits and decreasing comprehensive income.

Notes to the Financial Statements

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2015 **+/- % change on assumed rates**	**+ 1%** **$**	**- 1%** **$**
Net discount rate	**(27,855)**	**35,178**
Excess medical inflation rate	**5,424**	**(4,635)**

2014 +/- % change on assumed rates	+ 1% $	- 1% $
Net discount rate	(27,500)	34,211
Excess medical inflation rate	4,838	(4,158)

2015 **+/- % change in mortality rates**	**+ 10%** **$**	**- 10%** **$**
Mortality rate	**(5,238)**	**5,486**

2014 +/- % change in mortality rates	+ 10% $	- 10% $
Mortality rate	(4,931)	5,321

Notes to the Financial Statements

For the year ended December 31, 2015 (in thousands of Canadian dollars)

k) Claims development

The following table shows the development of claims cost estimates for the nine most recent injury years:

	2007	2008	2009	2010	2011	2012	2013	2014	2015	**Total**
	$	$	$	$	$	$	$	$	$	**$**
Estimate of cumulative claim costs:										
At the end of the										
accident year	55,857	59,716	43,007	44,356	77,715	43,254	41,977	35,923	39,130	
One year later	49,674	52,229	39,782	44,743	70,852	39,738	38,252	35,719		
Two years later	43,292	49,107	37,745	39,278	69,454	36,183	36,866			
Three years later	42,069	50,445	36,584	37,733	62,086	35,775				
Four years later	43,966	46,236	36,581	38,090	68,546					
Five years later	43,582	45,658	33,865	37,433						
Six years later	41,923	42,075	32,057							
Seven years later	39,607	43,042								
Eight years later	37,971									
Current estimate of ultimate Claims Costs	37,971	43,042	32,057	37,433	68,546	35,775	36,866	35,719	39,130	**366,539**
Cumulative payments	17,844	18,678	14,053	15,917	21,721	13,676	12,477	9,047	4,875	**128,288**
Estimate of Future Payments	20,127	24,364	18,004	21,516	46,825	22,099	24,389	26,672	34,255	**238,251**
2006 and prior claims										**292,879**
Effect of discounting										**(286,894)**
Effect of administration expenses										**44,759**
Effect of latent occupational disease provision										**29,622**
Amount recognized on Statement of Financial Position										**318,617**

Notes to the Financial Statements

For the year ended December 31, 2015 (in thousands of Canadian dollars)

11. Employee benefits

a) Pension plan

Substantially all of the employees of the Commission are covered by the Plan, a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Commission. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution rates effective at year end for employees who joined the Plan prior to 2013 and after January 1, 2013 were 13.31% and 10.93% respectively (2014 – 15.088%; 12.002%). Total contributions of $1,619 (2014 - $1,654) were recognized as expense in the current year and $255 (2014 - $144) of this amount relates to contributions under the new rates. For employees joining the Plan after January 1, 2013 the normal retirement age has been raised from 60 to 65 years.

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2% of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Québec Pension Plan benefits and they are indexed to inflation.

b) Post-employment benefits

The Commission provides other benefits to its employees based on years of service and final salary. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. The cost of these benefits is accrued as employees render the services necessary to earn them. Liability for severance upon resignation, or retirement and ultimate removal benefits measured at the reporting date is as follows:

	2015	2014
	$	$
Accrued Benefit obligation, beginning of year	**1,215**	1,188
Total benefit expense:		
Current service cost	**65**	69
Interest cost	**38**	44
Actuarial (gains) losses	**(6)**	165
Benefits paid	**(61)**	(251)
Balance, end of year	**1,251**	1,215

Current service and interest costs totalling $103 (2014 - $113) were recognized in the employer share of benefits within administration and general expenses in the statement of comprehensive income.

The key assumptions used to calculate the accrued employee benefits are a liability discount rate of 3.00% (2014 – 3.25%) and a general wage escalation of 2.00% (2014 – 3.50%).

The expected contributions for 2016 are $220 (2015 - $197). The weighted average duration of the defined benefit obligation is 6.4 years (2014 – 6.5 years).

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The significant assumptions in the determination of the post-employment benefits are the discount rate and the wage inflation rate. The discount rate is selected by reference to a spot curve at the valuation date of high-quality corporate debt instruments with cash flows that match the timing and amount of the expected benefit payments. Based on the spot rate yield curve of AA-rated corporate bonds at December 31, 2015, the selected discount rate is 3.00% (2014 – 3.25%). A reduction in the assumed discount rate would result in an increase in the actuarial present value of the liability and an increase in comprehensive income. Wage inflation is determined by the negotiated collective agreement rate increases and is 2.00% for 2016 (2014 – 3.50% for 2015) and 2.00% for 2017. The long term wage inflation assumption of 2.00% for 2017 and beyond is considered to be Management's best estimate for long term salary growth. An increase in the assumed wage inflation rate would result in an increase in the liability and an increase in comprehensive income.

2015

+/- % change on assumed rates	**+ 1%**	**- 1%**
	$	**$**
Discount rate	**(77)**	**86**
Wage inflation rate	**66**	**(61)**

2014

+/- % change on assumed rates	+ 1%	- 1%
	$	$
Discount rate	(66)	74
Wage inflation rate	53	(49)

c) Other long-term employee benefits

Employees receive six days of special leave credits for each year of service up to a maximum of 30 days. Unused special leave credits are not payable upon termination or retirement.

Employees receive fifteen days of sick leave credits for each year of service. Unused sick leave credits accumulate and are carried forward during an employee's working lifetime. Unused sick leave credits are not payable upon termination or retirement.

The long-term liability for excess future usage of sick or special leave is defined as future leave, over and above the normal annual allotment earned in that year, that will be used by employees.

The balance in the liability accrual for accumulating sick or special leave benefits as at December 31, 2015 was $349 (2014 - $89).

12. Capital management and reserves

In accordance with Section 83 of each of the Acts, the Governance Council is responsible for approving the operating and capital budgets of the Commission, for approval of assessment rates for employers and benefits to workers, and for ensuring the proper stewardship of the Workers' Protection Fund. It is the objective of the

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Governance Council to ensure the financial sustainability of the Commission, while maintaining stability of assessment rates and benefits to injured workers.

The Commission maintains three reserves within the Workers' Protection Fund. All of these reserves are established by the Governance Council, and none are externally restricted.

As the Workers' Protection Fund includes all assessments from employers and amounts to be paid to injured workers, as well as the costs to administer the Acts, the Governance Council considers that capital includes all reserves of the Commission.

The Commission determines the funded position as total assets divided by total liabilities. This Funded Position (or net assets) represents the current funding status of the Workers' Protection Fund. The Governance Council's long term goal is to remain fully funded with a target funding ratio of 125%, which includes reserve funds.

At December 31, 2015, the Funded Position is 117% (2014 – 116%).

The Governance Council manages capital by monitoring all revenues and expenses through its budgeting and financial reporting processes, and by establishing assessment rates and an investment policy that maintain the funded status of the Commission and ensure the ability to care for injured workers.

a) Operating reserve

The operating reserve is intended to protect the Commission against adverse fluctuations in claims costs and investment results.

The target level for the operating reserve is 20% of total liabilities, for 2015 - $66,469 (2014 - $63,551). Should the Commission's funded ratio, excluding the catastrophe reserve capped at 5%, decline to:

- Below 105% a flat rate increase over 15 years would be put into place to return the operating reserve to the target rate.
- Below 95% a flat rate increase over 10 years would be put into place to return the operating reserve to the target rate.

An exception to the flat rate recoveries is if the Commission's funded ratio deteriorates to below 95% during the 15 year recovery period originally triggered at the 105% level then a 10 year flat rate recovery would be initiated.

Should the Commission's funded ratio, excluding the catastrophe reserve capped at 5%, exceed 135% for two successive years a one-time adjustment may be actioned by the Governance Council to return the funded ratio back to 135%. This adjustment is limited to a maximum of 100% of the annual assessment revenue for the second successive year.

b) Capital asset replacement reserve

This reserve allows multi-year planning and is used to set aside funds for the purchase of property and equipment and intangible assets. The reserve is funded annually through a Governance Council approved lump sum.

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For the year ended December 31, 2015 (in thousands of Canadian dollars)

c) Catastrophe reserve

The catastrophe reserve is intended to mitigate the potential impact to the Commission's funding ratio in the event of a catastrophic event. The Commission established specific criteria to determine whether an accident or event meets the definition of a catastrophic claim. The target level for the catastrophe reserve is set at 5% of the total liabilities, for 2015 - $16,617 (2014 - $15,888). Funds can be transferred from the operating reserve to address shortfalls in the catastrophe reserve as long as the operating reserve is not left in a shortfall position, shortfall being defined as less than 5% of total liabilities. Should the catastrophe reserve decline below 4% of total liabilities a flat rate increase over 15 years would be put into place to return the catastrophe reserve to the target rate.

13. Commitments

Future minimum contractual payments as at December 31 on contracts for goods and services are as follows:

	Equipment Leases	Leased space	Contracts	**Total**
	$	$	$	**$**
2016	58	1,592	5,645	**7,295**
2017	56	1,530	2,308	**3,894**
2018	47	1,430	1,667	**3,144**
2019	9	1,277	778	**2,064**
2020	9	1,277	-	**1,286**
Thereafter	-	3,186	-	**3,186**
Total	179	10,292	10,398	**20,869**

Every lease the Commission is currently entered into allows for renewal of the lease at current market pricing. There are no purchase options, contingent rents or escalation clauses included in the leases.

Of the total contracts committed in 2016, $638 are for the construction of internally developed software systems and $609 relate to the retrofit of the Yellowknife office. All other contracts are standard service and maintenance agreements.

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14. Contingencies

In certain circumstances, under both the Workers' Compensation Act of the Northwest Territories and of Nunavut, the Commission is deemed to be an assignee of a cause of action in respect of a claimant disability. The amount by which settlements exceed the cost of the action, including administration and future benefit entitlement, is paid to the worker or dependents. Amounts received from third-party recoveries are recorded in the year during which the settlement occurs. No provision is made in the benefit liability for possible future third-party recoveries due to their contingent nature.

Due to the nature of the Commission's operations, various other legal matters are pending. In the opinion of management, these matters will not have a material effect on the Commission's financial position or results of operations.

15. Financial risk management

The Governance Council is responsible for reviewing and approving the Commission's investment policy and plan. The investment policy and plan outline the types and classes of investments the Commission may invest in and how the Commission plans to achieve its investment objective and manage its investment risk. The Commission manages the risk associated to its investments by maintaining a well-diversified portfolio and by engaging external investment managers with different investment styles and objectives. Generally, investments are held until market conditions provide a better investment opportunity. The Commission regularly reviews the performance of its investment portfolio against established industry benchmarks.

The Commission has exposure to the following financial risks from its use of financial instruments:

- Liquidity risk
- Credit risk
- Market risk
    - Interest rate risk
    - Real estate risk
    - Foreign currency risk

The Commission's exposure to these risks arises primarily in relation to its investment portfolio, but also in relation to its other financial assets and liabilities. The following sections present information about the Commission's exposure to each of the above risks and the Commission's objectives, policies and processes for measuring and managing its risks.

a) Liquidity risk

Liquidity risk is the risk that the Commission will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk is considered to be low. The Commission maintains deposits and short-term investments at banks to meet liquidity needs. At December 31, 2015, cash and cash equivalents was $7,746 or a ratio of 0.63 of short-term liabilities (2014 - $13,153 or 1.09).

Notes to the Financial Statements

For the year ended December 31, 2015 (in thousands of Canadian dollars)

	1 year or less $	2-3 years $	4-5 years $	6 years or more $	**Total 2015 $**
Accounts payable, accrued and other liabilities	5,028	65	65	41	**5,199**
Salaries and wages payable	1,633	-	-	-	**1,633**
Assessments refundable	5,646	-	-	-	**5,646**
Total	12,307	65	65	41	**12,478**

	1 year or less $	2-3 years $	4-5 years $	6 years or more $	Total 2014 $
Accounts payable, accrued and other liabilities	4,876	67	68	72	5,083
Salaries and wages payable	1,620	-	-	-	1,620
Assessments refundable	5,371	-	-	-	5,371
Total	11,867	67	68	72	12,074

b) Credit risk

Credit risk on financial instruments arises from the possibility that the customer or counterparty to an instrument fails to meet its obligations. The maximum exposure to credit risk is represented by the carrying amount of the financial assets as presented in the statement of financial position.

In order to manage this risk, the Commission's investment policy requires that short-term investments at the time of purchase have a minimum credit rating of R-1(low) or its equivalent and that 90% or more of other fixed income investments have a minimum credit rating of A- or its equivalent. An independent rating service determines these ratings.

The Commission manages credit risk associated with cash and cash equivalents by dealing with reputable and high quality financial institutions.

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The Commission's exposure to credit risk associated with its other receivables and assessments receivable is the risk that an employer or a cost recovery customer will be unable to pay amounts due to the Commission. The maximum exposure to credit risk is $7,362 (2014 – $5,901). Allowances for doubtful accounts are provided for potential losses that have been incurred at the reporting date. The amounts disclosed on the statement of financial position are net of these allowances for doubtful accounts. All other receivables and assessments receivable are considered for impairment on a case-by-case basis when they are past due or when objective evidence is received that a customer will default. The Commission takes into consideration the customer's payment history, their credit worthiness and the then current economic environment in which the customer operates to assess impairment. The Commission recognizes a specific allowance for doubtful accounts when management considers that the expected recovery is less than the actual amount receivable. All bad debts are charged to administration and general expenses.

The Commission believes that the credit risk of other receivables and assessments receivable is mitigated by the following:

- The employer base is dispersed across various industries, with government comprising a significant concentration.
- As at December 31, 2015, the majority of other receivables and assessments receivable are outstanding for less than 90 days. The Commission does not require collateral or other security from employers or customers for accounts receivable.
- The Commission has the power and remedies to enforce payment owing.

All of the Commission's other receivables and assessments receivable are reviewed for indicators of impairment on an annual basis.

The following table outlines the credit risk exposure for the Commission for each major class of fixed income investments as at December 31, 2015:

	R-1 (high)	R-1 (middle)	R-1 (low)	**Total**
	$	$	$	**$**
Short-term investments	6,020	-	-	**6,020**
Fixed income securities	1,174	-	-	**1,174**
Total	7,194	-	-	**7,194**

	AAA	AA	A	BBB	**Total**
	$	$	$	$	**$**
Fixed income securities	18,757	28,287	13,243	868	**61,155**

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For the year ended December 31, 2015 (in thousands of Canadian dollars)

The following table outlines the credit risk exposure for the Commission for each major class of fixed income investments as at December 31, 2014:

	R-1 (high)	R-1 (middle)	R-1 (low)	Total
	$	$	$	$
Short-term investments	10,234	-	-	**10,234**
Fixed income securities	949	133	-	**1,082**
Total	11,183	133	-	**11,316**

	AAA	AA	A	BBB	Total
	$	$	$	$	$
Fixed income securities	14,840	26,027	8,377	272	**49,516**

c) Market risk

Market risk is the risk that the fair value or future cash flows of the Commission's financial instruments will fluctuate in the future because of price changes. The Commission invests in publicly traded fixed income and equity investments available on domestic and foreign exchanges and in privately held investments. Market risk is managed through diversification between different asset classes and geographic diversification and by limiting the concentration in any single entity to 5% or less of the fair value of the investment fund. The one exception to the 5% or less concentration rule is an investment in a Real Estate holding fund, Bentall Kennedy Prime Canadian Property Fund Ltd, at 13.14% (2014 – 13.40%) of the total fund. This fund is diversified by investment type and geographic location. In 2015 the fund held properties in four provinces; 47% in Ontario, 24% in British Columbia, 21% in Alberta and 8% in Quebec. The types of properties held by the fund can be classified as retail (37%), office (33%), distribution and warehouse (21%), multifamily residential (6%) and other (3%). The Governance Council is aware of this exception to its investment policy.

The Commission's investment target and actual asset mix at fair value December 31, 2015 is as follows:

	Target		
	Maximum	Minimum	**Actual**
	%	%	**%**
Fixed income securities and indexed bond funds	45.00	25.00	**35.10**
Canadian equities	21.00	11.00	**15.43**
Real estate	20.00	10.00	**13.14**
United States equities	19.00	9.00	**14.52**
International equities	15.00	5.00	**11.82**
Mortgages	15.00	5.00	**9.19**
Cash and cash equivalents	5.00	0.00	**0.80**

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Equity investments are particularly sensitive to market risk. Because equities are recorded as held-for-trading, changes in their fair value from the movements in the markets have a significant impact on comprehensive income and reserve values. The following table is a sensitivity analysis that shows the impact of a change of 15.80% - 17.00%, depending on asset type, on the average market values of each portfolio, which equates to one standard deviation of the portfolio in the respective stock market index.

Portfolio	Index	Exposure December 31, 2015 $	Change one standard deviation %	**Change to comprehensive income 2015 $**
Canadian equities	TSX 300	56,212	+17.00	**9,556**
United States equities	Russell 3000	57,103	+15.90	**9,079**
International equities	MSCI EAFE	40,234	+15.80	**6,357**

d) Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate in the future because of interest rate changes. The Commission is exposed to interest rate risk primarily through its investments in fixed income investments. Fluctuations in interest rates can affect the fair value of the fixed income investments, as well as shift investor preferences among asset classes. Interest rate risk is minimized by actively managing the duration of the fixed income investments as detailed in Note 5(a).

The following table provides a sensitivity analysis of the impact of a 1% change in nominal interest rates at December 31 assuming the change occurs evenly throughout the sector and all other variables remain constant.

	Movement in interest rates %	**Change to comprehensive income 2015 $**
Change in nominal interest rates	+1.00	**8,628**

	Movement in interest rates %	Change to comprehensive income 2014 $
Change in nominal interest rates	+1.00	6,974

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e) Real estate risk

Real estate risk arises from changes in real estate values related to local markets and vacancy rates. Real estate risk is managed through diversification across real estate types and locations. Adverse impacts in any segment of the market or geographic location are reduced by having holdings diversified across residential, commercial, industrial, and developmental markets.

The table below presents the estimated effect of a material adverse change in valuations of the investment in domestic real estate for the year ended December 31. This change to comprehensive income reflects a change in valuation of 12.50% (2014 – 12.50%), which, based on ten years of results, would be one standard deviation of valuation change.

Portfolio	Exposure December 31, 2015 $	Change %	**Change to comprehensive income 2015 $**
Real estate	47,787	+12.50	**5,973**

Portfolio	Exposure December 31, 2014 $	Change %	Change to comprehensive income 2014 $
Real estate	45,689	+12.50	5,711

f) Foreign currency risk

Foreign exchange risk is the risk that the value of financial assets and financial liabilities denominated in foreign currencies will fluctuate due to changes in their respective exchange rates relative to the Canadian dollar. The Commission has investments denominated in foreign currencies which are therefore exposed to currency risk. To mitigate this risk, investment managers are authorized to enter into forward foreign exchange contracts, which represent commitments to exchange two currencies at a specified future date based on a rate agreed to by both parties at the inception of the contract, for the sole purpose of hedging foreign currency transactions. The investment managers do not do this as a matter of general practice. There were no forward foreign exchange contracts outstanding as at December 31, 2015 (2014 – nil).

Notes to the Financial Statements

For the year ended December 31, 2015 (in thousands of Canadian dollars)

The total amount of investments, at fair value, exposed to foreign currency risk is as follows:

Foreign country	**Total investments fair value 2015 $**	Total investments fair value 2014 $
United States	**57,103**	64,918
Europe	**10,099**	9,376
Japan	**9,133**	6,101
United Kingdom	**8,972**	8,790
Switzerland	**4,949**	4,895
Hong Kong	**1,609**	1,310
China	**1,263**	989
Korea	**841**	679
Australia	**644**	793
Israel	**523**	344
Taiwan	**447**	344
India	**430**	265
Denmark	**402**	276
South Africa	**358**	-
Indonesia	**201**	172
Subtotal	**96,974**	99,252

The following tables provide a sensitivity analysis that illustrates the impact of a 10% appreciation in the Canadian dollar relative to the four largest currencies the Commission is exposed to for the year ended December 31. This analysis assumes that all other variables remain constant.

Country	Exposure December 31, 2015 $	Change %	**Change to comprehensive income 2015 $**
United States	57,103	+10.00	**(5,710)**
Europe	10,099	+10.00	**(1,010)**
Japan	9,133	+10.00	**(913)**
United Kingdom	8,972	+10.00	**(897)**
Switzerland	4,949	+10.00	**(495)**

Notes to the Financial Statements

For the year ended December 31, 2015 (in thousands of Canadian dollars)

Country	Exposure December 31, 2014 $	Change %	Change to comprehensive income 2014 $
United States	64,918	+10.00	(6,492)
Europe	9,376	+10.00	(938)
Japan	6,101	+10.00	(610)
United Kingdom	8,790	+10.00	(978)
Switzerland	4,895	+10.00	(490)

16. Administration and general expenses

	2015 $	2014 $
Salaries, wages and allowances	**15,284**	13,755
Professional services	**4,820**	4,282
Employer share of benefits	**3,087**	3,201
Amortization and depreciation	**1,462**	1,237
Office repairs and maintenance	**918**	823
Contributions to other organizations	**750**	761
Travel	**743**	696
Communications	**688**	611
Office services and supplies	**686**	544
Office lease payments	**614**	637
Advertising and public information	**517**	449
Bad debt expense	**363**	24
Office furniture and equipment (non-capital)	**345**	295
Training and development	**265**	258
Loss on asset disposal	**234**	80
Grants	**231**	204
Honoraria and retainers	**85**	76
Recruitment	**64**	114
Miscellaneous	**1**	1
Recoveries	**(384)**	(151)
	30,773	27,897
Less: Allocation to claims management costs - current year injuries (Note 10(b))	**(2,619)**	(2,176)
Less: Allocation to claims management costs - prior year injuries (Note 10(b))	**(6,230)**	(6,431)
Total	**21,924**	19,290

Notes to the Financial Statements

For the year ended December 31, 2015 (in thousands of Canadian dollars)

17. Related party transactions

The Commission is related to all departments and territorial public agencies of the Governments of the Northwest Territories and Nunavut. The Commission enters into transactions with these entities in the normal course of business. The following tables summarize the Commission's transactions:

Balances due from related parties included in assessments receivable and other receivables:

	2015	2014
	$	$
Government of Northwest Territories	**95**	317
Territorial public agencies	**42**	34
Government of Nunavut	**6**	1,285
Total	**143**	1,636

Balances payable to related parties included in accounts payable, accrued and other liabilities and assessments refundable:

	2015	2014
	$	$
Government of Northwest Territories	**415**	248
Territorial public agencies	**329**	484
Government of Nunavut	**210**	303
Total	**954**	1,035

Through Memoranda of Understanding with the Governments of the Northwest Territories and Nunavut, the Commission charges the governments for the costs of administering benefits related to Hunters and Trappers claims. These costs include the increase or decrease in the benefits liability related to Hunters and Trappers claims, therefore, a significant decrease in the benefits liability can result in a refund by the Commission to either Government. In 2014, the amount due from related parties included a receivable from the Government of Nunavut for Hunters and Trappers claims for the year in the amount of $1,285, and a receivable from the Government of the Northwest Territories for the year in the amount of $248. In 2015, both governments were issued refund cheques for Hunter and Trappers claims as follows; the Government of Nunavut – $40 , and the Government of the Northwest Territories – $48.

Assessments revenue, at rates determined using the same method as with others, as well as recoveries for Hunters and Trappers, as described above, from related parties for the years ended December 31:

	2015	2014
	$	$
Government of Northwest Territories	**4,679**	4,059
Government of Nunavut	**4,186**	4,832
Territorial public agencies	**1,785**	1,675
Total	**10,650**	10,566

Notes to the Financial Statements

For the year ended December 31, 2015 (in thousands of Canadian dollars)

Expenses to related parties for the years ended December 31:

	2015	2014
	$	$
Territorial public agencies	**2,224**	1,964
Government of Nunavut	**662**	597
Government of Northwest Territories	**412**	453
Total	**3,298**	3,014

Investments in bonds of related parties at fair value:

	2015	2014
	$	$
Northwest Territories Power Corporation		
6.42% maturing December 18, 2032	**1,399**	1,469
5.95% maturing December 15, 2034	**1,391**	1,357
Total	**2,790**	2,826

The Commission does not record the value of services provided in the normal course of operations without charge by the Governments of the Northwest Territories and Nunavut in these financial statements. The services provided without charge are not significant but include areas where the Commission follows government administrative policies and employment contracts. These services include training services, records management, and human resources support.

Compensation of key management personnel

	2015	2014
	$	$
Short-term employee benefits	**1,254**	1,216
Pension plan	**211**	213
Employee benefits - post employment benefits	**33**	71
Total compensation paid to key management personnel	**1,498**	1,500

Included in the post-employment benefits are employer contributions to the Plan.

The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel, which consists of the members of the Governance Council, the President, and the vice-presidents.

Notes to the Financial Statements

For the year ended December 31, 2015 (in thousands of Canadian dollars)

18. Fair value measurement

The Commission's financial instruments categorized according to their fair value hierarchy as described in Note 2(b) are as follows as at December 31, 2015:

	Level 1 $	Level 2 $	Level 3 $	**Total** **$**
Financial instruments measured at fair value:				
Equities	153,549	-	-	**153,549**
Fixed income securities and indexed bond funds	-	128,959	-	**128,959**
Real estate	-	47,787	-	**47,787**
Mortgages	33,445	-	-	**33,445**
Total	186,994	176,746	-	**363,740**

The Commission's financial instruments categorized according to their fair value hierarchy as described in Note 2(b) are as follows as at December 31, 2014:

	Level 1 $	Level 2 $	Level 3 $	Total $
Financial instruments measured at fair value:				
Equities	157,724	-	-	157,724
Fixed income securities and indexed bond funds	-	105,068	-	105,068
Real estate	-	45,689	-	45,689
Mortgages	32,441	-	-	32,441
Total	190,165	150,757	-	340,922

Pooled fund units are valued at their year-end net asset value, as determined by the fund manager or administrator. For equity and fixed income pooled funds, these values represent the Commission's proportionate share of underlying net assets at fair values determined using either quoted market prices or year-end closing market prices or the average of the latest bid/ask prices based on available public quotations from recognized dealers in such securities. Bonds are valued using the PCBonds TMX Group pricing system. Real estate is valued by comparing the property values to other completed transactions or listings in the market and performing a discounted cash flow analysis based on market rents and comparable discount rates.

WORKERS' SAFETY AND COMPENSATION COMMISSION

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