
WORKERS' SAFETY AND COMPENSATION COMMISSION

ANNUAL REPORT 2016

NORTHWEST TERRITORIES
AND NUNAVUT



Workers' Safety and Compensation Commission Northwest Territories and Nunavut

Yellowknife

Centre Square Tower, 5th Floor
5022 49 Street
Box 8888
Yellowknife, NT X1A 2R3

Telephone: (867) 920-3888
Toll-free: 1-800-661-0792

Fax: (867) 873-4596
Toll-free Fax: 1-866-277-3677

Iqaluit

Qamutiq Building, 2nd Floor
630 Queen Elizabeth II Way
Box 669
Iqaluit, NU X0A 0H0

Telephone: (867) 979-8500
Toll-free: 1-877-404-4407

Fax: (867) 979-8501
Toll-free Fax: 1-866-979-8501

Inuvik

Blackstone Building
87 Kingmingya Road
Box 1188
Inuvik, NT X0E 0T0

Telephone: (867) 678-2301
Fax: (867) 678-2302

24-HOUR INCIDENT REPORTING LINE

1-800-661-0792

wsc.nt.ca

wsc.nu.ca



WSCCNTNU

Table of Contents

LETTER OF TRANSMITTAL	2
REPORT TO STAKEHOLDERS	3
Message from the President	4
Vision, Mission, and Values	5
2015 – 2017 Strategic Priorities and Objectives	6
Governance Council	7
Corporate Overview	8
President’s Office	9
Corporate Services	9
Stakeholder Services	9
Financial Services	10
Executive Services	10
Nunavut Operations	10
2016 YEAR AT A GLANCE	11
2016 INJURY STATISTICS	12
2016 KEY PERFORMANCE INDICATORS	14
2016 REVIEW AND RESULTS	16
Advancing the Safety Culture	16
Delivering Quality Services and Outcomes for Workers and Employers	20
Sustaining the <i>Workers’ Protection Fund</i>	24
OUR FINANCES	29
Management Commentary	30
Management’s Responsibility for Financial Reporting	32
Actuarial Statement of Opinion	33
Independent Auditor’s Report	34
FINANCIAL STATEMENTS	36
Statement of Financial Position	36
Statement of Comprehensive Income	37
Statement of Changes in Equity	38
Statement of Cash Flows	39
Notes to the Financial Statements	40

Letter of Transmittal

May 30, 2017

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

The Honourable Nellie T. Kusugak
Commissioner of Nunavut

The Honourable Glen Abernethy
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, 2016.

The Governance Council, in collaboration with the WSCC Senior Management Team, shares 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 *2016 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 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, and the adequacy of the WSCC's contingency reserves.

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



Serving over 40,000 workers and close to 4,000 employers, the Workers' Safety and Compensation Commission of the Northwest Territories and Nunavut is committed to fair and effective administration of the workplace compensation system and supporting workplace safety.

In 2016, we entered the second year of a three-year strategic cycle. Together with our partners, we provided safety and care to northern employers and workers, progressing towards our vision to *eliminate workplace diseases and injuries*. It is a pleasure to provide an overview of our work over the last year as we continue advancing the strategic priorities identified in our 2015-2017 Strategic Plan: *Advancing the Safety Culture, Delivering Quality Services and Outcomes for Workers and Employers, and Sustaining the Workers' Protection Fund*.

We made significant progress in *Advancing the Safety Culture* in 2016. In addition to a communications campaign regarding slips, trips, and falls, as well as sprains, strains, and tears, we continued to enforce occupational health and safety (OHS) regulations by targeting high-risk workplaces. We also successfully released an OHS program for small businesses, with outreach to our smaller communities.

Towards our objective of *Delivering Quality Services and Outcomes for Workers and Employers*, we were pleased to release more services on *WSCC Connect*, our e-Business platform. Stakeholders are able to report unsafe work, register a business, report payroll, and apply for permits online. We will continue to broaden e-service offerings in the coming years.

While the global and Canadian economies continue to show instability and a lull in the Northwest Territories' mining sector, the *Workers' Protection Fund* remained in good standing for 2016. As in previous years, we continued to manage risk with our Enterprise Risk Management plan throughout the year.

In 2016, we conducted a stakeholder survey to understand employers' and workers' awareness and satisfaction with WSCC services. Results showed some impressive figures; 96% of employers and 85% of workers were satisfied overall with WSCC services. We are proud of these figures, but there is always work to do.

I invite you to review this Annual Report and the accomplishments of 2016 in greater detail. 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.

A handwritten signature in black ink, which appears to read "Dave Grundy".

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, 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	
 <p>Advancing the Safety Culture</p>	<ul style="list-style-type: none"> • Take a proactive approach to the prevention of workplace incidents through directed services <ul style="list-style-type: none"> - 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 	
 <p>Delivering Quality Services and Outcomes for Workers and Employers</p>	<ul style="list-style-type: none"> • 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 <i>Continuous Excellence</i> initiative 	
 <p>Sustaining the Workers' Protection Fund</p>	<ul style="list-style-type: none"> • Provide responsible stewardship of the <i>Workers' Protection Fund</i> • Ensure stable rates for employers 	
Enablers		
<p>People: our people are integral to WSCC success. Fully engaging our employees expertise, commitment and passion allows our organization to excel.</p>	<p>Organizational Capacity: information management, financial resources and internal processes that allow for the delivery of the most appropriate and efficient care and compensation services.</p>	<p>Partnerships: that allow for collaboration and achievement of common goals.</p>

Governance Council

A seven-person Governance Council, representing the interests of workers, employers, and the general public, governs the 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

Vacant, 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

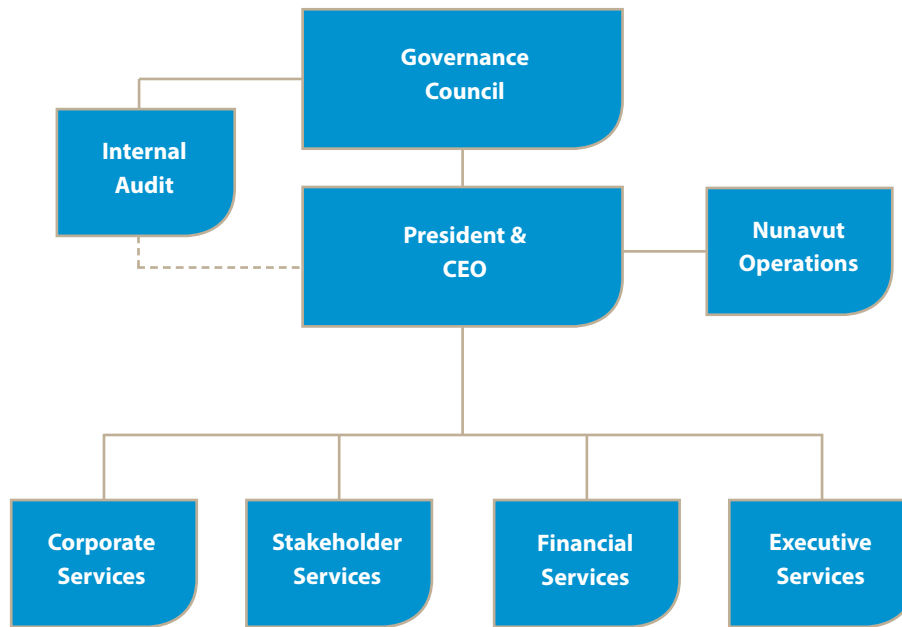


Corporate Overview

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.

The Audit and Investigations unit are also within this division. 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, 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 the claims process in the event of a workplace injury or illness. Claims Services 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 as 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 the 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.

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

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. The unit works with the Governance Council and the President & CEO to set the WSCC's strategic plan and governance documents, and to provide ongoing reviews of the WSCC's corporate performance.

The Communications unit generates and maintains awareness of the WSCC through communications and community engagement. It promotes awareness of WSCC services, and works with all units to advance the safety culture of northern workplaces.

The Review Committee is the WSCC's internal review body. It provides 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.

2016 Year at a Glance

Territorial Demographics:

	NWT	Nunavut	Total
Population ¹	44,204	37,146	81,350
Number employed ²	26,785	14,701	41,486
Average weighted weekly earnings ³	\$1,421.46	\$1,255.98	\$1,364.12

Operational Statistics⁴

Claimants:	2014	2015	2016
Number of claims reported ⁵	3,764	3,879	3,567
Number of claims accepted ⁶	2,364	2,231	2,168
Number of lost time compensated claims	997	832	826
Number of work related fatalities	5	3	1
Number of new pensions	84	128	107
Average composite duration of time loss claims	44 Days	43.3 Days	42.8 Days

Employers:	2014	2015	2016
Total number of assessable employers	3,847	3,934	3,652
Number of industry classes	8	8	8
Number of rate groups	20	20	19
Number of employers requesting additional optional coverage	577	512	589

Time Loss Injury Rate:	2014	2015	2016
Lost time Injury Frequency *	2.08	1.99	1.99

Financial Indicators:	2014	2015	2016
Maximum annual insurable earnings (YMIR)	\$84,200	\$86,000	\$88,600
Assessable payroll (in millions)	\$2,617	\$2,810	\$2,975
Approved average provisional assessment rate per \$100 of assessable payroll	\$2.05	\$2.00	\$2.00
Actual average assessment rate per \$100 assessable payroll	\$1.99	\$2.11	\$1.94
Percentage funded	116%	117%	110 %

* The lost time injury frequency (LTI) is the number of lost time 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).

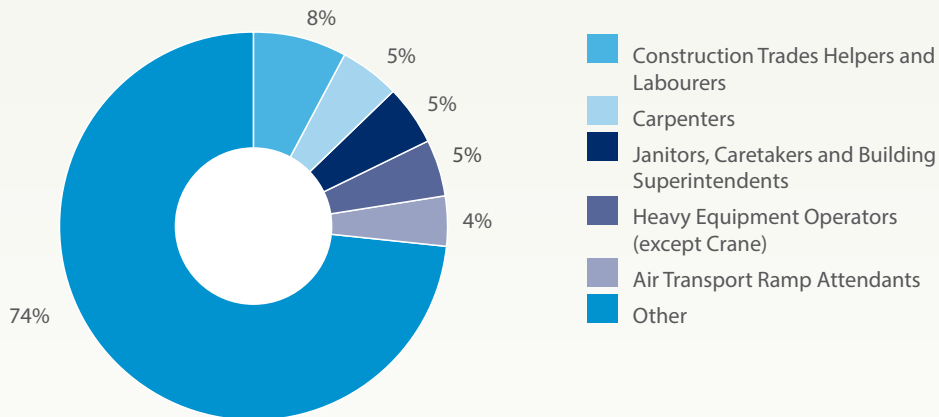
⁴ WSCC Compensation Assessment and Accident Prevention System (CAAPS) Database.

⁵ Methodology used to tabulate total claims in 2016 was adjusted to more accurately reflect the nature of the claim, following a restructuring of claim types. These numbers have been adjusted for previous years for data consistency.

⁶ Based on a review of claim types, these figures have been adjusted to more accurately reflect the volume of accepted claims. These figures have been adjusted for 2014 and 2015 for consistency.

2016 Injury Statistics*

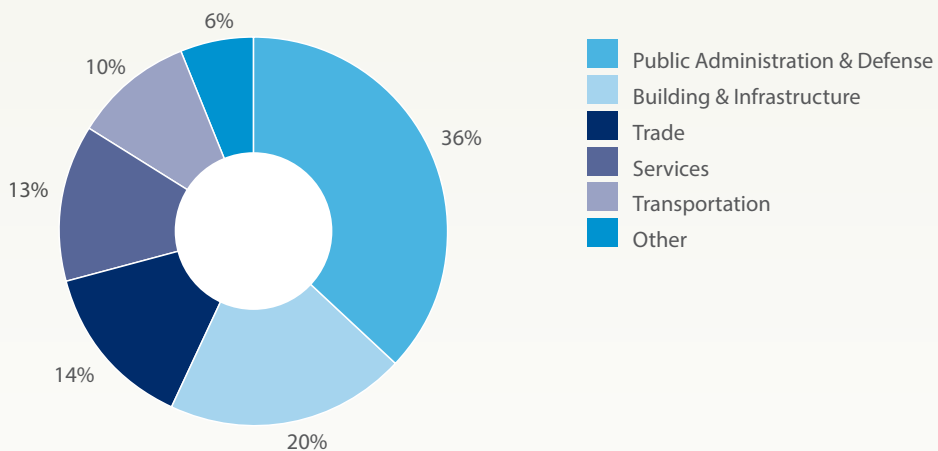
Top Five Occupations with Time Loss Claims in 2016



The top five occupations with time loss claims in 2016 contributed to 27% of the total time loss claims at the WSCC. These include:

- 1) Construction trades helpers and labourers, 8%
- 2) Carpenters, 5%
- 3) Janitors, caretakers and building superintendents, 5%
- 4) Heavy equipment operators (except crane), 5%
- 5) Air transport ramp attendants, 4%

Top Five Industries with Time Loss Claims in 2016

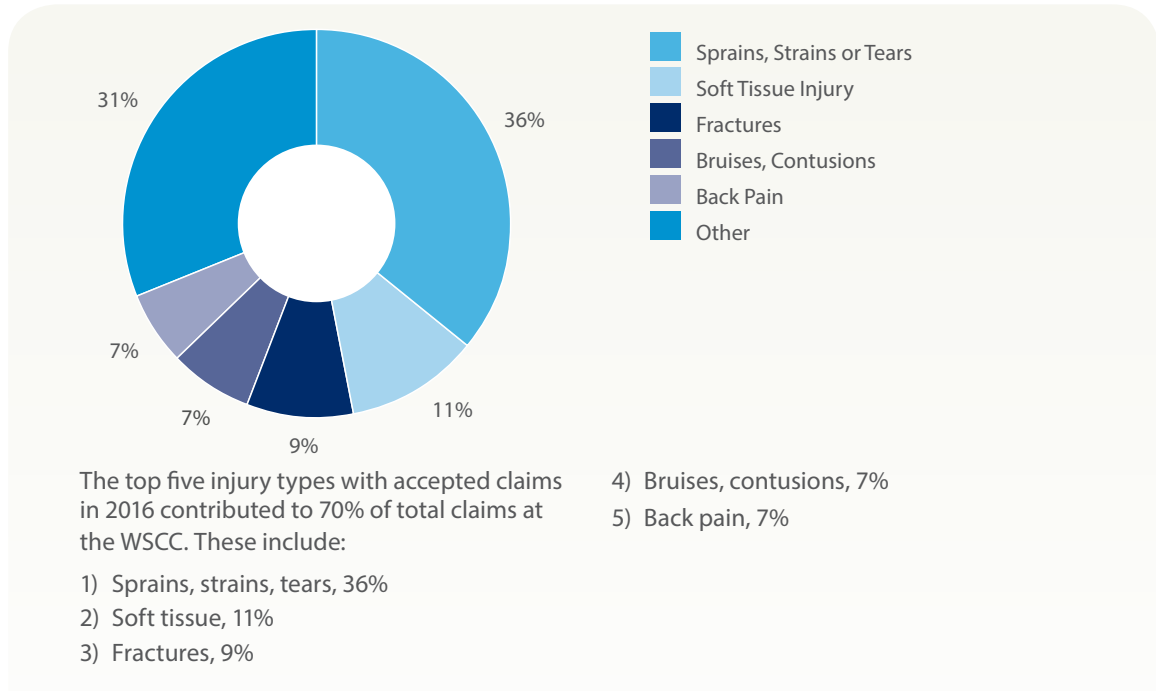


The top five industries with time loss claims in 2016 contributed to 93% of total time loss claims at the WSCC. These include:

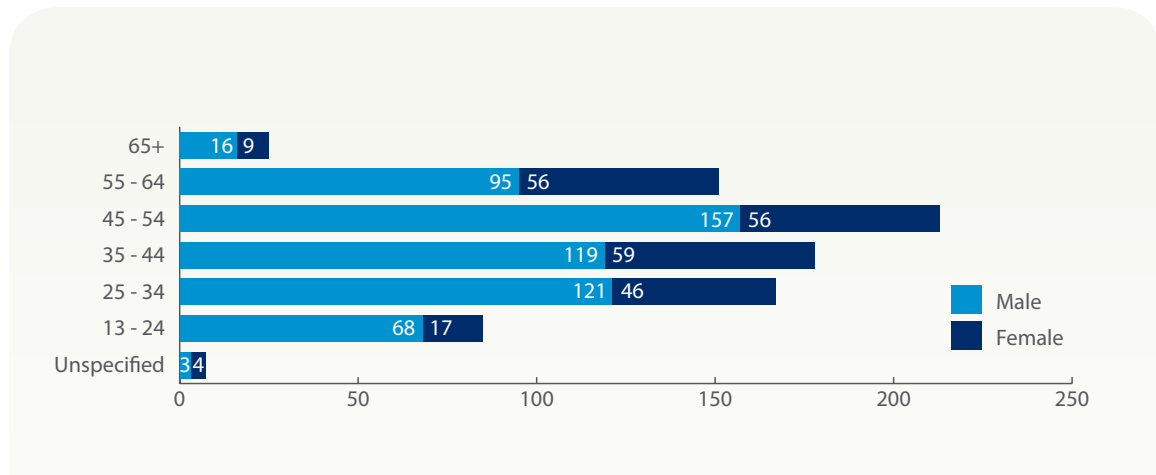
- 1) Public administration & defense, 36%
- 2) Building and infrastructure, 20%
- 3) Trade, 14%
- 4) Services, 13%
- 5) Transportation, 10%

* Charts may total slightly more or less than 100% due to the rounding of decimal places.

Top Five Injury Types with Time Loss Claims in 2016



2016 Time Loss Injury by Age & Gender






In 2016, males contributed to the majority of time loss claims, representing 70% of total time loss claims.

Workers aged 45 – 54 were the most vulnerable age group, representing 29% of total time loss claims.

* Charts may total slightly more or less than 100% due to the rounding of decimal places.

2016 Key Performance Indicators

Strategic Priorities	Key Performance Indicator	Metric
 <p>Advancing the Safety Culture</p>	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	% 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 ²	% completed questionnaires that pass the Prevention component
 <p>Delivering Quality Services and Outcomes for Workers and Employers</p>	6. Time loss duration ³	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, satisfied, and somewhat satisfied
	10. Stakeholder satisfaction with overall WSCC services (Stakeholder Survey available in 2016 only)	% very satisfied, satisfied, and somewhat satisfied
	11. Stakeholder agreement that WSCC needs to improve communication of WSCC services (Stakeholder Survey available in 2016 only)	% stakeholders strongly agree or agree
 <p>Sustaining the Workers' Protection Fund</p>	12. Funded position (annual measure, 2015 results available in Q2 2016) ⁴	Assets as a percentage of liabilities
	13. Bad debts ratio (annual measure, 2015 results available in Q2 2016) ⁴	Bad debts as a percentage of assessment revenue

Continued on next page

Continued on next page




¹ Quarterly injury frequencies may change over time to reflect the updated status of claims since the last reporting period.

² Includes COR certifications.

³ Time loss duration target is calculated using average monthly Total Temporary Disability.

⁴ Annual measure, 2016 results available in Q2 2017.

Continued from previous page

		Target	Q1	Q2	Q3	Q4	YTD
 Advancing the Safety Culture	1.	2.03	1.80	2.05	1.92	2.18	1.99
	2.	5.53	5.23	5.68	5.49	4.44	5.21
	3.	75%	72.4%	75.6%	75.0%	71.0%	73.8%
	4.	18%	n/a	14%	n/a	n/a	14%
	5.	87%	n/a	86%	n/a	n/a	86%
 Delivering Quality Services and Outcomes for Workers and Employers	6.	17.1 days	16.3 days	15.3 days	15.7 days	14.1 days	15.3 days
	7.	90%	96%	90%	95%	97%	95%
	8.	89%	n/a	84%	n/a	n/a	84%
	9.	Employers: 80% Workers: 80%	n/a n/a	95% n/a	88% n/a	87% n/a	92%
	10.	Employers: 80% Workers: 80%	n/a	n/a	n/a	Employers: 96% Workers: 85%	Employers: 96% Workers: 85%
	11.	Employers: 30% Workers: 40%	n/a	n/a	n/a	Employers: 49% Workers: 73%	Employers: 49% Workers: 73%
 Sustaining the Workers' Protection Fund	12.	105% - 135%	n/a	117%	n/a	n/a	110%
	13.	0.65%	n/a	0.62%	n/a	n/a	0.62%

Continued from previous page

2016 Review and Results

Advancing the Safety Culture

The WSCC's vision is to *eliminate workplace diseases and injuries*. As such, 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 supported *Advancing the Safety Culture* in 2016.

1 OBJECTIVE	ACTIONS
<p><i>Take a proactive approach to the prevention of workplace incidents through directed services</i></p> <ul style="list-style-type: none"> • Strengthen targeted inspection, compliance and enforcement efforts • Target safety awareness for high risk populations and injury types 	<ul style="list-style-type: none"> • 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 2016, the WSCC:

- Continued to refine the workplace inspection process to ensure the prioritization of workplaces with the highest risk of injury;
- Implemented the infrastructure for a Data Dashboard pilot project using Excel Power Tools (Power Query, Power Pivot, and Power View), and;
- Rolled out the Sprains, Strains, and Tears campaign to medical professionals, employers, and workers.

Following the 2015 assessment of Business Intelligence (BI) needs, it was determined that real-time data capabilities would strengthen inspection efforts and provide Prevention Services with stronger analytics to direct their resources. The use of data dashboards will further the BI goals of the WSCC with ongoing

monitoring capabilities for units to observe, evaluate, and address issues and trends as they happen. Opportunities to support this initiative are ongoing into 2017.

The WSCC works to ensure that progress on strategic objectives, actions, and initiatives are appropriately measured, and the same principle of data-based decision making applies to inspections and safety awareness. Data analysts and corporate reporting worked closely with staff organization-wide throughout 2016 to identify stakeholders at the highest risk of injury, and determine how to best deliver safety awareness to this population.

As sprains, strains, and tears were identified in 2015 as statistically significant causes of workplace injuries (35% of total time-loss injuries over the year), the WSCC continued a campaign highlighting causes, hazards, and prevention tips

throughout 2016 across social media platforms, newsletters, and in presentations to stakeholders. The WSCC continues to monitor statistical trends in

workplace injuries in order to prevent common injuries through proactive, directed campaigns and outreach.

2 OBJECTIVE	ACTIONS
<p><i>Develop and implement an education/training framework for employers</i></p>	<ul style="list-style-type: none"> • 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 2016, the WSCC:

- Identified training partners for Supervisor Safety Familiarization and First Aid Training courses;
- Developed an Occupational Health and Safety (OHS) program for small businesses; and
- Rolled out new *Occupational Health and Safety Regulations* in Nunavut.

The WSCC's Prevention Unit undertook efforts in 2016 to identify partners for Supervisor Safety Familiarization and First Aid Training, endeavoring to support businesses in finding appropriate local providers of this training. Supervisor Safety Familiarization training is required under the Northwest Territories and Nunavut *Occupational Health and Safety Regulations*. It is a priority for the WSCC that supervisors understand their roles and responsibilities when it comes to workplace health and safety, including the responsibility to ensure that workers perform their duties without undue risk, and are compliant with any applicable requirements under the *Safety Acts* and related *Regulations*. The WSCC also began an evaluation of tools to support employers in determining required training, based on industry.

The WSCC remains committed to supporting small businesses in both territories. To this end, in 2016 we developed an OHS program for small businesses. After extensive consultation and review with our Stakeholder Engagement Committee and external partners, this program was rolled out in the second half of the year and included templates and tools for small businesses to establish OHS programs that suit their needs. The program has had significant uptake, and supports businesses with fewer than 20 employees towards compliance with legislation.

The rollout of new *Occupational Health & Safety Regulations* in Nunavut brought regulations in line with those approved in 2015 in the Northwest Territories. WSCC staff visited Iqaluit and other communities in Nunavut to support the rollout, holding public information sessions to educate and support workers on the obligations and responsibilities included in the *Regulations*. Prevention Services maintains ongoing two-way communication with employers and stakeholders to ensure that the new *Regulations* are fully understood, and that any questions or concerns are addressed.

3 OBJECTIVE	ACTIONS
<p><i>Drive awareness of incidents and information sharing</i></p>	<ul style="list-style-type: none"> • 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 2016, the WSCC:

- Launched and supported *Safety Share*, an online forum for employers to share safety information and resources;
- Utilized social media as a platform to cross-share safety information; and
- Undertook targeted measures to provide employers with information about injury prevention using both industry-wide and custom statistics.

With broader access to the internet across the Northwest Territories and Nunavut, and the more widespread use of e-mail, web-based tools, and social media, the WSCC has taken steps to provide opportunities for employers to share information relevant to their businesses and industries. In early 2016, we launched Safety Share, an online forum

for employers to share information and raise awareness. Throughout the year, we supported and monitored this tool for its effectiveness in distributing information to employers regarding hazard alerts, assessment rates, Codes of Practice, and opportunities for engagement.

Social media engagement has been a primary tool for communicating statistics on workplace diseases and injuries. Communications worked closely with Policy and Corporate Reporting throughout the year to present this data on an ongoing basis, and received a high level of user engagement. Leveraging this interest in regular access to trending statistics, the WSCC is identifying new ways to incorporate this information into other projects and tools to fully support stakeholders in driving awareness of incidents.



2016 Stakeholder Survey

4 OBJECTIVE	ACTIONS
<p><i>Continue the evolution of safety incentive programs for employers</i></p>	<ul style="list-style-type: none"> • Continue to implement recommendations from the <i>Safe Advantage</i> program evaluation. • Evaluate the viability of a safety incentive program for small business; implement recommendations as required.

In 2016, the WSCC:

- Continued to educate employers on the Certificate of Recognition (COR™) certification as part of the *Safe Advantage* Management Practices Questionnaire (MPQ) verification process;
- Evaluated potential partner safety programs that can integrate with the *Safe Advantage* verification process; and,
- Concluded a cost/benefit analysis of a small business safety incentive program.

Safe Advantage is the WSCC's safety incentive program, targeting employers with an average three-year assessment of \$40,000 or more. The WSCC accepts COR™ certifications as a form of verification for an employer's *Safe Advantage* Management Practices process. In order to

maximize efficiency and reduce administrative redundancies, the WSCC continues to identify and evaluate additional potential third party audit programs to accept as part of the *Safe Advantage* verification process.

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. However, a small business incentive program will be revisited with the 10-year *Safe Advantage* review, scheduled for 2018. We remain committed to providing resources and services to all employers in the Northwest Territories and Nunavut, regularly communicating with all stakeholders to ensure that their needs are met.



98% OF EMPLOYERS BELIEVE THAT **WORKPLACE SAFETY IS IMPORTANT FOR A COMPANY TO BE SUCCESSFUL**

2016 Stakeholder Survey

Delivering Quality Services and Outcomes for Workers and Employers

At its core, the WSCC exists to serve workers and employers. The WSCC 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 supported this strategic priority in 2016.

1 OBJECTIVE	ACTIONS
<p><i>Promote safe and timely return to work</i></p>	<ul style="list-style-type: none"> • 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 2016, the WSCC:

- Continued to meet with employers to promote the implementation of the Return to Work program;
- Continued to support return to work services for employers failing the return to work component of the Safe Advantage MPQ, and;
- Continued to target return to work services for employers with workers with sprain and strain injuries greater than two months, and time loss injuries greater than six months.

Return to work is an important part of the WSCC’s mandate, benefitting both injured workers and their employers. Data shows that if a worker is away for six months due to injury, the chance of returning to full-time, pre-injury employment is

only 50%. It is critical that injured workers and their employers receive early support to facilitate care, recovery, and safe and timely return to work.

To maximize efficiency in return to work, the WSCC works with partner organizations to explore opportunities for collaboration on the delivery of Return to Work programs. We seek to offer as many options as possible to our stakeholders, and have progressed on providing tools and resources to support both workers and employees through the process.

Through the Safe Advantage program, employers are prioritized for directed services through the WSCC’s Prevention Services unit. This allows employers requiring additional support in return to work to receive one-on-one, customized consultation with staff.

2

OBJECTIVE

Review WSCC legislation

ACTIONS

- Develop a methodology to identify priority issues for legislative review.
- Develop and implement a plan to conduct ongoing legislative reviews.

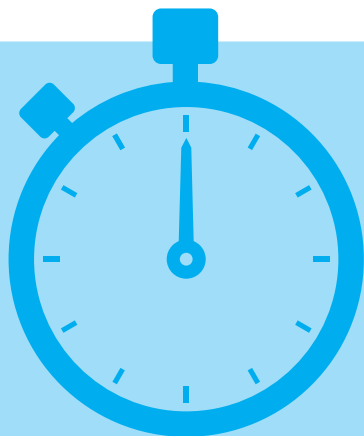
In 2016, the WSCC:

- Reviewed the *Safety Act*, arising out of new *OHS Regulations*, and;
- Conducted stakeholder engagement on recommended changes to the *Workers' Compensation Act*.

The WSCC is responsible for administering regulations mandated in a number of pieces of legislation. As such, we regularly review and evaluate legislation to ensure that the WSCC is aware and proactive regarding emerging issues and trends. In 2015, the WSCC developed a Comprehensive Legislative Review plan. Following new *Occupational Health and Safety Regulations*, amendments to the *Safety Act* were

drafted and tabled to the Legislative Assemblies of the Northwest Territories and Nunavut. The WSCC also undertook stakeholder engagement on proposed amendments to the *Workers' Compensation Act*, reaching out through a number of communications and engagement channels to ensure the widest possible reach.

The WSCC also began a review of the *Explosives Use Act* and the *Mine Health and Safety Act*, undertaking interjurisdictional research and comparisons to ensure that legislation in the Northwest Territories and Nunavut is comparable and current with other jurisdictions. Research in these areas was completed in 2016, with results incorporated into the next phase of the review process for rollout in 2017.



96%
OF EMPLOYERS
ARE SATISFIED WITH
WSCC'S OVERALL SERVICE

2016 Stakeholder Survey

3 OBJECTIVE	ACTIONS
<p><i>Increase access to WSCC Services</i></p>	<ul style="list-style-type: none"> • 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.

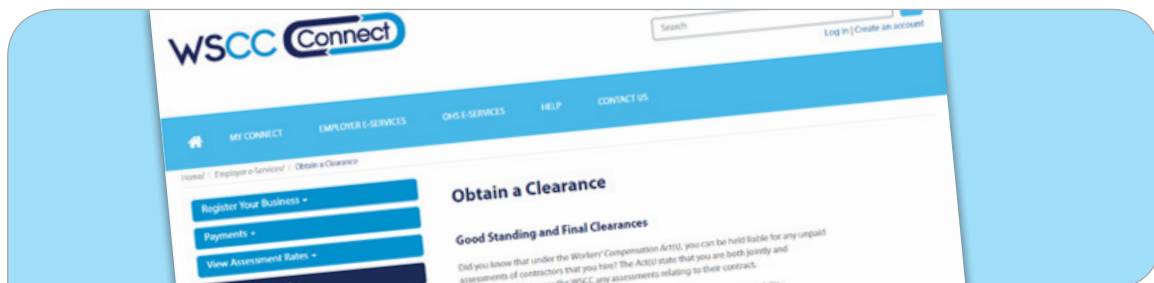
In 2016, the WSCC:

- Launched the *Worth It!* campaign, a multi-phase communication plan to address gaps in uptake and understanding of the WSCC and our services; and
- Launched the Inuktitut version of the WSCC website.

The WSCC provides a wide range of services to stakeholders across the Northwest Territories and Nunavut. As a part of our mandate to provide no-fault insurance for workplace injury as well as enforcement of OHS legislation, we work with employers to ensure accurate classification and assessment of their businesses, provide tools and programs to support workplace safety, provide compensation for injured workers and return to work support, among other services. In 2015, the WSCC looked inward to better understand gaps in how these many services are communicated, understood, and used. This research and review process informed the rollout of a communications campaign in 2016 to highlight services offered by the WSCC to stakeholders.

Following internal and external consultation, the WSCC launched the *Worth It!* campaign in September 2016. The focus of this campaign was to generate dialogue, and for stakeholders to conceptualize personal reasons why safety is important in the workplace. *Worth It!* launched with community events in Yellowknife and Iqaluit, with a micro-site for web traffic. Social media was used throughout the launch and rollout of the campaign to drive engagement and provide opportunities for dialogue and sharing. Following the initial launch, the campaign was pushed out to communities in both territories.

Our website is a critical tool for stakeholders to access information and online services. In order to support increased access to web-based resources, the WSCC launched an Inuktitut version of the website in 2016. An Inuinnaqtun website is not currently available, but translations into Inuinnaqtun for all resources remain available to any stakeholders in our jurisdictions.



4 OBJECTIVE	ACTIONS
<p><i>Implement the e-Business strategy</i></p>	<ul style="list-style-type: none"> • 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 2016, the WSCC:

- Launched additional e-Business services for employers through *WSCC Connect*, including the report of unsafe work, registration of a business, report of payroll, and the application for diesel permits;
- Evaluated requirements for future phases of e-Business, and;
- Monitored stakeholder uptake and satisfaction with e-Business services.

Over the course of the year, the WSCC successfully launched a number of new e-Business services to the *WSCC Connect* platform. This multi-year e-Business strategy is a major undertaking to improve how stakeholders interact with the organization, and the WSCC has carefully

monitored and evaluated each element of its implementation. Through an extensive planning process, testing, and monitoring following the launch, the WSCC successfully rolled out e-Business services for payroll reporting, registering a business, underground diesel mining permits and the report of unsafe work.

Moving more services to an online platform is a priority for the WSCC, as we seek to provide as many options as possible for our stakeholders to access services simply, effectively, and efficiently. Plans are in place for continued rollouts in 2017 as new components of e-Business are developed.



2016 Stakeholder Survey

5 OBJECTIVE	ACTIONS
<p><i>Continue and expand implementation of the Continuous Excellence (CE) initiative</i></p>	<ul style="list-style-type: none"> • 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 2016, the WSCC:

- Maintained a team of internal CE Leaders;
- Conducted process improvement events across the organization; and
- Developed tools to support management in a Lean environment.

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

The WSCC maintains an active roster of CE leaders throughout the organization, who provide resources and expertise in supporting the program, events, and Kaizens. Kaizens are small events in which opportunities exist to improve specific processes quickly. In 2016, two Kaizens were conducted addressing chemical and biological substance approval, and new operations and high hazard operations.

In 2016, the WSCC held two CE events. The first focused on examining the injury reporting process and arriving at recommendations for improvement. The second event aimed to align the process for submitting employer injury statistics with requirements under the new *Occupational Health and Safety Regulations*.

The CE program also supported the WSCC Leadership Team by developing training to support team 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 2016, a total of two objectives supported *Sustaining the Workers’ Protection Fund*.

1 OBJECTIVE	ACTIONS
<p><i>Provide responsible stewardship of the Workers' Protection Fund</i></p>	<ul style="list-style-type: none"> • Incorporate risk-management into management practices. • Conduct ongoing, control-based internal audits. • Adjust investment risk profile by conducting an asset/liability study. • Conduct a review of the WSCC life-time pensions program.* • Update Business Continuity Plan*

* New action identified for 2016

In 2016, the WSCC:

- Continued regular risk assessments under the Enterprise Risk Management (ERM) plan;
- Investigated a delegated investment approach as part of the asset/liability study;
- Conducted a review of the WSCC pensions program; and
- Developed documentation for the Business Continuity Plan.

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*. A dedicated ERM committee meets regularly to identify, review, and manage risks, both internal and external to the organization.

The *Workers' Protection Fund* is funded by a combination of employer assessment premiums and returns on WSCC investments. Following the completion of an asset/liability study late in 2015, the WSCC undertook an interjurisdictional comparison in 2016 of other jurisdictions' asset mixes, relevant performance and investment fee structures. Based on that analysis and

current investment market instability, it was decided to maintain the existing asset mix and monitor performance. Late in 2016, the WSCC began exploring the possibility of shifting from an advisory model to a delegated model for investment management. This project continues into 2017.

Reviewing the pension system is an important element of ensuring the responsible stewardship of the *Workers' Protection Fund*. Over the course of the year, updates were provided regularly for the Governance Council to ensure that actuarial updates, interjurisdictional research, and various reviews of remuneration calculation were conducted on an ongoing basis. This project continues into 2017.

In 2016, the WSCC began development of a Business Continuity Plan (BCP) in the event of a disaster or crisis situation. This process involved thorough research, documentation, and engagement, with significant progress on the project in 2016. A framework for operations in the event of a disaster has been established, and critical business processes have been identified. This project will continue into 2017 and is a critical component to ensuring the WSCC's resiliency against unforeseen events.

2 OBJECTIVE	ACTIONS
<i>Ensure stable rates for employers</i>	<ul style="list-style-type: none"> • Continue implementation and adherence to the funding strategy.

In 2016, the WSCC:

- Implemented Phase 2 of the rate classification review, and;
- Continued adherence to the funding strategy.

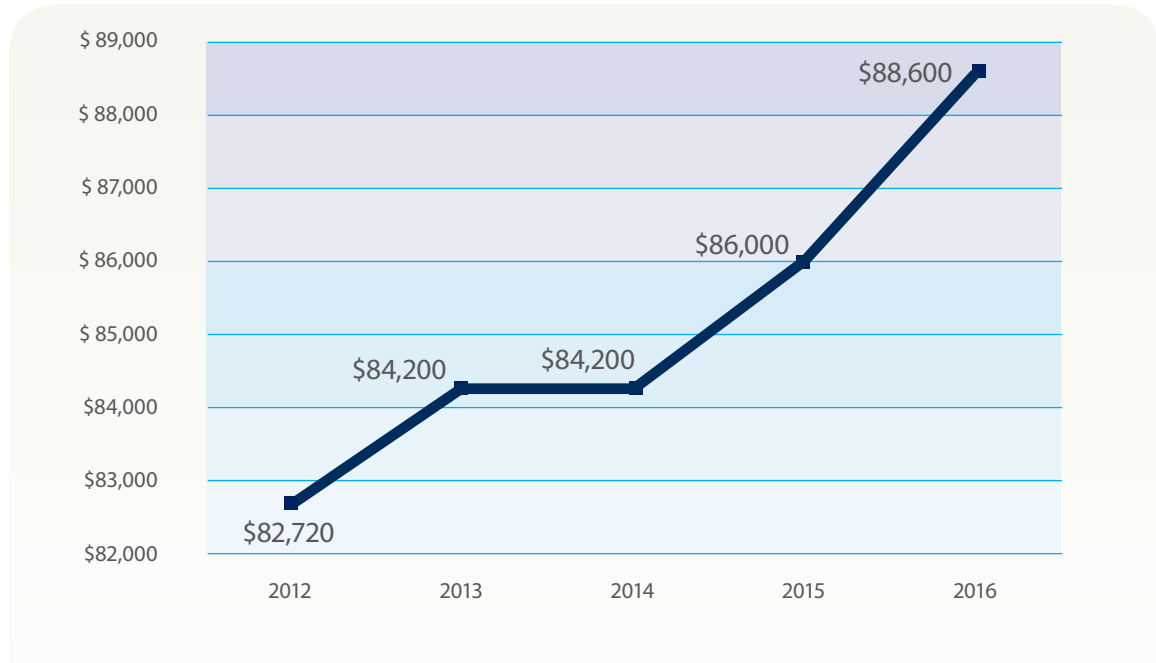
In 2015, Financial Services undertook a review of the rate setting model towards the goal of increased overall rate stability. The recommendations that came out of this review were implemented for 2016, and these were monitored and evaluated over the course of the year. Based on the results of the 2015 review and the scale of changes implemented, no adjustments to the rate classification structure were deemed necessary for 2017. The monitoring and evaluation conducted over the course of 2016 demonstrated an overall increase in rate stability, and is monitored on an ongoing basis.

The average provisional assessment rate is the rate that all employers would pay if there

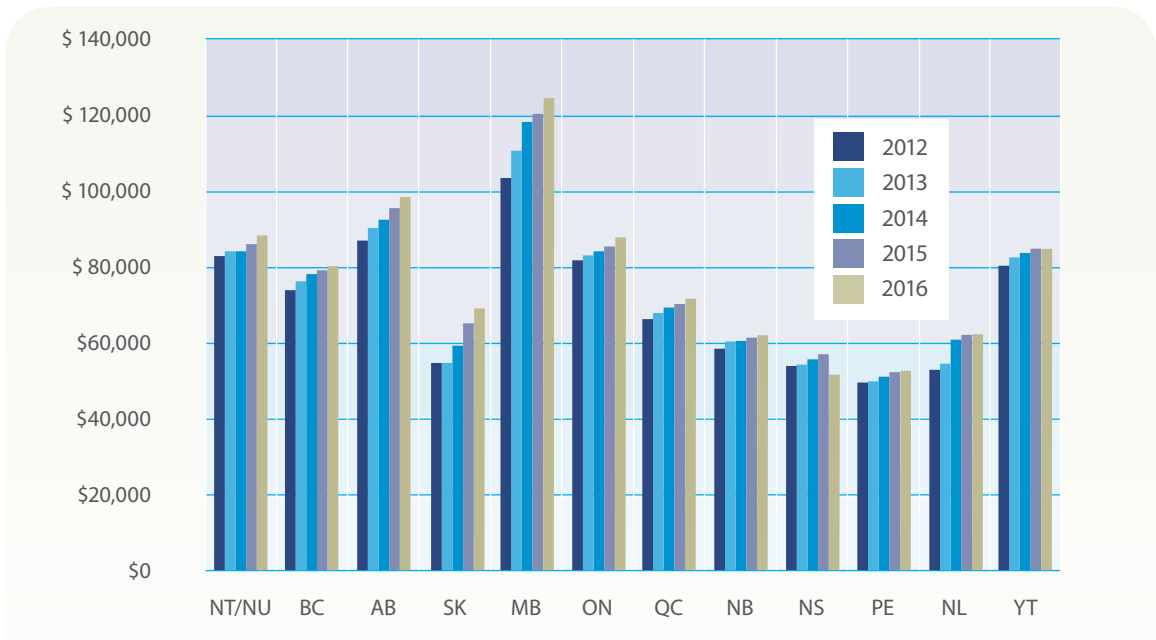
was only one assessment level. In 2015, the Governance Council made the decision to keep a flat rate of \$2.00 for the average provisional assessment rate for 2016.

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 2016, YMIR was set at \$88,600, an increase of \$2,600 from the 2015 rate of \$86,000. This rate increase is approved according a Governance Council policy introduced in 2015 which establishes YMIR from a set formula based on average wages in the Northwest Territories and Nunavut. The WSCC has the third highest YMIR in Canada, a reflection of the higher average earnings of workers in the territories compared to other jurisdictions.

Year's Maximum Insurable Remuneration Northwest Territories and Nunavut, 2012 - 2016



Year's Maximum Insurable Remuneration Across Canadian Jurisdictions, 2012 - 2016

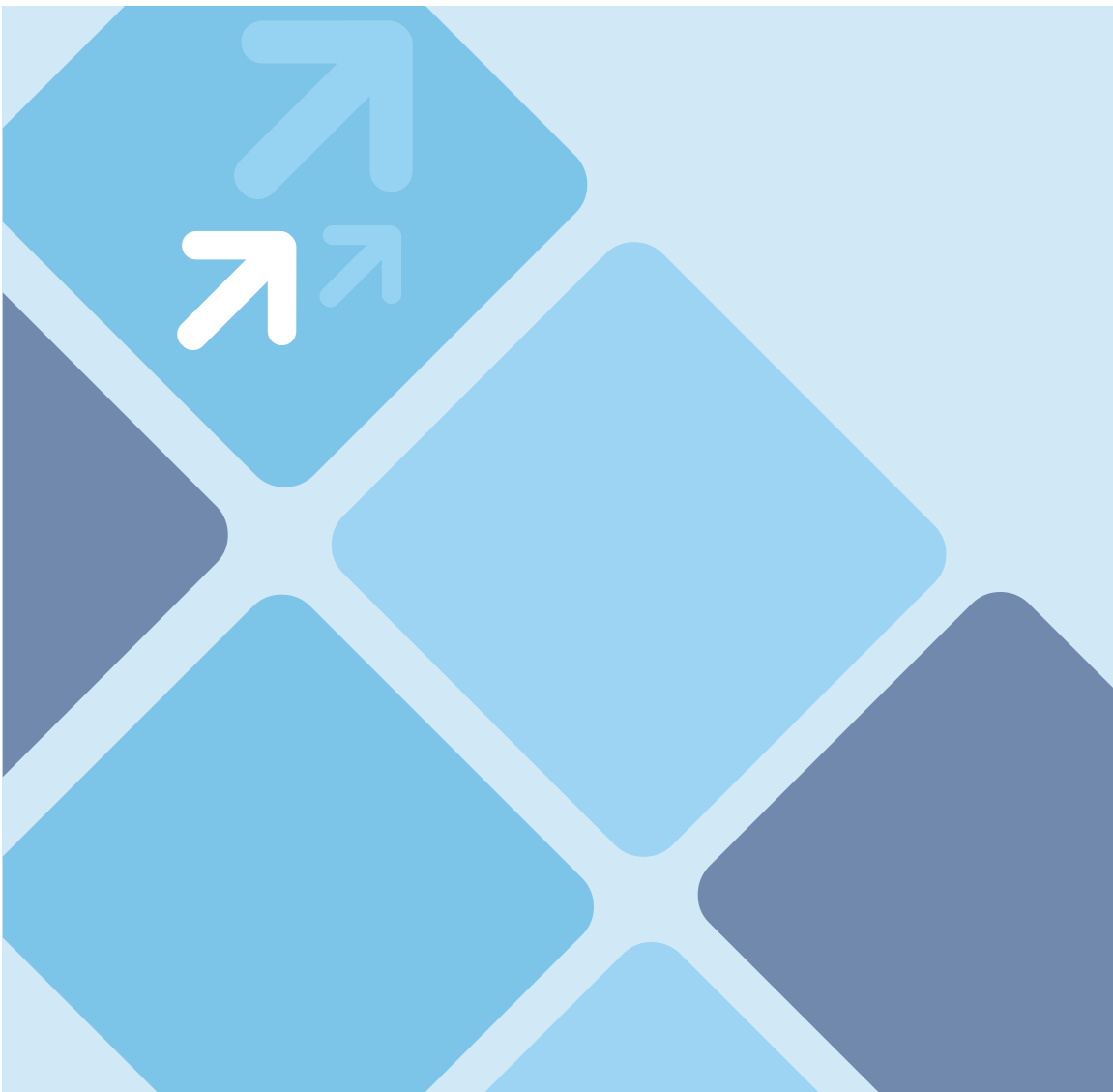




OUR FINANCES

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

FINANCIAL STATEMENTS
DECEMBER 31, 2016



Management Commentary

For the year ended December 31, 2016

The management commentary provides additional insights and information pertaining to 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 risk 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, 2016 the WSCC's funded position is 110%. That represents a decrease from the 2015 measure of 117%. The 8.2% increase in the benefit liability from 2015 is the primary reason for the decline in the funded position. The adoption of a more recent mortality table for 2016 coupled with negative claims experience were the key determinants in the increase in the benefit liability. Although the current funded position falls below the target rate it does remain within the "no action zone" as set in WSCC Policy # 10.05 Funding Strategy. Given that it falls within that "no action zone" the funded position will not have any negative impact on employer assessment rates for 2018.

Overview of 2016 Financial Results

The WSCC's total comprehensive loss for 2016 was \$20.3 million, compared to a comprehensive income of \$6.9 million for 2015. Total revenues for 2016 declined by \$8.6 million from 2015 levels. Reduced investment returns were the primary contributing factor to the decline contributing \$6.7 million or 78% of the total revenue decline with the balance resulting from a decline in assessment revenue.

The downward pressures and trends in investment markets that began late in 2015 continued throughout most of 2016. Markets did show some improvement as the year progressed with that positive trend continuing into the first quarter of 2017. The WSCC's overall investment return for 2016 was 4.6% failing to meet the 5.85% targeted gross rate at which the WSCC discounts its claims and pension benefit liability.

The provisional employer payroll assessment rate for 2016 remained consistent with the 2015 rate of \$2.00 per \$100 of assessable employer payroll.

The year's maximum insurable remuneration (YMIR) increased slightly from the 2015 level of

\$86,000 to \$88,600. 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 has since 2014, included within its benefit liability a provision for latent occupational diseases. The provision for 2016 is \$32.0 million, increasing from \$29.6 million in 2015. The provision for latent occupational diseases in 2016 comprises 9.3% of the total benefit liability which is consistent with 2015.

By far the most dramatic change in the WSCC cost structure in 2016 as compared to 2015 pertained to claims costs. Overall claims costs in 2016 showed an increase of \$20.7 million. \$8.4 of that increase is attributable to the adoption of the more recent mortality table. Given the lifetime pension provision a change in mortality tables has a direct impact that is reflected in the claims costs for that year at the time a change in that underlying estimate is made. In addition, current year claims costs have escalated in 2016 with medical aid and compensation showing a combined cost escalation of \$4.9 million over the comparable 2015 numbers.

Reserves declined in 2016 to \$37 million from \$57.4 million in 2015. The catastrophe reserve of \$18 million is at 5% of total liabilities in accordance WSCC Policy # 10.05 Funding Strategy while the operating reserve of \$18.8 million is at 5.2% of total liabilities, under its target of 20% but within the "no action zone" for assessment rate setting purposes.

Forward Looking

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 Governance Council and administration has commenced work on the development of a new strategic plan for 2018 and the years following.

The Governance Council and administration are 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. Claims cost escalation experienced in 2016 is of particular concern and will be a focus of management moving forward.

The economies of both the Northwest Territories and Nunavut are intricately tied to the mining and /or resource extraction industry. The inherent volatility associated with that industry remains a concern. In addition the collective agreement for the majority of the WSCC workforce remains an outstanding issue having expired in March of 2016. Negotiations have been ongoing between the Union of Northern Workers and the Government of the Northwest Territories, however a resolution has not been reached which brings with it an element of uncertainty to not only the WSCC administrative cost structure moving forward but the impact on the employees and the potential impact on clients should matters deteriorate and labor disruptions ensue.

Challenges exist moving forward. The Governance Council and administration are committed 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 9, 2017

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, CPA, CMA
Vice-President of Financial Services

Actuarial Statement of Opinion



I have completed the actuarial valuation of the benefit liabilities of the Workers' Safety and Compensation Commission (the "Commission") as at December 31, 2016 (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. The economic assumptions are consistent with the funding and investment policies of the Commission.
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.
4. The estimate of the actuarial liabilities as at the valuation date is \$344,860,000. This includes provisions for benefits and future administration expenses expected to be paid after the valuation date for claims that were incurred 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.

A handwritten signature in black ink that reads "Thane MacKay".

Thane MacKay, F.C.I.A.

March 31, 2017

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

Independent Auditor's Report



Office of the
Auditor General
of Canada

Bureau du
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 2016, 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 2016, 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 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 the Part IX of the *Financial Administration Act* of Nunavut and regulations, and the *Workers' Compensation Act* of the Northwest Territories and of Nunavut and regulations.



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

9 May 2017
Vancouver, Canada

Financial Statements

Statement of Financial Position

As at December 31 (in thousands of Canadian dollars)

	2016	2015
	\$	\$
ASSETS		
Cash and cash equivalents (Note 4)	9,859	7,746
Investments (Note 5 & 18)	371,808	363,740
Assessments receivable (Note 6(a))	3,441	5,904
Other receivables (Note 6(b))	449	1,458
Prepaid expenses	247	384
Property and equipment (Note 7)	8,463	8,002
Intangible assets (Note 8)	2,910	2,488
	<u>397,177</u>	<u>389,722</u>
LIABILITIES AND EQUITY		
LIABILITIES		
Accounts payable, accrued and other liabilities (Note 9 & 15)	5,373	5,199
Salaries and wages payable (Note 15)	1,361	1,633
Assessments refundable (Note 15)	7,260	5,646
Benefits liability (Note 10)	344,860	318,617
Post-employment benefits (Note 11(b))	1,279	1,251
	<u>360,133</u>	<u>332,346</u>
EQUITY (Note 12)		
Operating reserve	18,765	40,547
Capital asset replacement reserve	272	212
Catastrophe reserve	18,007	16,617
	<u>37,044</u>	<u>57,376</u>
	<u>397,177</u>	<u>389,722</u>

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)

	2016 \$	2015 \$
REVENUE AND INCOME		
Assessments	57,801	59,685
Add: Safe Advantage penalties	509	430
Less: Safe Advantage refunds	(1,129)	(1,131)
Net assessment revenue	<u>57,181</u>	<u>58,984</u>
Investments		
Interest	4,030	3,857
Dividends	13,270	13,115
Investment (losses) gains (Note 5(d))	(1,142)	5,935
Investment fees	(1,060)	(1,152)
Net investment income	<u>15,098</u>	<u>21,755</u>
Fines and miscellaneous revenue	<u>1</u>	<u>204</u>
	<u>72,280</u>	<u>80,943</u>
EXPENSES		
Claims costs		
Claims costs, current year injuries (Note 10(b))	37,338	32,813
Claims costs, prior years' injuries (Note 10(b))	35,677	21,313
Third party legal claim recoveries	(235)	(2,093)
Recoveries for hunters and trappers (Note 17)	57	88
	<u>72,837</u>	<u>52,121</u>
Administration and general expenses (Note 16)	<u>19,557</u>	<u>21,924</u>
	<u>92,394</u>	<u>74,045</u>
Income (Loss) before other comprehensive income	<u>(20,114)</u>	<u>6,898</u>
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))	(218)	6
Total comprehensive income (loss)	<u>(20,332)</u>	<u>6,904</u>

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	CATASTROPHE RESERVE	Total
	\$	\$	\$	\$
Balance at January 1, 2015	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
Total comprehensive loss for the year				
Loss before other comprehensive income	(20,114)	-	-	(20,114)
Re-measurement losses on defined benefit plan	(218)	-	-	(218)
Transfer to catastrophe reserve	(1,390)	-	1,390	-
Transfer to capital asset replacement reserve	(60)	60	-	-
Balance at December 31, 2016	18,765	272	18,007	37,044

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)

	2016	2015
	\$	\$
OPERATING ACTIVITIES		
Cash received from:		
Assessments from employers	62,347	58,151
Cash paid to:		
Payments to claimants or third parties on their behalf	(46,633)	(36,432)
Purchase of goods and services	(18,024)	(22,269)
Assessment rebate	(1,129)	(1,131)
	<hr/>	<hr/>
Cash used in operating activities	(3,439)	(1,681)
INVESTING ACTIVITIES		
Proceeds on sale of investments	397,560	264,323
Dividends	13,270	12,919
Interest	4,030	4,117
Change in cash held by investment managers	272	(307)
Purchase of intangible assets	(911)	(584)
Purchase of property and equipment	(1,627)	(3,230)
Purchases of investments	(407,042)	(280,964)
	<hr/>	<hr/>
Cash provided by (used in) investing activities	5,552	(3,726)
Increase (decrease) in cash and cash equivalents	2,113	(5,407)
Cash and cash equivalents, beginning of year	<hr/>	<hr/>
	7,746	13,153
Cash and cash equivalents, end of year	<hr/> <hr/>	<hr/> <hr/>
	9,859	7,746

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

Notes to the Financial Statements

For the year ended December 31, 2016 (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 9, 2017.

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

Notes to the Financial Statements

For the year ended December 31, 2016 (in thousands of Canadian dollars)

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.

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.

De-recognition 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, 2016 (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 2016 (2015 – 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, 2016 (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

Research costs are expensed as incurred. Development costs of internally developed software systems are capitalized when the system is technically feasible, resources are available, costs can be measured reliably, management intends to use the asset and future economic benefits are probable. The asset is derecognized when it no longer meets these criteria. When the asset is substantially complete and is available for use,

Notes to the Financial Statements

For the year ended December 31, 2016 (in thousands of Canadian dollars)

development costs capitalization ceases and the costs are transferred to the related asset category and amortized.

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.

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 to 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.

Notes to the Financial Statements

For the year ended December 31, 2016 (in thousands of Canadian dollars)

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, 2016 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.

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.

Notes to the Financial Statements

For the year ended December 31, 2016 (in thousands of Canadian dollars)

l) Amendments to IFRS effective for the current year

Amendments to IAS 1 – Disclosure Initiative

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 came into effect for annual periods beginning on or after January 1, 2016. The adoption of these amendments did not have a significant impact on the Commission's financial statements.

m) 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*. The final standard is currently expected to be issued in 2017, and it will have an effective date no earlier than 2020. The Commission will assess the impact that this resultant standard will have on the financial statements once it is issued.

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 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.

Notes to the Financial Statements

For the year ended December 31, 2016 (in thousands of Canadian dollars)

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.

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)
- Note 11 (b) – Post-employment benefits determination of discount rates and other assumptions

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 and valuation 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% (2015 – 0.80%). 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.

	2016	2015
	\$	\$
Short-term investments	6,166	6,020
Cash	3,693	1,726
Total	9,859	7,746

Notes to the Financial Statements

For the year ended December 31, 2016 (in thousands of Canadian dollars)

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.

	2016		2015	
	Fair Value	Cost	Fair Value	Cost
	\$	\$	\$	\$
Fixed income	164,433	151,004	162,404	146,904
Equities	156,465	138,962	153,549	133,100
Real estate	50,910	47,684	47,787	44,711
Total	371,808	337,650	363,740	324,715

a) Fixed income

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

	2016		2015	
	Fair Value	Cost	Fair Value	Cost
	\$	\$	\$	\$
Fixed income securities	62,913	61,763	62,334	60,067
Pooled funds				
Indexed bond funds	67,743	67,076	66,625	64,672
Mortgages	33,777	22,165	33,445	22,165
Total	164,433	151,004	162,404	146,904

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

Included in the above amounts are investments in privately held related party bonds, as disclosed in Note 17. The cumulative unrealized gains in 2016 on the privately held investments were \$484 (2015 – \$595).

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

	2016	2015
	\$	\$
Fixed income - cost	151,004	146,904
Cumulative unrealized gains	13,429	15,500
Fixed income - fair value	164,433	162,404

Notes to the Financial Statements

For the year ended December 31, 2016 (in thousands of Canadian dollars)

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, 2016	Fair value December 31, 2015
	\$	\$	\$	\$	\$	\$	\$
Cash, short-term investments and net payable in investment manager accounts	1,574	-	-	-	-	1,574	1,175
Government bonds	-	13,919	7,129	11,622	9,571	42,241	40,008
Corporate bonds	5,191	1,637	7,059	1,092	4,119	19,098	21,151
Total	6,765	15,556	14,188	12,714	13,690	62,913	62,334

b) Equities

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

	2016		2015	
	Fair Value	Cost	Fair Value	Cost
	\$	\$	\$	\$
United States equities	50,035	40,497	57,103	44,108
Canadian equities	66,638	51,344	56,212	49,057
International equities	39,792	47,121	40,234	39,935
Total	156,465	138,962	153,549	133,100

Included in the International equities is \$318 (2015 - \$362) of cash that is held in Canadian funds.

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

	2016	2015
	\$	\$
Equity investments - cost	138,962	133,100
Cumulative unrealized gains	17,503	20,449
Equity investments - fair value	156,465	153,549

Notes to the Financial Statements

For the year ended December 31, 2016 (in thousands of Canadian dollars)

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:

	2016	2015
	\$	\$
Canadian properties - cost	47,684	44,711
Cumulative unrealized gains	3,226	3,076
Canadian properties - fair value	50,910	47,787

d) Investment gains and losses

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

	2016	2015
	\$	\$
Realized gains	3,725	13,098
Change in unrealized gains	(4,867)	(7,163)
Investment (losses) gains - net	(1,142)	5,935

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:

	2016	2015
	%	%
United States equities	4.41	20.24
International equities	(1.80)	17.71
Cash and cash equivalents	4.06	10.58
Real estate	6.54	4.59
Fixed income securities and indexed bond funds	1.31	3.55
Mortgages	0.99	3.09
Canadian equities	18.48	(3.65)

Notes to the Financial Statements

For the year ended December 31, 2016 (in thousands of Canadian dollars)

f) Investment activity

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

	2016	2015
	\$	\$
Balance, beginning of year	363,740	340,922
Investment gains - net	(1,142)	5,935
Dividends	13,270	13,115
Interest	4,030	3,857
Transfer to short-term investments	(90)	(89)
Transfer to operating cash accounts	(8,000)	-
Balance, end of year	371,808	363,740

6. Assessments and other receivables

a) Assessments Receivable

	2016	2015
	\$	\$
Current assessments receivable	3,379	5,911
Overdue assessments receivable	210	98
Less: allowance for doubtful accounts	(148)	(105)
Net assessments receivable	3,441	5,904

The Commission collected \$135 (2015 - \$96) 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 \$199 (2015 - \$363) which is recognized in administration and general expense.

Notes to the Financial Statements

For the year ended December 31, 2016 (in thousands of Canadian dollars)

b) Other receivables

	2016	2015
	\$	\$
Due from claimants	180	329
Receivable from other Governments	143	110
Due from employees	101	104
Hunters and trappers receivable	97	-
Fines	48	25
Other	10	1,041
Less: allowance for doubtful accounts - Other	(61)	(151)
Less: allowance for doubtful accounts - Claimants	(69)	-
Total	449	1,458

Other receivables are non-interest bearing.

c) Reconciliation of allowance for doubtful accounts and aging analysis

	2016	2016	2015	2015
	Employers	Other	Employers	Other
	\$	\$	\$	\$
Carrying amount at the beginning of the year	105	151	91	-
Net debts written off during the year	(40)	(122)	(42)	(157)
Provision made during the year	121	130	83	308
Recoveries	(38)	(29)	(27)	-
Carrying amount at the end of the year	148	130	105	151

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

	31 to 60 days	61 to 90 days	91+ days	Total overdue
	\$	\$	\$	\$
2016	-	17	100	117
2015	12	9	607	628

Notes to the Financial Statements

For the year ended December 31, 2016 (in thousands of Canadian dollars)

7. Property and equipment

	Building \$	Equipment \$	Furnishings \$	Vehicles \$	Leasehold improvements \$	Total \$
<i>Cost</i>						
At January 1, 2015	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
Additions	636	133	596	-	-	1,365
Disposals	-	(303)	(80)	-	-	(383)
At December 31, 2016	8,244	1,641	2,185	317	1,155	13,542
<i>Depreciation</i>						
At January 1, 2015	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
Annual depreciation	422	151	175	17	110	875
Disposals	-	(305)	(49)	-	-	(354)
At December 31, 2016	2,772	1,060	387	282	578	5,079
Net book value						
At December 31, 2016	5,472	581	1,798	35	577	8,463
At December 31, 2015	5,258	597	1,408	52	687	8,002

Notes to the Financial Statements

For the year ended December 31, 2016 (in thousands of Canadian dollars)

8. Intangible assets

	Purchased software systems \$	Internally developed software systems \$	Total \$
<i>Cost</i>			
At January 1, 2015	973	5,719	6,692
Additions	174	450	624
Disposals	(298)	(108)	(406)
At December 31, 2015	849	6,061	6,910
Additions	35	859	894
Disposals	(2)	-	(2)
At December 31, 2016	882	6,920	7,802
<i>Amortization</i>			
At January 1, 2015	657	3,668	4,325
Annual amortization	96	356	452
Disposals	(270)	(85)	(355)
At December 31, 2015	483	3,939	4,422
Annual amortization	75	399	474
Disposals	(4)	-	(4)
At December 31, 2016	554	4,338	4,892
Net book value			
At December 31, 2016	328	2,582	2,910
At December 31, 2015	366	2,122	2,488

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 \$931 and 4 years respectively (2015 - \$1,150 and 5 years).

Notes to the Financial Statements

For the year ended December 31, 2016 (in thousands of Canadian dollars)

9. Accounts payable, accrued and other liabilities

	Current	Non-Current	2016 Total	2015 Total
	\$	\$	\$	\$
Accounts payable	2,520	-	2,520	2,492
Accrued liabilities	2,685	-	2,685	2,487
Other	33	135	168	220
Total	5,238	135	5,373	5,199

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) (Note 17).

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, 2016 (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 2016 \$
Balance, beginning of year	49,559	34,690	30,451	174,295	29,622	318,617
Add: Claims costs (recoveries)						
Current year	11,601	16,484	9,234	19	-	37,338
Prior years	7,006	3,724	5,384	17,123	2,440	35,677
Liability transfer, capitalizations	-	-	(8,111)	8,111	-	-
	18,607	20,208	6,507	25,253	2,440	73,015
Less: Claims payments						
Current year injuries						
Claims payments	2,930	3,800	54	17	-	6,801
Claims management	1,318	1,710	5	2	-	3,035
Prior years' injuries						
Claims payments	5,774	7,181	3,586	12,915	-	29,456
Claims management	2,599	3,231	359	1,291	-	7,480
	12,621	15,922	4,004	14,225	-	46,772
Balance, end of year	55,545	38,976	32,954	185,323	32,062	344,860

Notes to the Financial Statements

For the year ended December 31, 2016 (in thousands of Canadian dollars)

	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 (recoveries)						
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

The expected claims payment for the benefits liability in 2017 is \$27,846 (2016 - \$25,377).

Notes to the Financial Statements

For the year ended December 31, 2016 (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:

	2016	2015
	\$	\$
Balance, beginning of year	318,617	304,468
Adjust for effects of:		
Provision for current year's claims	27,502	24,323
Inflation experience, which was 1.4% versus the expected 2.25% (1.49% versus 2.5% in 2015)	(1,483)	(1,714)
Claims experience	7,910	3,889
Change in claims run-off factors for Compensation and Medical aid	1,190	(2,222)
Change in factors for Medical aid liability	-	1,203
Latent occupational disease claims provision	707	(619)
Change in legislation for presumptive firefighters coverage	-	2,890
Change in Actuarial assumption (mortality table)	8,414	-
Interest allocated	17,813	17,823
Other assumption changes	1,125	63
	63,178	45,636
Deduct:		
Payments for prior years' claims	(36,935)	(31,487)
Balance, end of year	344,860	318,617

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.

Notes to the Financial Statements

For the year ended December 31, 2016 (in thousands of Canadian dollars)

- 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.

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, 2016 (in thousands of Canadian dollars)

Expected timing of future payment for outstanding claims:

	2016	2015
	%	%
Up to 1 year	4.84	4.80
Over 1 year and up to 5 years	14.47	14.80
Over 5 years and up to 10 years	15.33	15.70
Over 10 years	65.36	64.70
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, 2016 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, 2016. These future pension capitalizations are in respect of all claims arising from accidents which occurred on or before December 31, 2016. 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, 2016.

The Approved Pension liability (pension awards) represents the present value at December 31, 2016 of all expected future pension awards payments, including future inflationary adjustments, to individuals who have been approved for a pension award at December 31, 2016. 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

Notes to the Financial Statements

For the year ended December 31, 2016 (in thousands of Canadian dollars)

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 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 2018 and thereafter. The use of the actual inflation rate of 1.40% for 2017 results in a net discount rate of 4.39% for that year only.

The following economic assumptions are used in the valuation of the Future Claims Liability: discount rate – 5.85% (2015 – 5.85%), inflation rate – i) future capitalizations: 1.4% in 2017 and 2.25% per annum thereafter (2015 – 1.49% and 2.25%), and ii) Compensation: 2.25% (2015 – 2.25%) and Medical Aid: 4.75% (2015 – 4.75%)

The following economic assumptions are used in the valuation of the Approved Pension Liability: discount rate – 5.85% (2015 – 5.85%), inflation rate – 1.4% in 2017 and 2.25% thereafter (2015 – 1.49% and 2.25%). The mortality assumption is determined by the 2005-2007 Statistics Canada General Life Mortality Table (2015 – 2000-2002 Statistics Canada General Life Mortality 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.

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

For the year ended December 31, 2016 (in thousands of Canadian dollars)

2016		
+/- % change on assumed rates	+ 1%	- 1%
	\$	\$
Net discount rate	(30,416)	38,826
Excess medical inflation rate	6,021	(5,140)
2015		
+/- % change on assumed rates	+ 1%	- 1%
	\$	\$
Net discount rate	(27,855)	35,178
Excess medical inflation rate	5,424	(4,635)
2016		
+/- % change in mortality rates	+ 10%	- 10%
	\$	\$
Mortality rate	(4,907)	5,119
2015		
+/- % change in mortality rates	+ 10%	- 10%
	\$	\$
Mortality rate	(5,238)	5,486

Notes to the Financial Statements

For the year ended December 31, 2016 (in thousands of Canadian dollars)

k) Claims development

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
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	43,611	
One year later	49,674	52,229	39,782	44,743	70,852	39,738	38,252	35,719	40,675		
Two years later	43,292	49,107	37,745	39,278	69,454	36,183	36,866	34,764			
Three years later	42,069	50,445	36,584	37,733	62,086	35,775	40,264				
Four years later	43,966	46,236	36,581	38,090	68,546	43,454					
Five years later	43,582	45,658	33,865	37,433	73,899						
Six years later	41,923	42,075	32,057	39,857							
Seven years later	39,607	43,042	32,401								
Eight years later	37,971	45,099									
Nine years later	38,465										
Current estimate of ultimate Claims Costs	38,465	45,099	32,401	39,857	73,899	43,454	40,264	34,764	40,675	43,611	432,489
Cumulative payments	18,351	19,381	14,510	16,846	23,778	15,703	15,349	11,802	10,878	5,711	152,309
Estimate of Future Payments	20,114	25,718	17,891	23,011	50,121	27,751	24,915	22,962	29,797	37,900	280,180
2006 and prior claims											295,480
Effect of administration expenses											49,178
Effect of latent occupational disease provision											32,061
Sub-total											656,899
Effect of discounting											(312,039)
Amount recognized on Statement of Financial Position											344,860

Notes to the Financial Statements

For the year ended December 31, 2016 (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 12.70% and 10.42% respectively (2015 – 13.31%; 10.93%). Total contributions of \$1,527 (2015 - \$1,619) were recognized as expense in the current year and \$385 (2015 - \$255) 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:

	2016	2015
	\$	\$
Accrued Benefit obligation, beginning of year	1,251	1,215
Total benefit expense:		
Current service cost	67	65
Interest cost	36	38
Actuarial (gains) losses	(64)	(6)
Benefits paid	(11)	(61)
Balance, end of year	1,279	1,251

Current service and interest costs totalling \$173 (2015 - \$103) 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% (2015 – 3.00%) and a general wage escalation of 1.00% for 2017 to 2019 and 2.00% for 2020 and beyond (2015 – 2.00%).

Notes to the Financial Statements

For the year ended December 31, 2016 (in thousands of Canadian dollars)

The expected contributions for 2017 are \$202 (2016 - \$220). The weighted average duration of the defined benefit obligation is 5.6 years (2015 – 6.4 years).

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, 2016, the selected discount rate is 3.00% (2015 – 3.00%). 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 1.00% for 2017 to 2019 and 2.00% for 2020 and beyond (2015 – 2.00% for 2016). The long term wage inflation assumption of 2.00% for 2020 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.

In September 2011, the Canadian Institute of Actuaries published an Educational Note to help plan sponsors select an appropriate discount rate to value the benefit plan liabilities in their financial statements. Under that methodology, the discount rate was selected by reference to a spot rate curve at the valuation date of high-quality corporate debt instruments with the timing and amount of the expected benefit payments. Since then, the number of high quality corporate bonds with maturities beyond 10 years has decreased to only two (mainly due to bond rating downgrades and no new issuance of long-term bonds). As a result, the Institute created a Task Force met in early 2016 to explore ways to adapt the approach to the current bond market conditions. In October 2016, this Task Force presented its new proposed approach to the actuarial profession. The following month, the Task Force confirmed the proposed approach would be in effect starting November 30, 2016.

The revised approach uses provincial bonds to extrapolate the long end of the yield curve, but the credit spread adjustment is now based on the ratio of average yield spreads of corporate bonds (rated AA) and provincial bonds between 5 and 10 years relative to Canada bond yields. The discount rates resulting from the new yield curve are very similar to those of the previous approach.

2016

+/- % change on assumed rates	+ 1%	- 1%
	\$	\$
Discount rate	(76)	84
Wage inflation rate	65	(60)

2015

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

Notes to the Financial Statements

For the year ended December 31, 2016 (in thousands of Canadian dollars)

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, 2016 was \$385 (2015- \$349).

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 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, 2016, the Funded Position is 110% (2015 – 117%).

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.

Notes to the Financial Statements

For the year ended December 31, 2016 (in thousands of Canadian dollars)

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 2016 - \$72,027 (2015- \$66,469). 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.

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 2016 - \$18,007 (2015 - \$16,617). 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.

Notes to the Financial Statements

For the year ended December 31, 2016 (in thousands of Canadian dollars)

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 \$
2017	57	1,450	3,894	5,401
2018	53	1,307	2,048	3,408
2019	10	1,138	865	2,013
2020	10	1,138	28	1,176
2021	-	1,139	-	1,139
Thereafter	-	1,507	-	1,507
Total	130	7,679	6,835	14,644

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.

All contracts are for standard service and maintenance agreements.

Notes to the Financial Statements

For the year ended December 31, 2016 (in thousands of Canadian dollars)

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, 2016, cash and cash equivalents were \$9,859 or a ratio of 0.70 of short term liabilities (2015 - \$7,746 or 0.63)

Notes to the Financial Statements

For the year ended December 31, 2016 (in thousands of Canadian dollars)

	1 year or less \$	2-3 years \$	4-5 years \$	6 years or more \$	Total 2016 \$
Accounts payable, accrued and other liabilities	5,238	64	63	8	5,373
Salaries and wages payable	1,361	-	-	-	1,361
Assessments refundable	7,260	-	-	-	7,260
Total	13,859	64	63	8	13,994

	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

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.

Notes to the Financial Statements

For the year ended December 31, 2016 (in thousands of Canadian dollars)

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 \$3,890 (2015 – \$7,362). 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 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, 2016, 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, 2016:

	R-1 (high)	R-1 (middle)	R-1 (low)	Total
	\$	\$	\$	\$
Short-term investments	6,166	-	-	6,166
Fixed income securities	1,555	-	-	1,555
Total	7,721	-	-	7,721

	AAA	AA	A	BBB	Total
	\$	\$	\$	\$	\$
Fixed income securities	19,973	27,253	12,526	1,606	61,358

Notes to the Financial Statements

For the year ended December 31, 2016 (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, 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

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 13.69% (2015 – 13.14%) of the total fund. This fund is diversified by investment type and geographic location. In 2016, the fund held properties in 4 provinces; 47% in Ontario, 26% in British Columbia, 21% in Alberta and 6% in Quebec. The types of properties held by the fund can be classified as retail (37%), office (31%), distribution and warehouse (23%), 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, 2016 is as follows:

	Target		Actual %
	Maximum %	Minimum %	
Fixed income securities and indexed bond funds	45.00	25.00	34.71
Canadian equities	21.00	11.00	17.90
Real estate	20.00	10.00	13.69
United States equities	19.00	9.00	12.80
International equities	15.00	5.00	11.02
Mortgages	15.00	5.00	9.08
Cash and cash equivalents	5.00	-	0.80

Notes to the Financial Statements

For the year ended December 31, 2016 (in thousands of Canadian dollars)

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 15.70% - 17.20%, 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, 2016 \$	Change one standard deviation %	Change to comprehensive income 2016 \$
Canadian equities	TSX 300	66,638	16.70	11,129
United States equities	Russell 3000	50,035	15.70	7,855
International equities	MSCI EAFE	39,792	17.20	6,844

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 2016 \$
Change in nominal interest rates	+1.00	8,408

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

Notes to the Financial Statements

For the year ended December 31, 2016 (in thousands of Canadian dollars)

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 12.5% (2015 – 12.50%), which, based on ten years of results, would be one standard deviation of valuation change.

Portfolio	Exposure December 31, 2016 \$	Change %	Change to comprehensive income 2016 \$
Real estate	50,910	+12.50	6,364

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

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, 2016 (2015 – nil).

Notes to the Financial Statements

For the year ended December 31, 2016 (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 2016 \$	Total investments fair value 2015 \$
United States	50,035	57,103
Europe	10,386	10,099
Japan	8,993	9,133
United Kingdom	8,834	8,972
Switzerland	3,740	4,949
Hong Kong	1,711	1,609
China	1,337	1,263
Korea	1,233	841
Australia	836	644
Israel	318	523
Taiwan	557	447
India	402	430
Denmark	438	402
South Africa	402	358
Indonesia	286	201
Subtotal	89,508	96,974

The following tables provide a sensitivity analysis that illustrates the impact of a 10% appreciation in the Canadian dollar relative to the five 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, 2016 \$	Change %	Change to comprehensive income 2016 \$
United States	50,035	+10.00	(5,004)
Europe	10,386	+10.00	(1,039)
Japan	8,993	+10.00	(899)
United Kingdom	8,834	+10.00	(884)
Switzerland	3,740	+10.00	(374)

Notes to the Financial Statements

For the year ended December 31, 2016 (in thousands of Canadian dollars)

Country	Exposure	Change	Change to
	December 31, 2015		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)

16. Administration and general expenses

	2016	2015
	\$	\$
Salaries, wages and allowances	15,401	15,284
Professional services	4,726	4,820
Employer share of benefits	3,107	3,087
Amortization and depreciation	1,348	1,462
Office repairs and maintenance	920	918
Contributions to other organizations	750	750
Communications	725	688
Travel	661	743
Office lease payments	635	614
Office services and supplies	538	686
Advertising and public information	470	517
Office furniture and equipment (non-capital)	286	345
Training and development	250	265
Bad debt expense	199	363
Grants	182	231
Honoraria and retainers	91	85
Recruitment	60	64
Loss on asset disposal	5	234
Miscellaneous	1	1
Recoveries	(283)	(384)
	30,072	30,773
Less: Allocation to claims management costs - current year injuries (Note 10(b))	(3,035)	(2,619)
Less: Allocation to claims management costs - prior year injuries (Note 10(b))	(7,480)	(6,230)
Total	19,557	21,924

Notes to the Financial Statements

For the year ended December 31, 2016 (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:

	2016	2015
	\$	\$
Government of Northwest Territories	4	95
Territorial public agencies	48	42
Government of Nunavut	99	6
Total	151	143

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

	2016	2015
	\$	\$
Government of Northwest Territories	804	415
Territorial public agencies	590	329
Government of Nunavut	386	210
Total	1,780	954

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 2016, the Government of the Northwest Territories was issued a refund cheque for \$154 for Hunter and Trappers claims while the Government of Nunavut was issued an invoice for \$97.

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:

	2016	2015
	\$	\$
Government of Northwest Territories	4,551	4,679
Government of Nunavut	4,240	4,186
Territorial public agencies	2,045	1,785
Total	10,836	10,650

Notes to the Financial Statements

For the year ended December 31, 2016 (in thousands of Canadian dollars)

Expenses to related parties for the years ended December 31:

	2016	2015
	\$	\$
Territorial public agencies	2,036	2,224
Government of Nunavut	230	662
Government of Northwest Territories	497	412
Total	2,763	3,298

Investments in bonds of related parties at fair value:

	2016	2015
	\$	\$
Northwest Territories Power Corporation		
6.42% maturing December 18, 2032	1,289	1,399
5.95% maturing December 15, 2034	1,261	1,391
Total	2,550	2,790

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

	2016	2015
	\$	\$
Compensation	1,344	1,254
Pension plan - Increase (decrease) in liability	35	211
Post-employment benefits - Increase (decrease) in liability	162	33
Total compensation paid to key management personnel	1,541	1,498

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, 2016 (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, 2016:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial instruments measured at fair value:				
Equities	156,465	-	-	156,465
Fixed income securities and indexed bond funds	-	130,656	-	130,656
Real estate	-	50,910	-	50,910
Mortgages	-	33,777	-	33,777
Total	156,465	215,343	-	371,808

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	153,549	210,191	-	363,740

Mortgages are valued based on inputs from a non-active but well defined market for similar assets. Verifiable discount rates and spreads are utilized that are reflective of the underlying mortgage asset quality, thus meeting the criteria for Level 2 valuation. In the current year, the mortgages were therefore reclassified from Level 1 to Level 2. As a result, the comparative figures as at December 31, 2015 were also reclassified to Level 2.

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

ANNUAL REPORT 2016 NORTHWEST TERRITORIES
AND NUNAVUT



WSCC

wsc.nt.ca 1.800.661.0792
wsc.nu.ca 1.877.404.4407