

# ANNUAL REPORT 2014

**WSSCC** Workers' Safety & Compensation Commission | ᐃᖃᑲᑲᐱᖃᖅᑎᐃᓐ ᐱᑦᐸᑦᐸᑦᐸᑦᐸᑦᐸᑦᐸᑦ  
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NORTHWEST TERRITORIES  
AND NUNAVUT



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1-800-661-0792

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## LETTER OF TRANSMITTAL

May 13, 2015

**The Honourable George L. Tuccaro**  
Commissioner of the Northwest Territories

**The Honourable Edna Elias**  
Commissioner of Nunavut

**The Honourable Jackson Lafferty**  
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, 2014.

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

The *2014 Annual Report* reports on our strategic commitments, our progress towards achieving our goals and is generally a summary of last year's operations. Also included in the analysis of our year are audited financial statements which reflect our commitment to sustaining the *Workers' Protection Fund*.

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





## MESSAGE FROM THE PRESIDENT

In the *2012 – 2014 Strategic Plan* the WSCC set out strategic and foundational priorities to deliver on our bold vision of eliminating workplace diseases and injuries across the Northwest Territories and Nunavut. We outlined our commitments and activities to provide safety and care for northern employers and workers. This past year marked the end of the 2012 – 2014 strategic cycle. Thus, 2014 gave us an opportunity to evaluate past successes and challenges as we conducted our planning for the next three years.

In 2014 we continued to advance the safety culture. We worked diligently with our partners, the Northern Territories Federation of Labour and the Northern Safety Association. We collaborated on training to provide workplace safety and Return to Work programs, which support the early and safe return to work of injured workers. Our Directed Services program continued to provide resources to high-risk industries and employers. Directed Services targets our services to where they are needed most.

Significant progress was made in 2014 to improve services for our stakeholders. The *Continuous Excellence* program, an initiative using *Lean* business principles to improve processes and customer service, started producing real results, such as reducing the time to first payment for injured workers. In addition, a strong foundation was put in place for the e-Business strategy, with the development of a stakeholder online connect portal to host future and current e-Business services. A Wage Calculator program was also developed with cross-divisional input to ensure accuracy of compensation to injured workers.

In 2014 we launched our new *Enterprise Risk Management* (ERM) program which is helping to identify, monitor and mitigate organizational risk. Implementation of the ERM program supports the responsible stewardships of the *Workers' Protection Fund*.

Finally, our stakeholders' feedback is important to us and guides everything we do. In 2014 we launched the Stakeholder Engagement Committee, giving northerners a direct voice in our decision-making, including the development or revision of new and existing policies and programs.

We are proud of our accomplishments in 2014. I am happy to present this *2014 Annual Report* that documents our actions and accomplishments for the past year.

Although we have a new strategic plan next year, our vision, mission and values remain the same. I look forward to a successful future and the implementation of the *2015 – 2017 Strategic Plan* as we work with employers, workers, and partners across the Northwest Territories and Nunavut to ultimately eliminate workplace diseases and injuries.

**Dave Grundy**  
President and CEO





## VISION

Eliminate workplace diseases and injuries.

## MISSION

In partnership with stakeholders, we ensure workplace safety, and care for workers.

## 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.



## 2012 – 2014 STRATEGIC FOCUS

STRATEGIC PRIORITIES	
PRIORITY	STRATEGY
Advance the Safety Culture	<ul style="list-style-type: none"> <li>• Increase directed services</li> <li>• Enhance education to foster a philosophy of safety</li> <li>• Partner on a proactive basis with stakeholders</li> </ul>
Manage for Quality Results	<ul style="list-style-type: none"> <li>• Confirm service excellence</li> <li>• Enhance organizational efficiencies and effectiveness</li> </ul>
FOUNDATIONAL PRIORITIES	
PRIORITY	STRATEGY
Sustain the <i>Workers' Protection Fund</i>	<ul style="list-style-type: none"> <li>• Provide responsible stewardship of the <i>Workers' Protection Fund</i></li> <li>• Ensure alignment of the budgeting process with strategic priorities</li> </ul>
Strengthen Human Resource Planning	<ul style="list-style-type: none"> <li>• Ensure efficient human resource management</li> <li>• Embrace a culture of accountability</li> </ul>
Ensure Access to Information and Reliable Technology	<ul style="list-style-type: none"> <li>• Ensure technology supports a safety and care culture</li> <li>• Improve management reporting</li> <li>• Maintain security and privacy of information</li> </ul>
Enhance Communications	<ul style="list-style-type: none"> <li>• Align communications with the corporate vision</li> <li>• Improve internal and external communications</li> </ul>
Continue Delivery of Services to Stakeholders	





## 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, providing responsible stewardship of the *Workers' Protection Fund*.

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

**David Tucker**, Chairperson

**Jack Rowe**, Vice Chairperson, Northwest Territories Employer Representative

**Arlene Hansen**, Northwest Territories Employer Representative

**Rachel Makohoniuk**, Northwest Territories Worker Representative

**Abe Theil**, Northwest Territories Public Interest Representative

**Janet Brewster**, Nunavut Worker Representative

**Robert Gabuna**, Nunavut Public Interest Representative

The Governance Council directs and monitors the following accountabilities:

- Strategic direction
- Programs and policies
- Succession planning
- Financial oversight and stewardship
- Corporate performance management
- Risk management
- Material transactions
- Communications
- Governance oversight



Back row (left to right): Rachel Makohoniuk, Abe Theil, Arlene Hansen, Janet Brewster, Melanie Walters (Corporate Secretary/Senior Advisor)  
Front row (left to right): Jack Rowe, Dave Grundy, David Tucker (missing from photo: Robert Gabuna)

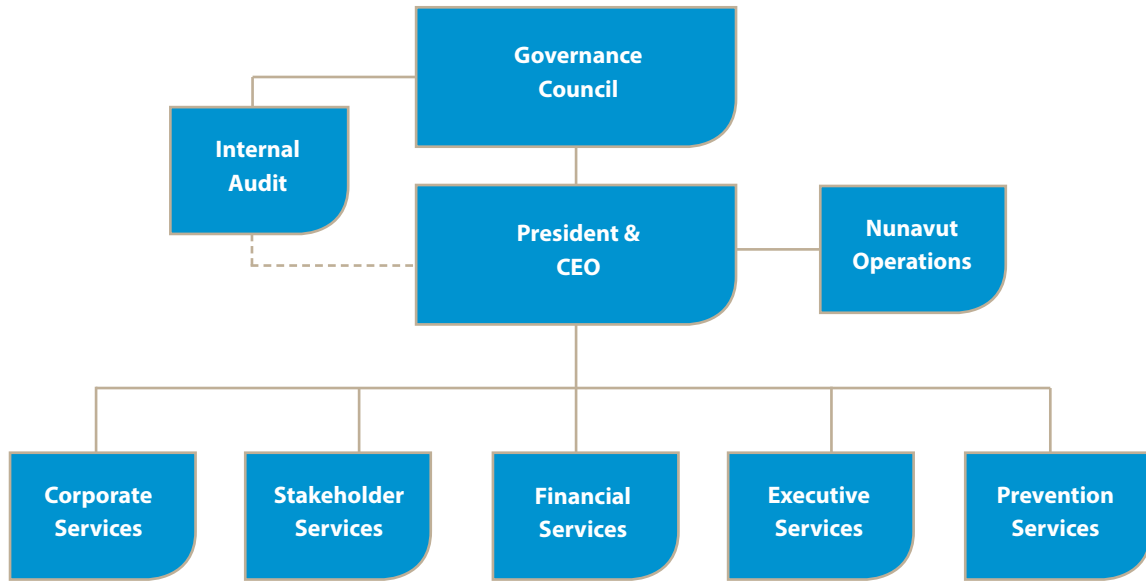


## CORPORATE OVERVIEW

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

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

At the end of the 2012–2014 strategic cycle, the WSCC's corporate structure had five 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 administration. It includes the WSCC's President, Corporate Secretary and Legal Services.

The President and CEO is accountable for the WSCC's operations and performance according to authority delegated by the Governance Council. The President and 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.

## Corporate Services

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

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

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

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

## Stakeholder Services

Stakeholder Services consists of Claims, Medical and Employer Services. The Claims and Medical Services units contribute to the success of the WSCC's core service: the care of injured workers.

The Claims Services unit works directly with injured workers and assists them throughout the claims and pensions process. Claims Services also provides Return to Work support to claimants and their employers, pay compensation benefits and protect the integrity of the *Workers' Protection Fund* by investigating potential abuse of the system. Medical Services provides technical expertise to WSCC staff, supporting efforts to get claimants back to work as soon and safely as possible.

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

## Financial Services

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

The Finance unit monitors internal financial systems and controls, including banking and budgets.

The Treasury and Procurement unit administer 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. They work with the Governance Council and President and CEO to set the WSCC's strategic plan and governance documents and provide ongoing reviews of the WSCC's corporate performance.

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

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

## Prevention Services

The Prevention Services division 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.

## Internal Auditor

The WSCC Internal Auditor is an employee of the WSCC who acts independently of other WSCC divisions. They report directly to the Governance Council.

The Internal Auditor provides detailed financial and program audits of WSCC programs, making recommendations to the Governance Council and President, to ensure the effective and efficient operation of the organization.

## 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.



## 2014 YEAR-AT-A-GLANCE

<b>TERRITORIAL DEMOGRAPHICS:</b>			
	NWT	Nunavut	Total
Population <sup>1</sup>	43,769	36,367	80,136
Number employed <sup>2</sup>	27,242	14,656	41,898
Average weekly earnings <sup>3</sup>	\$1,381	\$1,238	-
<b>OPERATIONAL STATISTICS <sup>4</sup></b>			
<b>CLAIMANTS:</b>	2012	2013	2014
Number of claims reported	3,764	3,995	3,953
Number of claims established	3,054	3,416	3,237
Number of lost time compensated claims	850	899	997
Number of work related fatalities	3	5	5
Number of new pensions	116	99	84
Average composite duration of time-loss claims	42 Days	36 Days	44 Days
<b>EMPLOYERS:</b>	2012	2013	2014
Total number of assessable employers	3,737	3,855	3,847
Number of industry classes	8	8	8
Number of rate groups	22	21	20
Number of employers requesting additional optional coverage	517	513	577

<sup>1</sup> Statistics Canada. Table 051-0005 - Estimates of population, Canada, provinces and territories, quarterly (persons), CANSIM (database), date modified: 2015-03-18.

<sup>2</sup> 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), Date modified: 2015-03-31.

<sup>3</sup> 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), accessed: 2015-04-29.

<sup>4</sup> WSCC Compensation Assessment and Accident Prevention System (CAAPS) Database.



<b>LOST TIME INJURY RATE:</b>	2012	2013	2014
<b>Lost time Injury Frequency *</b>	2.13	2.21	2.08

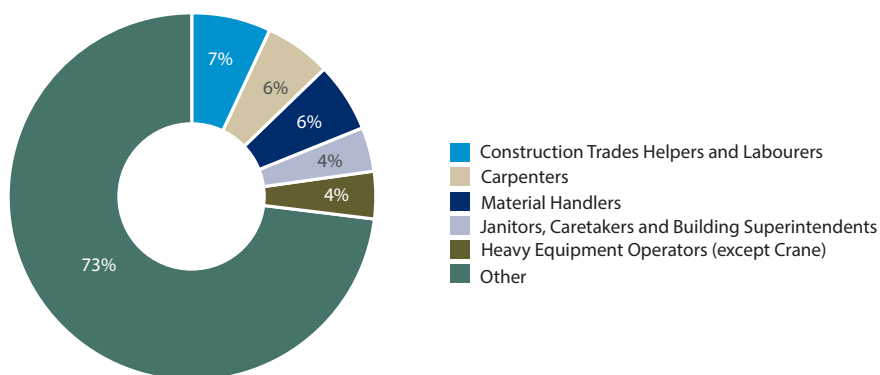
\* The lost time injury frequency (LTI) is the number of lost time compensated injuries per 100 workers.

<b>FINANCIAL INDICATORS:</b>	2012	2013	2014
<b>Maximum annual insurable earnings (YMIR)</b>	\$82,720	\$84,200	\$84,200
<b>Assessable payroll (in millions)</b>	\$2,587	\$2,554	\$2,617
<b>Approved average provisional assessment rate per \$100 of assessable payroll</b>	\$1.77	\$2.05	\$2.05
<b>Actual average assessment rate per \$100 assessable payroll</b>	\$1.73	\$1.90	\$1.99
<b>Percentage funded</b>	107%	116%	116%



## 2014 INJURY STATISTICS

### Top 5 Occupations with Time Loss Claims in 2014

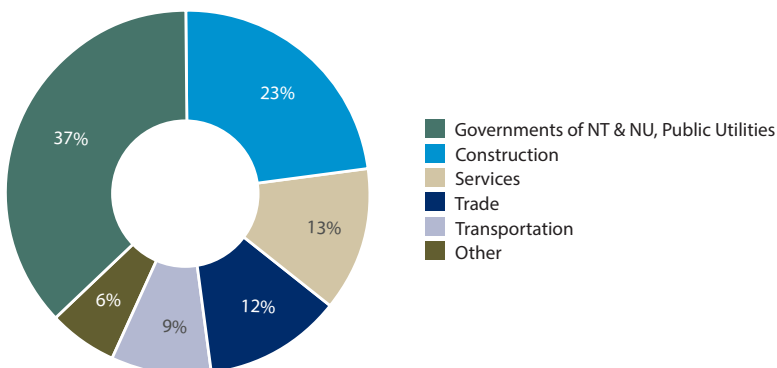


The top five occupations with time loss claims in 2014 contributed 27% of the total time loss claims at the WSCC. They include:

1. Construction Trades Helpers and Labourers, 7%
2. Carpenters, 6%
3. Material Handlers, 6%
4. Janitors, Caretakers and Building Superintendents, 4%
5. Heavy Equipment Operators (except Crane), 4%

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### Top 5 Industries with Time Loss Claims in 2014

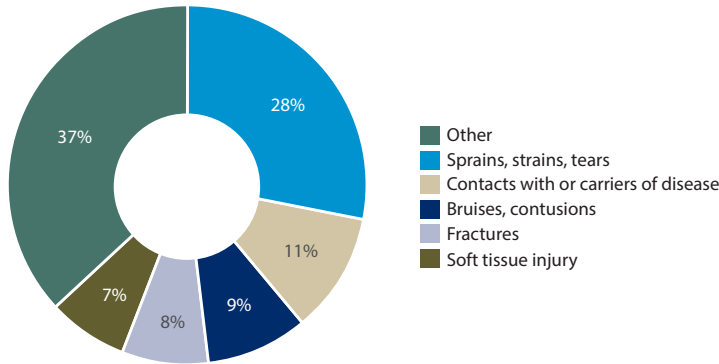


The top five industries with time loss claims in 2014 contributed 94% of total time loss claims at the WSCC. They include:

1. Governments of NT and NU, Public Utilities, 37%
2. Construction, 23%
3. Services, 13%
4. Trade, 12%
5. Transportation, 9%



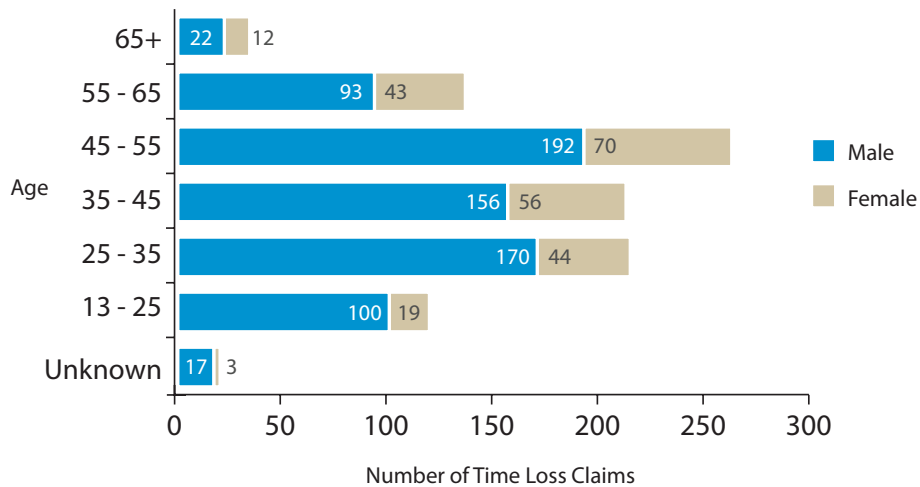
## Top 5 Injury Types with Time Loss Claims in 2014



The top five injury types with established claims in 2014 contributed to 63% of total claims at the WSCC. They include:

1. Sprains, strains, tears, 28%
2. Contacts with or carriers of disease, 11%
3. Bruises, contusions, 9%
4. Fractures, 8%
5. Soft tissue injury, 7%

## 2014 Time Loss Injury by Age & Gender



In 2014, males contributed to the majority of time loss claims, representing 75% of total time loss claims. Workers aged 45 – 55 were the most vulnerable age group, representing 26% of total time loss claims.





## 2014 REVIEW AND RESULTS

### Advance the Safety Culture

The WSCC's vision is to *eliminate workplace diseases and injuries*. To that end, a primary focus of the WSCC is to advance the safety culture, promoting a safe work culture in every workplace across the Northwest Territories and Nunavut.

#### Strategies:

- Increase directed services;
- Enhance education to foster a philosophy of safety; and
- Partner on a proactive basis with stakeholders.

The WSCC, together with our partners, commits to provide necessary training and tools to create and maintain a culture of safety. We strive to prevent workplace injuries, illnesses and fatalities, with a commitment to safety and incident prevention.

Measures: STRATEGIC PRIORITY	KEY PERFORMANCE INDICATORS	TARGET	2014 RESULTS
Advance the Safety Culture	Frequency of time loss and no time loss claims: • 1% decrease over prior 5-year average	<b>Time-loss</b> 2009 – 2013 avg: 2.24  Target: 2.22	2.08
		<b>No Time-loss</b> 2009 – 2013 avg: 5.59  Target: 5.53	5.86
	Fatalities as a percentage of the workforce (excluding disease-related fatalities)	0%	5 fatalities out of 41,898 workers = 0.01%
	Percentage of <i>Safe Advantage</i> employers in a neutral or refund position <sup>1</sup>	75%	61%
	Percentage of employers passing the <i>Safe Advantage Management Practices Questionnaire</i>	80%	83%
	Number of employer certifications or recertification under COR <sup>TM2</sup>	New Certifications: 10 Recertification: 75	New Certifications: 7 Recertification: 76
	Number of employers and workers trained by Northern Territories Federation of Labour	Employers: 85 Workers: 424	Employers: 81 Workers: 420
	Percentage of employers and workers who believe workplace diseases and injuries are preventable	Employers: 100% Workers: 100%	Employers: 98% <sup>3</sup> Workers: 92% <sup>3</sup>

<sup>1</sup> Results for the *Safe Advantage* program are for the July 2013 – June 2014 year.

<sup>2</sup> Certificate of Recognition certification is an occupational health and safety program accreditation for industry employers.

<sup>3</sup> The most recent result available is from the 2013 WSCC Stakeholder Survey.



### In 2014, the WSCC:

- Taught 22 safety courses, reaching 275 students across nine communities in the Northwest Territories and Nunavut;
- Applied a directed services philosophy to the inspection process by using claims history data to target high risk industries and employers;
- Worked with our partners by providing funding and training objectives to the Northern Territories Federation of Labour and Northern Safety Association; and
- Worked to incorporate COR™ audits into the *Safe Advantage Management Practices Questionnaire* process.

In 2014, Prevention Services taught 22 safety courses, including one in French. Training gave Prevention Services contact with 275 Northern students, representing both employers and workers across nine communities. The communities reached include Yellowknife, Behchoko and Hay River in the Northwest Territories and Iqaluit, Baker Lake, Cape Dorset, Kugluktuk, Pangnirtung and Rankin Inlet in Nunavut.

At the same time, our partners at the Northern Territories Federation of Labour (NTFL) trained 420 workers, representing 81 employers, on understanding the workers compensation system and Return to Work program. In its efforts to develop and improve health and safety programs at workplaces in the North, the Northern Safety Association (NSA), another WSCC partner, provided COR™ certification to 76 employers throughout the territories, seven of which were new certifications.

*Safe Advantage* is an annual WSCC experience rating program that rewards employers' culture of safety. *Safe Advantage* launched in 2007, with each cycle running from July to June of each year. The *Safe Advantage* program uses two methods to determine experience rating: claims experience and safe workplaces practices, as determined by a self-evaluated *Management Practices Questionnaire* (MPQ) that is verified by Safety Officers and Mine Inspectors.

One of the recommendations coming out of last year's external evaluation of the *Safe Advantage* program was streamlining the MPQ and verification process. Prevention Services took action on this recommendation by working with our partners at the NSA to incorporate COR™ certifications into the MPQ process. The collaboration between these two programs reduces administrative redundancies and simplifies program requirements for some of our stakeholders.

### Strategies:

- Confirm service excellence; and
- Enhance organizational efficiencies and effectiveness.



## Manage for Quality Results

### Measures:

STRATEGIC PRIORITY	KEY PERFORMANCE INDICATOR	TARGET	2014 RESULTS
Manage for Quality Results	Average rates of reported satisfaction with process (employers and claimants)	Minimum of 75%	Employers: 88% <sup>1</sup> Claimants: 81% <sup>1</sup>

<sup>1</sup>The most recent result available is from the 2013 WSCC Stakeholder Survey.

### In 2014, the WSCC:

- Continued to implement *Lean* in the organization by conducting four *Continuous Excellence* (CE) Value Stream Mapping events; and
- Trained over 90% of WSCC employees in *Lean*.

By the end of 2014, over 90% of WSCC employees were trained in *Lean*. All new staff receive *Lean* training and a leadership program is in place to ensure a continuity of CE leaders who are ambassadors and internal *Lean* subject matter experts. This ensures the sustainability of the program and supports the WSCC's long-term commitment to continuous improvement.

### Continuous Excellence

In its efforts to enhance organizational efficiencies and continually improve customer service, the WSCC created and launched the *Continuous Excellence* (CE) program in 2013. The program adopts a culture of continuous improvement and applies *Lean* principles across business processes. The objective is to maximize flow and minimize waste. In 2014 the WSCC conducted four value stream mapping events through the CE program, evaluating processes and services in Employer Services, Prevention Services and Claims services.





## Sustain the *Workers' Protection Fund*

The WSCC provides responsible stewardship of the *Workers' Protection Fund*, while meeting the needs of stakeholders.

### Strategies:

- Provide responsible stewardship of the *Workers' Protection Fund*;
- Ensure alignment of the budgeting process with strategic priorities; and

The *Workers' Protection Fund* is funded by employer assessment premiums and returns on WSCC investments.

### Measures:

FOUNDATIONAL PRIORITY	KEY PERFORMANCE INDICATORS	TARGET	2014 RESULTS
Sustain the <i>Workers' Protection Fund</i>	Percentage funded	105-135%	116%
	Average duration of lost time claims: 1% decrease over prior 5-year average	2009 – 2013 avg: 41.2 Target: 40.8	44 days
	Accounts receivable percentage due over 90 days: 1.5% decrease over prior year	2013: 10.5% Target: 9.0%	3.1%
	Bad debts as percentage of revenue	Max 0.65%	0.05%

<sup>1</sup>Prior to March 4, 2014 the percentage funded target for the 2012 – 2014 Balance Scorecard was 108% – 120%.



**In 2014, the WSCC:**

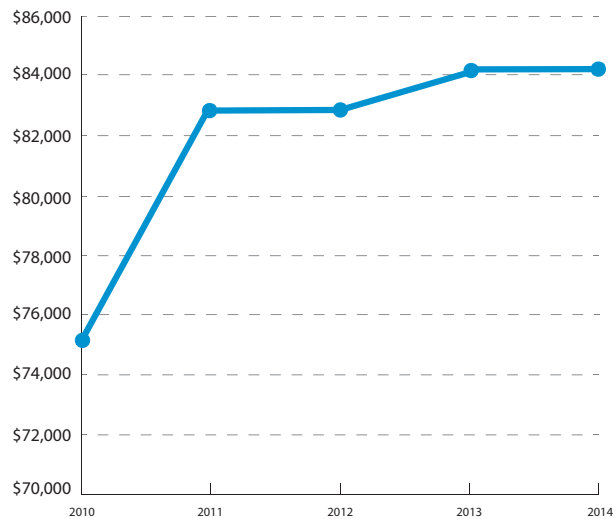
- Enhanced the *Enterprise Risk Management* program;
- Approved a reduction in the provisional target assessment rate from \$2.05 in 2014 to \$2.00 in 2015; and
- Increased Yearly Maximum Insurable Remuneration (YMIR) from \$84,200 to \$86,000 for 2015.

To provide responsible stewardship of the *Workers' Protection Fund*, the Financial Services division led the enhancement of the WSCC's *Enterprise Risk Management* (ERM) program. The ERM program incorporates risk-management into management practices. In Q2 the program rolled out a new risk registry to actively identify, classify and manage risk. Control-based internal audits ensure proper checks and balances are in place to protect funds.

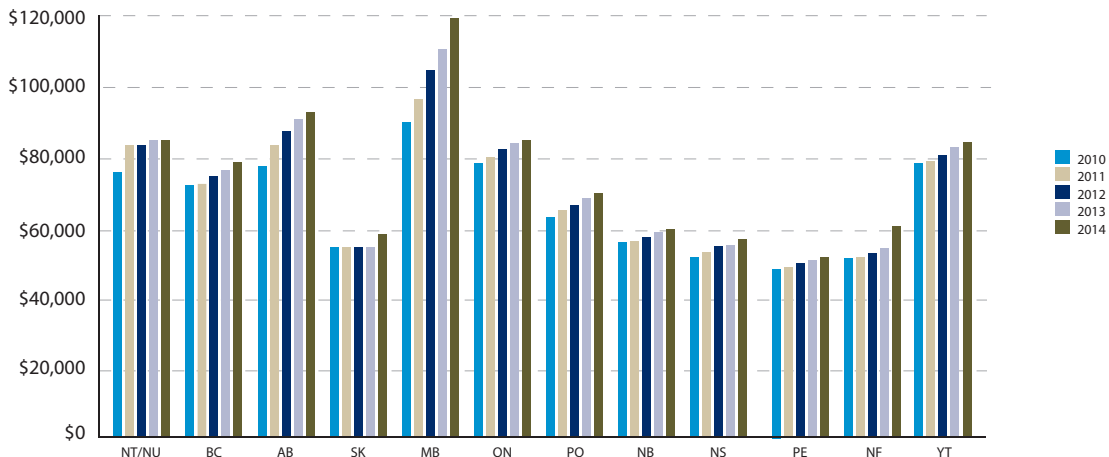
In 2014, the Governance Council made a decision to reduce the 2015 provisional target assessment rate from \$2.05 per \$100 of assessable payroll in 2014, to \$2.00. This decision was based on actuarial analysis of 2014 payroll estimates. The estimates showed that low risk industries accounted for a higher proportion of total payroll than in prior years, resulting in a lower target rate as the provisional target is a weighted average measure.

The WSCC calculates workers' compensation and employer assessments using workers' actual annual income, to a maximum amount, YMIR. In 2014, the WSCC continued to have the third highest YMIR when compared to other workers' compensation boards across Canada. The high YMIR is an indication of the higher than average earnings of workers in the territories compared to other Canadian jurisdictions. In 2014 the YMIR was \$84,200, which was no change versus 2013. In 2015, the Governance Council is increasing YMIR to \$86,000, a 2.1 per cent increase.

Year's Maximum Insurable Remuneration  
Northwest Territories and Nunavut 2010 - 2014



Year's Maximum Insurable Remuneration 2010 - 2014





## Strengthen Human Resource Planning

As with all organizations, it is essential that the right people are in the right place at the right time. Being service focussed, our people are our greatest asset. Between 2012 and 2014, the WSCC committed to strengthening its human capital.

The WSCC developed a three-year strategic *Human Resource Plan* in 2011 which covers training, succession planning, performance management, recruitment, employee health and benefits and more. The WSCC ensures all HR practices align with this plan.

### Strategies:

- Ensure efficient human resource management; and
- Embrace a culture of accountability.

### Measures:

FOUNDATIONAL PRIORITY	KEY PERFORMANCE INDICATORS	TARGET	2014 RESULTS
Strengthen Human Resource Planning	Percentage of employees (with more than one year of service) that demonstrate a rating of meet expectation on identified competencies	75%	72%
	Retention rates (excluding retirements): Exceed Government of NWT and NU rates	GNWT: 89% GN: 89%	89%
	Employee Engagement Survey average employee ratings on job satisfaction	Minimum of 75%	73% <sup>1</sup>

<sup>1</sup> 2014 WSCC Employee Engagement Survey



**In 2014, the WSCC:**

- Redeveloped the *Employee Onboarding* program; and,
- Created a new *succession-planning* program.

With the consultation of managers, Human Resources redeveloped and implemented a revised *Employee Onboarding* program. The onboarding process plays a key part in supporting staff retention. The onboarding program ensures new staff receive adequate support when they start their roles at the WSCC.

The Succession Planning program ensures continuity of expertise and experience at the WSCC. This new program aims to develop and support staff career growth, while reducing the risk of staffing gaps in key roles.

## Ensure Access to Information and Reliable Technology

To carry out our vision and mission, WSCC employees and stakeholders must have access to relevant safety information and reliable technology.

Technology continues to play an important role in the WSCC's operations, supporting both external stakeholders service needs, in addition to internal stakeholders operational needs.

**Strategies:**

- Ensure technology supports a safety and care culture;
- Improve management reporting; and
- Maintain security and privacy of information.

**Measures:**

FOUNDATIONAL PRIORITY	KEY PERFORMANCE INDICATOR	TARGET	2014 RESULTS
Ensure Access to Information and Reliable Technology	Employer and worker satisfaction regarding access, reliability, and responsiveness of technology	Employers: Minimum of 80%  Workers: Minimum of 80%	Employers: 62% <sup>1</sup>  Workers: 43% <sup>1</sup>

<sup>1</sup>The most recent result available is from the 2013 WSCC Stakeholder Survey. Employers and workers were surveyed on their satisfaction with our website.



**In 2014, the WSCC:**

- Prioritized e-Business services;
- Implemented the infrastructure required for e-Business; and
- Developed the new Wage Calculator program.

In 2014 the WSCC conducted an assessment of its services and evaluated our need for e-Business based transactions. From this, services were prioritized and a five-year e-Business roll-out plan was developed. This plan is integrated with CE priorities, ensuring that any investment in e-Business is coordinated with processes that have already been evaluated for efficiencies and waste.

The Information Services unit also implemented the server requirements for e-Business in 2014 and started development of the e-Business Stakeholder connect portal. This portal is the online platform for delivering new and existing electronic services to external stakeholders.

Accurate wage calculation is a critical part of ensuring injured workers are fairly compensated. To this end, the Information Services unit worked in collaboration with the Claims unit to develop a new Wage Calculator program set to launch in 2015.

**Enhance Communications**

The WSCC understands the importance of delivering clear, transparent, and relevant communications to both our internal and external stakeholders.

The WSCC commits to clear and timely communications with stakeholders. The WSCC believes that, in order to achieve its vision, it is important to increase awareness of worker rights and the awareness of the WSCC and the services offered to stakeholders.

**Strategies:**

- Align communications with corporate vision; and
- Improve internal and external communications.

**Measures:**

FOUNDATIONAL PRIORITY	KEY PERFORMANCE INDICATORS	TARGET	2014 RESULTS
Enhance Communications	Percentage of employers and workers reporting awareness of rights and responsibilities	Employers: 95% Workers: 95%	Employers: 99% <sup>1</sup> Workers: 95% <sup>1</sup>
	Percentage of participants in engagement events reporting: 1) An understanding of the topics and areas for discussion 2) That they had opportunities to express their views and be heard	1) 80% 2) 80%	1) 97% 2) n/a

<sup>1</sup>The most recent result available is from the 2013 WSCC Stakeholder Survey.





### In 2014, the WSCC:

- Launched the *Stakeholder Engagement Committee*;
- Implemented a social media strategy by launching a WSCC Facebook page and Twitter feed; and
- Worked on the development of a new WSCC website.

The WSCC *Stakeholder Engagement Committee* (SEC) was established in 2014 to provide timely input to the WSCC, to facilitate the development of policy, decision-making and program delivery. Feedback from the SEC members is anonymous and is used aggregately. At the end of 2014 there were 14 members from both the Northwest Territories and Nunavut on the SEC.

Recognizing the need to continually reach out to stakeholders in relevant ways, WSCC developed a social media strategy in 2013. In 2014 the social media strategy was implemented with the launch of a WSCC Facebook page and Twitter feed to service both the Northwest Territories and Nunavut. The WSCC delivers content in both English and French to communicate timely information to our stakeholders and provide a new forum for them to interact with the organization. While social media is not a new communication platform, it is still a relatively new way for workers' compensation boards to communicate and interact with stakeholders. The Communications unit is in regular contact with other jurisdictions in Canada to learn and implement best practices for social media.

The Communications unit led the development of a new website in 2014, set to launch in 2015. The new website was developed with consultation of an internal work group as well as feedback from stakeholder focus groups conducted in Yellowknife, Inuvik and Iqaluit and the SEC.

## Continue Delivery of Services to Stakeholders

In addition to the above priorities, our day-to-day operations continue with our ongoing commitment to provide our stakeholders with quality service and work toward our vision to *eliminate workplace diseases and injuries*.







# OUR FINANCES

Workers' Safety and Compensation Commission  
of the Northwest Territories and Nunavut  
Financial Statements  
December 31, 2014





## MANAGEMENT COMMENTARY

For the year ended December 31, 2014

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

### Forward-looking Information

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

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

### Funding Strategy

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.

In March of 2014 a new funding strategy was approved by the Governance Council. The WSCC's long term goal is to remain fully funded with a target funding ratio (assets/liabilities) of 125%, which includes reserve funds.

As at December 31, 2014 the WSCC's funded position is 116%, unchanged from 2013. Although the current funded position falls below the target rate it does fall within the "no action zone" and therefore will not affect assessment rates in 2016.

### Overview of 2014 Financial Results

The WSCC's total comprehensive income for 2014 was \$3.0 million, compared to a comprehensive income of \$28.2 million for 2013. Total revenue for 2014 was comparable to 2013 total revenue.

Investment returns continued to be strong through 2014 contributing \$32.6 million. The WSCC's overall investment return for 2014 was 10.83%, well in excess of the expected long-term target of 6.6%.

Both the employer payroll assessment rate and the year's maximum insurable remuneration (YMIR) were held constant in 2014. The payroll assessment rate was maintained at \$2.05 per \$100 of assessable payroll, while YMIR was maintained at \$84,200.

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, in 2014, included within its benefit liability a provision for latent occupational diseases. The provision for 2014 is \$25.8 million which represents 8.5% of the total benefit liability. The inclusion of the provision for latent occupational diseases in 2014 directly affects the claim costs for the fiscal year. The impact of this single \$25.8 million item is the primary change in the comprehensive income for 2014 as compared to 2013. Excluding the impact of the latent occupational disease claims costs decreased 8.9% in 2014.

The continued positive financial performance in 2014 enabled the WSCC reserves to grow to \$50.5 million from \$47.4 million in 2013. The catastrophe reserve of \$15.9 million is at 5% of total liabilities in accordance with the funding strategy while the operating reserve of \$34.3 million is at 10.8% 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 are as follows:

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

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



## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

May 4, 2015

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 this 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 MacDonal, 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, 2014 (the "valuation date"). Details of the data, actuarial assumptions, valuation methods and results are included in the actuarial valuation report as at the valuation date, of which this statement of opinion forms part.

In my opinion:

1. The data on which the valuation is based were supplied by the Commission in accordance with specifications provided by us. We applied such checks of reasonableness of the data as we considered appropriate, and have concluded that the data are sufficient and reliable to permit a realistic valuation of the liabilities of the Commission.
2. The actuarial assumptions adopted in computing the liabilities are adequate and appropriate for the purpose of the valuation.
3. The methods used are appropriate for the purpose of the valuation and are in accordance with accepted actuarial practice for Workers' Compensation organizations in Canada. The economic assumptions are consistent with the funding and investment policies of the Commission.
4. The estimate of the actuarial liabilities as at the valuation date is \$304,468,000. This includes provisions for benefits and future administration expenses expected to be paid after the valuation date for claims that occurred on or before the valuation date. A provision for future claims arising from long latency occupational diseases is included in this valuation. This liability includes the Hunters & Trappers group but does not include any self-insured employers.
5. The amount of the actuarial liabilities makes appropriate provision for all personal injury compensation obligations and the financial statements fairly present the results of the valuation.
6. This report has been prepared, and my opinions given, in accordance with accepted actuarial practice in Canada.
7. The valuation is based on the provisions of the Workers' Compensation Act S.N.W.T. 2007, c. 21, the Workers' Compensation Act S.Nu. 2007, c. 15 and on the Commission's policies and practices in effect on the valuation date.

March 31, 2015

Thane MacKay, F.C.I.A

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

# INDEPENDENT AUDITOR'S REPORT



Auditor General of Canada  
Vérificateur général du Canada

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

I have audited the accompanying financial statements of the Workers' Safety and Compensation Commission of the Northwest Territories and Nunavut, which comprise the statement of financial position as at 31 December 2014, 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 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.





### Report on Other Legal and Regulatory Requirements

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

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

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

4 May 2015  
Vancouver, Canada

# FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION

As at December 31 (in thousands of Canadian dollars)

	<b>2014</b>	2013
	<b>\$</b>	\$
<b>ASSETS</b>		
Cash and cash equivalents (Note 4)	13,153	7,630
Investments (Note 5)	340,922	316,516
Assessments receivable (Note 6(a))	3,665	3,329
Other receivables (Note 6(b))	2,236	830
Prepaid expenses	222	193
Property and equipment (Note 7)	5,664	5,738
Intangible assets (Note 8)	2,367	2,312
	<u>368,229</u>	<u>336,548</u>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Accounts payable, accrued and other liabilities (Note 9)	5,083	2,693
Salaries and wages payable	1,620	1,285
Assessments refundable	5,371	4,446
Benefits liability (Note 10)	304,468	279,506
Post-employment benefits (Note 11(b))	1,215	1,188
	<u>317,757</u>	<u>289,118</u>
<b>EQUITY (Note 12)</b>		
Operating reserve	34,253	146
Capital asset replacement reserve	331	240
Investment fluctuation reserve	-	34,838
Safety reserve	-	100
Catastrophe reserve	15,888	12,106
	<u>50,472</u>	<u>47,430</u>
	<u>368,229</u>	<u>336,548</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)

	<b>2014</b>	2013
	\$	\$
<b>REVENUE AND INCOME</b>		
Assessments	52,712	48,789
Add: Safe Advantage penalties	421	571
Less: Safe Advantage refunds	(957)	(825)
Net assessment revenue	<u>52,176</u>	<u>48,535</u>
Investments		
Interest	3,356	3,255
Dividends	7,801	4,758
Investment gains (Note 5(d))	22,455	35,176
Investment losses (Note 5(d))	-	(4,610)
Investment fees	(1,026)	(1,023)
Net investment income	<u>32,586</u>	<u>37,556</u>
Fines and miscellaneous revenue	<u>264</u>	<u>4</u>
	<u>85,026</u>	<u>86,095</u>
<b>EXPENSES</b>		
Claims costs		
Claims costs, current year injuries (Note 10(b))	27,951	31,698
Claims costs, prior years' injuries (Note 10(b))	36,506	9,471
Third party legal claim recoveries	(395)	(858)
Recoveries for hunters and trappers (Note 17)	(1,533)	(188)
	<u>62,529</u>	<u>40,123</u>
Administration and general expenses (Note 16)	<u>19,290</u>	<u>17,696</u>
	<u>81,819</u>	<u>57,819</u>
<b>Income before other comprehensive income</b>	<u>3,207</u>	<u>28,276</u>
<b>OTHER COMPREHENSIVE INCOME</b>		
Items that will not be reclassified to profit or loss in subsequent periods:		
Re-measurement losses on defined benefit plan (Note 11(b))	(165)	(56)
<b>Total comprehensive income</b>	<u><u>3,042</u></u>	<u><u>28,220</u></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/(DEFICIT)	CAPITAL ASSET REPLACEMENT RESERVE	INVESTMENT FLUCTUATION RESERVE	SAFETY RESERVE	CATASTROPHE RESERVE	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at January 1, 2013</b>	<b>(12,184)</b>	<b>4</b>	<b>19,628</b>	<b>100</b>	<b>11,662</b>	<b>19,210</b>
Total comprehensive income for the year						
Income for the year	28,276	-	-	-	-	28,276
Re-measurement losses on defined benefit plan	(56)	-	-	-	-	(56)
Transfer to investment fluctuation reserve - current year's gains	(24,453)	-	24,453	-	-	-
Transfer from investment fluctuation reserve - prior years' gains	9,243	-	(9,243)	-	-	-
Transfer to catastrophe reserve	(444)	-	-	-	444	-
Transfer to capital asset replacement reserve	(236)	236	-	-	-	-
<b>Balance at December 31, 2013</b>	<b>146</b>	<b>240</b>	<b>34,838</b>	<b>100</b>	<b>12,106</b>	<b>47,430</b>
Total comprehensive income for the year						
Income for the year	3,207	-	-	-	-	3,207
Re-measurement losses on defined benefit plan	(165)	-	-	-	-	(165)
Transfer from safety reserve - to close reserve	100	-	-	(100)	-	-
Transfer from investment fluctuation reserve - to close reserve	34,838	-	(34,838)	-	-	-
Transfer to catastrophe reserve	(3,782)	-	-	-	3,782	-
Transfer to capital asset replacement reserve	(91)	91	-	-	-	-
<b>Balance at December 31, 2014</b>	<b>34,253</b>	<b>331</b>	<b>-</b>	<b>-</b>	<b>15,888</b>	<b>50,472</b>

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)

	2014 \$	2013 \$
<b>OPERATING ACTIVITIES</b>		
Cash received from:		
Assessments from employers	53,722	49,757
Cash paid to:		
Payments to claimants or third parties on their behalf	(38,961)	(35,178)
Purchase of goods and services	(16,179)	(17,868)
Assessment rebate	(957)	(825)
	<hr/>	<hr/>
Cash used in operating activities	(2,375)	(4,114)
	<hr/>	<hr/>
<b>INVESTING ACTIVITIES</b>		
Proceeds on sale of investments	225,320	288,300
Dividends	7,801	4,758
Interest	3,356	3,255
Change in cash held by investment managers	7,496	133
Purchase of intangible assets	(574)	(92)
Purchase of property and equipment	(733)	(472)
Purchases of investments	(234,768)	(288,371)
	<hr/>	<hr/>
Cash provided by investing activities	7,898	7,511
	<hr/>	<hr/>
Increase in cash and cash equivalents	5,523	3,397
<b>Cash and cash equivalents, beginning of year</b>	<hr/> <b>7,630</b>	<hr/> 4,233
<b>Cash and cash equivalents, end of year</b>	<hr/> <b>13,153</b> <hr/>	<hr/> 7,630 <hr/>

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



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 (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 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. 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 4, 2015.

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

#### a) Liquidity classification

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

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



## NOTES TO THE FINANCIAL STATEMENTS

*For the year ended December 31, 2014 (in thousands of Canadian dollars)*

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

### **b) Financial instruments**

#### ***Investments***

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

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 or loss.

#### ***Other Financial Assets and Liabilities***

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

#### ***Derecognition of Financial Assets and Liabilities***

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



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 (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 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 2014 (2013 – 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 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, 2014 (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 or loss. 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 legal costs and costs associated with the claim are deducted from the settlement. Any funds remaining will be paid to the claimant. This is over and above any future benefits entitlement.

Revenues received from third party recoveries are recorded when receipt of the revenues is virtually certain and the amount can be reliably measured. Legal costs and costs associated with the claim are recognized in administration and general expenses in the statement of comprehensive income or loss as incurred.

### 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 25 years
- Equipment 2 – 6 years
- Furnishings 5 – 10 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 or loss.

### g) Intangible assets

Intangible assets are comprised of purchased and internally developed computer application software systems and are measured at cost less accumulated amortization and any accumulated impairment losses. 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 or loss.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 (in thousands of Canadian dollars)

### **h) Salaries and wages payable**

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 payable, sick leave and special leave benefits and annual vacation leave and lieu time earned but not yet used.

### **i) 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. The benefits liability also includes an allowance for future claims management costs.

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.

The benefits liability includes provision for all benefits provided by current legislation, policies, and administrative practices. In February 2011, the Actuarial Standards Board of the Canadian Institute of Actuaries issued new standards of practise for workers' compensation organizations effective for valuation dates on or after December 31, 2014, that requires their valuations to include an allowance for all recognized latent occupational disease claims expected to arise in the future as a result of past exposures. As such the Commission included a provision for claims related to known latent occupational diseases expected to arise in the future as a result of past exposures. Occupational diseases differ from other types of occupational injuries in that there can be a considerable time lag between the exposure, the manifestation of the disease and the identification of the ensuing disability as a claim. Further, it may be difficult to establish a link between an occupational disease and the workplace. A portion of the total liability is held based on the accumulated exposure up the valuation date relative to total exposure before manifestation of the occupational disease. The Commission has recorded a liability in the current year of \$25,779 for latent occupational disease.

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.

### **j) Employee benefits**

#### ***Pension benefits***

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, 2014 (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 benefit obligation is determined on an actuarial basis. The liability for accrued employee benefits is based on the December 31, 2014 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 obligation for resignation, retirement and ultimate removal assistance is calculated using the projected unit credit method prorated on service.

### **k) 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 or loss on a straight-line basis over the term of the lease.

### **l) 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.

### **m) New and revised accounting standards and interpretations issued but not yet effective**

#### **IFRS 9 Financial instruments**

IFRS 9 issued in November 2009, reissued in October 2010, and then amended in November 2013 will eventually form a complete replacement for 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 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The Commission is currently assessing the impact that this standard will have on the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 (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)

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

### 4. Cash and cash equivalents

The Commission invests in short-term money market instruments. The market yield of this portfolio for the year was 1.23% (2013 – 0.93%). 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.

	2014	2013
	\$	\$
Short-term investments	10,234	5,331
Cash	2,919	2,299
<b>Total</b>	<b>13,153</b>	<b>7,630</b>

### 5. Investments

The Commission's investment portfolio consists of equity, fixed income, 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.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 (in thousands of Canadian dollars)

	2014		2013	
	Fair Value	Cost	Fair Value	Cost
	\$	\$	\$	\$
Equities	157,724	130,648	150,679	127,320
Fixed income	137,509	122,571	121,620	112,174
Real estate	45,689	41,516	44,217	39,382
<b>Total</b>	<b>340,922</b>	<b>294,735</b>	316,516	278,876

### a) Fixed income investments

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

	2014		2013	
	Fair Value	Cost	Fair Value	Cost
	\$	\$	\$	\$
Fixed income securities	50,598	48,165	41,109	39,879
Pooled funds				
Indexed bond funds	54,470	52,241	50,060	50,130
Mortgages	32,441	22,165	30,451	22,165
<b>Total</b>	<b>137,509</b>	<b>122,571</b>	121,620	112,174

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

Included in the above amounts are investments in privately held related party bonds, as disclosed in Note 17. The cumulative unrealized gains in 2014 on the privately held investments were \$627 (2013 – \$378).

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

	2014	2013
	\$	\$
Fixed income - cost	122,571	112,174
Cumulative unrealized gains	14,938	9,446
<b>Fixed income - fair value</b>	<b>137,509</b>	121,620

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 (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, 2014 \$	Fair value December 31, 2013 \$
Cash, short-term investments and net payable in investment manager accounts	1,085	-	-	-	-	1,085	2,492
Government bonds	-	-	14,685	7,983	8,400	31,068	23,393
Corporate bonds	536	2,608	8,448	2,094	4,759	18,445	15,224
<b>Total</b>	1,621	2,608	23,133	10,077	13,159	50,598	41,109

### b) 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:

	2014 \$	2013 \$
Canadian properties - cost	41,516	39,382
Cumulative unrealized gains	4,173	4,835
<b>Canadian properties - fair value</b>	<b>45,689</b>	<b>44,217</b>

### c) Equities

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

	2014		2013	
	Fair Value \$	Cost \$	Fair Value \$	Cost \$
United States equities	64,918	50,556	69,074	51,862
Canadian equities	58,337	46,680	48,404	43,421
International equities	34,469	33,412	33,201	32,037
<b>Total</b>	<b>157,724</b>	<b>130,648</b>	<b>150,679</b>	<b>127,320</b>

Included in the International equities is \$134 (2013 - \$66) of cash that is held in Canadian funds.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 (in thousands of Canadian dollars)

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

	2014	2013
	\$	\$
Equity investments - cost	<b>130,648</b>	127,320
Cumulative unrealized gains	<b>27,076</b>	23,359
<b>Equity investments - fair value</b>	<b>157,724</b>	150,679

### d) Investment gains and losses

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

	2014	2013
	\$	\$
Realized gains	<b>13,907</b>	21,235
Realized losses	-	(4,610)
Change in unrealized gains	<b>8,548</b>	13,941
<b>Investment gains - net</b>	<b>22,455</b>	30,566

### 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:

	2014	2013
	%	%
Canadian equities	<b>20.52</b>	19.82
United States equities	<b>19.09</b>	45.93
Fixed income securities and indexed bond funds	<b>8.54</b>	(1.60)
Mortgages	<b>6.54</b>	0.71
Cash and cash equivalents	<b>6.14</b>	5.07
International equities	<b>4.94</b>	28.86
Real estate	<b>3.33</b>	7.19

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 (in thousands of Canadian dollars)

### f) Investment activity

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

	2014	2013
	\$	\$
Balance, beginning of year	316,516	286,012
Investment gains - net	22,455	30,566
Dividends	7,801	4,758
Interest	3,356	3,255
Transfer to short-term investments	(161)	(75)
Transfer to operating cash accounts	(9,045)	(8,000)
<b>Balance, end of year</b>	<b>340,922</b>	<b>316,516</b>

### 6. Assessments and other receivables

#### a) Assessments receivable

	2014	2013
	\$	\$
Current assessments receivable	3,556	3,149
Overdue assessments receivable	200	296
Less: allowance for doubtful accounts	(91)	(116)
<b>Net assessments receivable</b>	<b>3,665</b>	<b>3,329</b>

The Commission collected \$127 (2013 – \$128) 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 \$24 (2013 – \$83) which is recognized as an administration and general expense.

#### *Aging of assessments that are overdue and not impaired*

	31 to 60 days	61 to 90 days	91+ days	Total overdue
	\$	\$	\$	\$
<b>2014</b>	43	23	43	<b>109</b>
2013	91	34	55	180





## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 (in thousands of Canadian dollars)

### Reconciliation of allowance for doubtful accounts

	2014	2013
	\$	\$
Carrying amount at the beginning of the year	116	295
Net debts written off during the year	(67)	(265)
Provision made during the year	71	168
Recoveries	(29)	(82)
<b>Carrying amount at the end of the year</b>	<b>91</b>	<b>116</b>

### b) Other receivables

	2014	2013
	\$	\$
Hunters and trappers receivable	1,533	188
Due from claimants	328	268
Receivable from other Governments	159	107
Other	154	208
Due from employees	32	40
Pensions receivable	15	19
Fines	15	-
<b>Total</b>	<b>2,236</b>	<b>830</b>

Other receivables are non-interest bearing. None of these amounts are considered to be impaired.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 (in thousands of Canadian dollars)

### 7. Property and equipment

	Building \$	Equipment \$	Furnishings \$	Vehicles \$	Leasehold improvements \$	Total \$
<i>Cost</i>						
At January 1, 2013	5,696	1,729	348	344	820	8,937
Additions	48	92	36	-	296	472
Disposals	-	(76)	(35)	(36)	-	(147)
At December 31, 2013	5,744	1,745	349	308	1,116	9,262
Additions	239	208	161	86	39	733
Disposals	-	(113)	(7)	(77)	-	(197)
At December 31, 2014	5,983	1,840	503	317	1,155	<b>9,798</b>
<i>Depreciation</i>						
At January 1, 2013	1,384	1,034	158	261	134	2,971
Annual depreciation	255	231	35	27	122	670
Disposals	-	(72)	(23)	(22)	-	(117)
At December 31, 2013	1,639	1,193	170	266	256	3,524
Annual depreciation	432	152	44	45	118	791
Disposals	-	(97)	(7)	(77)	-	(181)
At December 31, 2014	2,071	1,248	207	234	374	<b>4,134</b>
<b>Net book value</b>						
<b>At December 31, 2014</b>	<b>3,912</b>	<b>592</b>	<b>296</b>	<b>83</b>	<b>781</b>	<b>5,664</b>
At December 31, 2013	4,105	552	179	42	860	5,738

#### Change in estimates

During the year ended December 31, 2014 the Commission reviewed all capital assets and using judgement determined if any changes in useful life were required. This review resulted in changes in the expected usage of certain items of property and equipment. Certain building improvements and equipment, which management previously intended to have certain useful lives is now expected to have different useful lives. The effect of these changes on depreciation expenses in current and future periods is as follows:

	2014 \$	2015 \$	2016 \$	2017 \$
Increase / (decrease) in depreciation expense	160	175	(28)	(28)



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 (in thousands of Canadian dollars)

### 8. Intangible assets

	Purchased software systems \$	Internally developed software systems \$	Total \$
<i>Cost</i>			
At January 1, 2013	764	5,447	6,211
Additions	54	38	92
Disposals	-	-	-
At December 31, 2013	818	5,485	6,303
Additions	277	297	574
Disposals	(122)	(63)	(185)
At December 31, 2014	973	5,719	<b>6,692</b>
<i>Amortization</i>			
At January 1, 2013	445	3,068	3,513
Annual amortization	141	337	478
Disposals	-	-	-
At December 31, 2013	586	3,405	3,991
Annual amortization	122	324	446
Disposals	(51)	(61)	(112)
At December 31, 2014	657	3,668	<b>4,325</b>
<b>Net book value</b>			
<b>At December 31, 2014</b>	<b>316</b>	<b>2,051</b>	<b>2,367</b>
At December 31, 2013	232	2,080	2,312

Included in internally developed software systems is the Compensation, assessment, and accident prevention system (CAAPS) which the Commission uses to process and maintain claims information and employer information including claims, assessments and safety reports. The net book value amount and remaining amortization period of this asset are \$1,368 and 6 years respectively (2013 - \$1,944 and 7 years).



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 (in thousands of Canadian dollars)

### 9. Accounts payable, accrued and other liabilities

	Current	Non-Current	2014 Total	2013 Total
	\$	\$	\$	\$
Accounts payable	1,342	-	<b>1,342</b>	537
Accrued liabilities	3,483	-	<b>3,483</b>	1,826
Other	51	207	<b>258</b>	330
<b>Total</b>	<b>4,876</b>	<b>207</b>	<b>5,083</b>	<b>2,693</b>

### 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. Future Capitalizations also includes the latent occupational disease liability.

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 (September 2011 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, 2014 (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 \$	<b>Total 2014 \$</b>
Balance, beginning of year	47,365	36,393	28,691	167,057	<b>279,506</b>
Add: Claims costs					
Current year	7,044	12,258	7,320	1,329	<b>27,951</b>
Prior years	1,303	(780)	1,168	9,036	<b>10,727</b>
Latent occupational disease provision	-	-	25,779	-	<b>25,779</b>
Liability transfer, capitalizations	-	-	(4,724)	4,724	-
	<b>8,347</b>	<b>11,478</b>	<b>29,543</b>	<b>15,089</b>	<b>64,457</b>
Less: Claims payments					
Current year injuries					
Claims payments	1,838	2,963	77	74	<b>4,952</b>
Claims management	827	1,333	8	8	<b>2,176</b>
Prior years' injuries					
Claims payments	5,484	5,481	2,564	12,407	<b>25,936</b>
Claims management	2,468	2,466	256	1,241	<b>6,431</b>
	<b>10,617</b>	<b>12,243</b>	<b>2,905</b>	<b>13,730</b>	<b>39,495</b>
<b>Balance, end of year</b>	<b>45,095</b>	<b>35,628</b>	<b>55,329</b>	<b>168,416</b>	<b>304,468</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 (in thousands of Canadian dollars)

	Medical aid \$	Compensation \$	Future capitalizations \$	Pension awards \$	Total 2013 \$
Balance, beginning of year	48,812	36,959	27,176	162,063	275,010
Add: Claims costs					
Current year	9,841	13,367	7,091	1,399	31,698
Prior years	(2,207)	(2,456)	4,565	9,569	9,471
Liability transfer, capitalizations	-	-	(6,452)	6,452	-
	7,634	10,911	5,204	17,420	41,169
Less: Claims payments					
Current year injuries					
Claims payments	2,114	3,132	73	7	5,326
Claims management	951	1,409	7	1	2,368
Prior years' injuries					
Claims payments	4,149	4,783	3,281	11,289	23,502
Claims management	1,867	2,153	328	1,129	5,477
	9,081	11,477	3,689	12,426	36,673
Balance, end of year	47,365	36,393	28,691	167,057	279,506

The expected claims payment for the benefits liability in 2015 is \$23,177 (2014 - \$25,707).

The following is an actuarial reconciliation of the changes in the benefits liability during the years ended December 31:

	2014 \$	2013 \$
Balance, beginning of year	279,506	275,010
Add:		
Provision for current year's claims	20,823	24,003
Experience gain	(6,701)	(7,660)
Liability provision for latent occupational diseases	25,779	-
Interest allocated	17,428	17,132
	57,329	33,475
Deduct:		
Payments for prior years' claims	(32,367)	(28,979)
<b>Balance, end of year</b>	<b>304,468</b>	<b>279,506</b>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 (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 are as follows:

<b>Change in benefits liability</b>	<b>2014</b>	2013
	<b>\$</b>	<b>\$</b>
Actual inflation experience, which was 1.43% versus the expected 3.0% (0.96% versus 3.0% in 2013)	<b>(2,582)</b>	(3,301)
Favourable claims experience	<b>(3,563)</b>	(6,064)
Decrease in the valuation of claims run-off factors for Compensation and Medical Aid benefits	<b>(402)</b>	(502)
Revised assumptions used in the Future Capitalizations liability	<b>(154)</b>	2,207
<b>Total</b>	<b>(6,701)</b>	(7,660)

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

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

Key aspects of processes established to mitigate insurance risks include:

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

### 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.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 (in thousands of Canadian dollars)

### 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.

Expected timing of future payment for outstanding claims:

	2014	2013
	%	%
Up to 1 year	4.29	4.32
Over 1 year and up to 5 years	13.90	12.58
over 5 years and up to 10 years	15.11	13.92
Over 10 years	66.70	69.18
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 (in thousands of Canadian dollars)

### 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, 2014 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, 2014. These future pension capitalizations are in respect of all claims arising from accidents which occurred on or before December 31, 2014. 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, 2014.

The Approved Pension liability (pension awards) represents the present value at December 31, 2014 of all expected future pension awards payments, including future inflationary adjustments, to individuals who have been approved for a pension award at December 31, 2014. The Approved Pension liability is calculated on a seriatim basis using the discounted cash flow method. Pension benefits are indexed annually on January 1 of each year, this annual index rate is referred to as the Supplementary Pension Increase (SPI) rate. The SPI is determined by taking into account the average monthly change in consumer price index (CPI) Canada for the most recent July to June period. Mortality rates are used to determine the future life expectancy of individuals in receipt of a pension award. The actual gender and date of birth for all pension recipients is used in the valuation. Pensions are payable to dependent children until age 19 or age 25 if attending school. The probability of a dependent child continuing to receive a pension award from age 19 to 25 is based on actual experience of the Commission. A projection of future pension payments requires that an explicit assumption be made with respect to the rate of award inflation. The present value of expected future pension payments uses a gross discount rate of 6.10%. The ultimate inflation assumption of 2.50% results in a net discount rate of 3.50% for years 2016 and thereafter. The use of the actual inflation rate of 1.43% for 2015 results in a net discount rate of 4.60% for that year only.

The following economic assumptions are used in the valuation of the Future Claims Liability: discount rate – 6.10% (2013– 6.60%), inflation rate – i) future capitalizations: 1.43% in 2015 and 2.50% per annum thereafter (2013 – 0.96% and 3.00%), and ii) Compensation and Medical Aid: 2.50% (2013– 3.00%).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 (in thousands of Canadian dollars)

The following economic assumptions are used in the valuation of the Approved Pension Liability: discount rate – 6.10% (2013 – 6.60%), inflation rate – 1.43% in 2015 and 2.50% thereafter (2013 – 0.96% and 3.00%). The mortality assumption is determined by the 2000-2002 Statistics Canada General Life Mortality Table (2013 – same table).

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

### 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 an increase in comprehensive income.

Medical benefits represent approximately 15.00% 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 an increase 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 increasing comprehensive income.

<b>2014</b>		
<b>+/- % change on assumed rates</b>	<b>+ 1%</b>	<b>- 1%</b>
	<b>\$</b>	<b>\$</b>
Net discount rate	<b>(27,500)</b>	<b>34,211</b>
Excess medical inflation rate	<b>4,838</b>	<b>(4,158)</b>
<hr/>		
<b>2013</b>		
<b>+/- % change on assumed rates</b>	<b>+ 1%</b>	<b>- 1%</b>
	<b>\$</b>	<b>\$</b>
Net discount rate	(25,576)	30,811
Excess medical inflation rate	4,524	(3,876)
<hr/>		



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 (in thousands of Canadian dollars)

<b>2014</b>		
<b>+/- % change in mortality rates</b>	<b>+ 10%</b>	<b>- 10%</b>
	<b>\$</b>	<b>\$</b>
Mortality rate	<b>(4,931)</b>	<b>5,321</b>
<b>2013</b>		
<b>+/- % change in mortality rates</b>	<b>+ 10%</b>	<b>- 10%</b>
	<b>\$</b>	<b>\$</b>
Mortality rate	<b>(4,462)</b>	<b>4,653</b>

### k) Claims development

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

	2007	2008	2009	2010	2011	2012	2013	2014	<b>Total</b>
	\$	\$	\$	\$	\$	\$	\$	\$	\$
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	
One year later	49,674	52,229	39,782	44,743	70,852	39,738	38,252		
Two years later	43,292	49,107	37,745	39,278	69,454	36,183			
Three years later	42,069	50,445	36,584	37,733	62,086				
Four years later	43,966	46,236	36,581	38,090					
Five years later	43,582	45,658	33,865						
Six years later	41,923	42,075							
Seven years later	39,607								
Current estimate of cumulative claims costs	39,607	42,075	33,865	38,090	62,086	36,183	38,252	35,923	<b>326,081</b>
Cumulative payments	17,295	17,962	13,327	14,790	19,132	12,142	9,675	4,176	<b>108,499</b>
Outstanding claims - undiscounted	22,312	24,113	20,538	23,300	42,954	24,041	28,577	31,747	<b>217,582</b>
Effect of discounting									<b>(304,892)</b>
Effect of administration expenses									<b>43,049</b>
Effect of latent occupational disease provision									<b>25,779</b>
2006 and prior claims									<b>322,950</b>
<b>Amount recognized on Statement of Financial Position</b>									<b>304,468</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 (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. On December 14, 2012, Bill C-45 was enacted by the Parliament of Canada and lower contribution rates have been introduced for employees who joined the Plan on or after January 1, 2013. The general contribution rates effective at year end for employees who joined the Plan prior to 2013 and after January 1, 2013 were 15.088% and 12.002% respectively (2013 - 15.088%; 11.979%). Total contributions of \$1,654 (2013 - \$1,442) were recognized as expense in the current year and \$144 (2013- \$70) 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:

	<b>2014</b>	2013
	<b>\$</b>	\$
Accrued Benefit obligation, beginning of year	<b>1,188</b>	1,183
Total benefit expense:		
Current service cost	<b>69</b>	66
Interest cost	<b>44</b>	34
Change in discount rate	<b>34</b>	(53)
Actuarial losses	<b>131</b>	109
Benefits paid	<b>(251)</b>	(151)
<b>Balance, end of year</b>	<b>1,215</b>	1,188

The key assumptions used to calculate the accrued employee benefits are a liability discount rate of 3.25% (2013 - 3.75%) and a general wage escalation of 3.50% (2013 - 2.50%).

The expected contributions for 2015 are \$197 (2014 - \$193). The weighted average duration of the defined benefit obligation is 6.5 years (2013 - 6.4 years).



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 (in thousands of Canadian dollars)

### c) Post-employment benefits – liability sensitivity

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, 2014 provided by Fiera Capital, the selected discount rate is 3.25% (2013 – 3.75%). 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 3.50% for 2015 (2013 – 2.50% for 2014) and 3.00% for 2016. The long term wage inflation assumption of 3.00% for 2017 and beyond is considered to be Management’s best estimate for long term salary growth. An increase in the assumed wage inflation rate would result in an increase in the liability and an increase in comprehensive income.

<b>2014</b>			
<b>+/- % change on assumed rates</b>	<b>+ 1%</b>	<b>- 1%</b>	
	<b>\$</b>	<b>\$</b>	
Discount rate	<b>(66)</b>	<b>74</b>	
Wage inflation rate	<b>53</b>	<b>(49)</b>	
<hr/>			
<b>2013</b>			
<b>+/- % change on assumed rates</b>	<b>+ 1%</b>	<b>- 1%</b>	
	<b>\$</b>	<b>\$</b>	
Discount rate	(65)	72	
Wage inflation rate	54	(49)	

### d) Employee benefits expense

The following table summarizes the components of the benefit expense recognized in the employer’s share of benefits within administration and general expenses in the statement of comprehensive income for the respective plans:

<b>2014</b>	<b>Post-employment</b>	<b>Pension</b>	
<b>Net benefit expense</b>	<b>benefits</b>	<b>Plan</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Current service cost	69	1,654	<b>1,723</b>
Interest cost	44	-	<b>44</b>
<b>Total</b>	<b>113</b>	<b>1,654</b>	<b>1,767</b>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 (in thousands of Canadian dollars)

2013	Post-employment	Pension	Total
Net benefit expense	benefits	Plan	
	\$	\$	\$
Current service cost	66	1,442	1,508
Interest cost	34	-	34
<b>Total</b>	<b>100</b>	<b>1,442</b>	<b>1,542</b>

### 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.

Before January 1, 2014 the Commission maintained five reserves within the Workers' Protection Fund. As of December 31, 2014 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, 2014, the Funded Position is 116% (2013 – 116%).

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



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 (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 2014 \$63,551. Should the Commission's funded ratio, excluding the catastrophe reserve capped at 5%, decline to:

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

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

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

Prior to 2014 the target level was established after the target level for the catastrophe reserve had been determined. Assessment rates were adjusted to bring the operating reserve to its target level over a period of between two years and ten years, depending on the margin by which the operating reserve was above or below the target level. The tolerance range for the operating reserve was plus or minus 50% of the target level. If the reserve balance fell outside of this range, appropriate action was implemented with the goal of returning the reserve to the target level. The target range as of the year ended December 31, 2013 was \$5,707 to \$17,121.

### 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) Investment fluctuation reserve

The purpose of the investment fluctuation reserve was to recognize the annual gains and losses on investments on an even basis in the operating reserve over a period of five years. The Commission determined that the investment fluctuation reserve was no longer needed and closed the reserve in the current year. All funds remaining in the reserve were transferred to the operating reserve.

### d) Safety reserve

The safety reserve was established to fund safety programs and was used to implement the Commission's safety strategy. The Commission determined that the safety reserve was no longer needed and closed the reserve in the current year. All funds remaining in the reserve were transferred to the operating reserve.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 (in thousands of Canadian dollars)

### e) Catastrophe reserve

The catastrophe reserve is intended to mitigate the potential impact to the Commissions 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 2014 \$15,888. Funds can be transferred from the operating reserve to address shortfalls in the catastrophe reserve as long as the operating reserve is not left in a shortfall position, shortfall being defined as less than 5% of total liabilities. Should the catastrophe reserve decline below 4% of total liabilities a flat rate increase over 15 years would be put into place to return the catastrophe reserve to the target rate.

Before 2014 the target level was set at 300 times the Year's Maximum Insurable Remuneration (YMIR) (YMIR for 2013 \$84.20, reserve target \$25,260) less any approved catastrophic events.

### 13. Commitments

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

	Equipment Leases \$	Leased space \$	Contracts \$	<b>Total</b> \$
2015	66	1,587	7,231	<b>8,884</b>
2016	11	1,345	1,546	<b>2,902</b>
2017	8	1,295	770	<b>2,073</b>
2018	-	1,195	750	<b>1,945</b>
2019	-	1,042	750	<b>1,792</b>
Thereafter	-	3,498	-	<b>3,498</b>
<b>Total</b>	<b>85</b>	<b>9,962</b>	<b>11,047</b>	<b>21,094</b>

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

Of the total contracts committed in 2015 \$93 are for the construction of internally developed software systems and \$3,583 relate to the retrofit of the Yellowknife office. All other contracts are standard service and maintenance agreements.





## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 (in thousands of Canadian dollars)

### 14. Contingencies

#### ***Actions taken against the Commission***

In 2005, a worker filed a human rights complaint alleging that a Workers' Compensation Board policy discriminated against him on the basis of social condition. The complaint was successful, and the Workers' Compensation Board (now the Commission) appealed. The Supreme Court of the Northwest Territories heard the appeal in January 2012. In July 2012 the Court upheld the Adjudicator's decision. The Commission appealed this decision to the Court of Appeal which upheld the Supreme Court and Adjudicator's decision. The WSCC must now revise legislation and policy and include employment insurance benefits when calculating a worker's annual remuneration on which to base benefits. The specific financial implications are being determined.

In 2011, a worker filed a human rights complaint alleging that the Commission discriminated against him on the grounds of disability. The Commission responded to the complaint on September 15, 2011. On July 24, 2013 the Tribunal rendered its decision and determined that the issue is complex and significant. The Tribunal directed the matter to proceed to a hearing. The financial implications are not yet known.

In 2013 a worker filed a human rights complaint alleging that the Commission discriminated against him on the grounds of disability. The Commission responded to the complaint on February 7, 2014 and provided further disclosures October 24, 2014. On January 9, 2015 the matter was recommended to proceed to a hearing. The financial implications are not yet known.

In 2013 a worker filed a human rights complaint alleging that the Commission discriminated against him on the grounds of disability. The Commission responded to the complaint on February 3, 2014 and again in November 2014. The financial implications are not yet known.

#### ***Actions initiated by the Commission***

The following actions have been initiated by the Commission with the expectation that all of the actions will be settled in favour of the Commission; the total recovery amounts are, however, unknown as of the date of the financial statements unless noted.

On August 20, 2011, a First Air charter flight approaching Resolute Bay, NU crashed, killing twelve people and injuring three. The Commission has commenced action on behalf of the passengers against First Air, Nav Canada and the Department of National Defense. Settlement negotiations with First Air were opened and a settlement for six of the worker fatalities was reached. In 2014 the Commission received \$12 for claims costs and \$73 for legal costs for one worker. In 2015 settlement agreements were completed for five of the workers, the Commission will receive \$1,136 for claims costs and \$519 for legal recoveries. In regards to the pilots and flight crew the Commission commenced action against NAV Canada and the Department of National Defense.

On September 22, 2011, an Arctic Sunwest floatplane was attempting to land when it crashed in Yellowknife, NT, killing two and injuring seven. The Commission has proceeded with third party action against Arctic Sunwest for the injured workers under the Commission's jurisdiction.



## NOTES TO THE FINANCIAL STATEMENTS

*For the year ended December 31, 2014 (in thousands of Canadian dollars)*

In 2007, an Arctic Sunwest plane crashed resulting in extensive injuries to one worker. The Commission has proceeded with third party action against Arctic Sunwest for the injured worker. As of April 2013 the file reached the point where damage estimates can be prepared. Settlement negotiations are ongoing.

In August 2009 a worker was killed in a helicopter crash. The Commission has proceeded with third party action against Wild Water Heli-Fishing and Barry Scott. Settlement negotiations are ongoing.

In October 2011 a Cessna Caravan operated by Air Tindi crashed outside Lutselk'e, NT. There were two fatalities and two passengers injured, the injured passengers are not covered by the Commission. The Commission has proceeded with third party action against Air Tindi on behalf of the deceased passenger.

On December 8, 2010, a worker was involved in a motor vehicle collision resulting in various injuries. The Commission commenced action against the other parties and discovery occurred in September 2013.

On January 23, 2013, a vehicle rented by North American Tungsten driven by a North American Tungsten employee and carrying their workers and Sodexo Inc. workers was involved in a motor vehicle accident. The Commission has commenced settlement discussions with the vehicle insurer on behalf of the Sodexo Inc. workers.

On January 23, 2013, three workers were involved in a motor vehicle collision resulting in various injuries. The Commission obtained third party council and has filed a statement of claim.

On March 2, 2013, a worker was involved in a motor vehicle collision resulting in various injuries. The Commission obtained third party council and has filed a statement of claim.

On February 20, 2014 the Commission charged the Northwest Territories Power Corporation, William Mudry and Morgan LeBlanc for breach of various sections of the Safety Act resulting from an accident during work clearing brush on the Taltson transmission line. Since the Government of the Northwest Territories is affiliated with the Northwest Territories Power Corporation the Department of Justice is conflicted and unable to provide prosecution services. The Commission has retained third party legal counsel to provide prosecution services on this matter. The matter is set for trial September 21, 2015.

On July 8, 2014 the Commission charged Bill Prodromidis, who was working for the Government of the Northwest Territories, with two counts of breaching the Safety Act relating to an incident of obstruction of a Safety Officer. Since the Government of the Northwest Territories was the employer of the party the Department of Justice is conflicted and unable to provide prosecution services. The Commission has retained third party legal counsel to provide prosecution services on this matter. Legal counsel is working with the court to schedule a trial date.

On October 10, 2013, the Commission charged the Government of the Northwest Territories and Zoltan Kalnay with six offences under the Northwest Territories' Safety Act and General Safety Regulations resulting from work completed on the Prince of Wales Northern Heritage Centre. Since the Government of the Northwest Territories is one of the parties the Department of Justice is conflicted and unable to provide prosecution services. The Commission has retained third party legal counsel to provide prosecution services on this matter. The matter was set for trial on February 19, 2015. This matter is set for resolution on April 22, 2015.



## NOTES TO THE FINANCIAL STATEMENTS

*For the year ended December 31, 2014 (in thousands of Canadian dollars)*

On February 19, 2013 a worker was injured while using an auger. Charges were filed against Rowe's Construction and two supervisors with the Northwest Territories' Territorial Court February 13, 2014. On April 1, 2015 Rowe's Construction plead guilty to Section 9 of the *General Safety Regulations* and was sentenced to a fine of \$40. All other charges in the matter were withdrawn.

In 2013 a worker was injured in a motor vehicle accident. In January 2015 settlement agreements were reached for \$65 of which the Commission received \$23 in claims costs and \$19 for recovery of legal fees.

On April 2, 2007, a worker was involved in a motor vehicle collision resulting in various injuries. In April 2015 settlement agreements were completed resulting in the Commission receiving \$43 in claims costs and \$26 for recovery of legal fees charged on a contingent basis.

On July 31, 2013, a worker was involved in a motor vehicle collision resulting in various injuries. In April 2015 settlement agreements were completed resulting in the Commission receiving \$42 in claims costs and \$22 for recovery of legal fees charged on a contingent basis.

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

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.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 (in thousands of Canadian dollars)

### 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, 2014, cash and cash equivalents was \$13,153 or a ratio of 1.09 of short-term liabilities (2013 - \$7,630 or 0.93).

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

	1 year or less \$	2-3 years \$	4-5 years \$	6 years or more \$	Total 2013 \$
Accounts payable, accrued and other liabilities	2,462	70	70	91	2,693
Salaries and wages payable	1,285	-	-	-	1,285
Assessments refundable	4,446	-	-	-	4,446
<b>Total</b>	<b>8,193</b>	<b>70</b>	<b>70</b>	<b>91</b>	<b>8,424</b>

### 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. 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, 2014 (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 \$5,901 (2013 – \$4,159). Allowances for doubtful accounts are provided for potential losses that have been incurred at the reporting date. The amounts disclosed on the statement of financial position are net of these allowances for doubtful accounts. All other receivables and assessments receivable are considered for impairment on a case-by-case basis when they are past due or when objective evidence is received that a customer will default. The Commission takes into consideration the customer's payment history, their credit worthiness and the then current economic environment in which the customer operates to assess impairment. The Commission recognizes a specific allowance for doubtful accounts when management considers that the expected recovery is less than the actual amount receivable. All bad debts are charged to administration and general expenses.

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

- The employer base is dispersed across various industries, with government comprising a significant concentration.
- As at December 31, 2014, 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, 2014:

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

	AAA	AA	A	BBB	Total
	\$	\$	\$	\$	\$
Fixed income securities	14,840	26,027	8,377	272	<b>49,516</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 (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, 2013:

	R-1 (high) \$	R-1 (middle) \$	R-1 (low) \$	Total \$
Short-term investments	3,987	1,141	203	5,331
Fixed income securities	1,693	799	-	2,492
<b>Total</b>	<b>5,680</b>	<b>1,940</b>	<b>203</b>	<b>7,823</b>

	AAA \$	AA \$	A \$	BBB \$	Total \$
Fixed income securities	12,690	19,265	6,407	255	38,617

### 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 13.40% (2013 – 13.97%) of the total fund. This fund is diversified by investment type and geographic location. In 2014 the fund held properties in four provinces; 51% in Ontario, 26% in British Columbia, 20% in Alberta and 3% in Quebec. The types of properties held by the fund can be classified as retail (41%), office (31%), distribution and warehouse (22%) and other (6%). 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, 2014 is as follows:

	Target		Actual %
	Maximum %	Minimum %	
Fixed income securities and indexed bond funds	45.00	25.00	<b>30.54</b>
Canadian equities	21.00	11.00	<b>17.09</b>
Real estate	20.00	10.00	<b>13.40</b>
United States equities	19.00	9.00	<b>17.09</b>
International equities	15.00	5.00	<b>11.53</b>
Mortgages	15.00	5.00	<b>9.52</b>
Cash and cash equivalents	5.00	0.00	<b>0.83</b>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 (in thousands of Canadian dollars)

The Commission's investment target and actual asset mix at fair value December 31, 2013 is as follows:

	Target		Actual %
	Maximum %	Minimum %	
Fixed income securities and indexed bond funds	45.00	25.00	28.02
Canadian equities	21.00	11.00	15.41
Real estate	20.00	10.00	13.97
United States equities	19.00	9.00	20.34
International equities	15.00	5.00	11.64
Mortgages	15.00	5.00	9.62
Cash and cash equivalents	5.00	0.00	1.00

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 16.20 -18.00%, depending on asset type, on the average market values of each portfolio, which equates to one standard deviation of the portfolio in the respective stock market index.

Portfolio	Index	Exposure December 31, 2014 \$	Change one standard deviation %	Change to comprehensive income 2014 \$
Canadian equities	TSX 300	58,337	+17.40	<b>10,151</b>
United States equities	Russell 3000	64,918	+16.30	<b>10,582</b>
International equities	MSCI EAFE	34,469	+16.20	<b>5,584</b>

Portfolio	Index	Exposure December 31, 2013 \$	Change one standard deviation %	Change to comprehensive income 2013 \$
Canadian equities	TSX 300	48,404	+18.00	8,713
United States equities	Russell 3000	69,074	+17.00	11,743
International equities	MSCI EAFE	33,201	+17.00	5,644

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 (in thousands of Canadian dollars)

### 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 2014 \$
Change in nominal interest rates	+1.00	6,974

	Movement in interest rates %	Change to comprehensive income 2013 \$
Change in nominal interest rates	+1.00	5,814

### e) Real estate risk

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

The table below presents the estimated effect of a material adverse change in valuations of the investment in domestic real estate for the year ended December 31. This change to comprehensive income reflects a change in valuation of 12.50% (2013 – 14.50%), which, based on ten years of results, would be one standard deviation of valuation change.

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





## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 (in thousands of Canadian dollars)

Portfolio	Exposure December 31, 2013 \$	Change %	Change to comprehensive income 2013 \$
Real estate	44,217	+14.50	6,411

### 16. Administration and general expenses

	2014 \$	2013 \$
Salaries, wages and allowances	13,755	12,571
Professional services	4,282	3,774
Employer share of benefits	3,201	2,846
Amortization and depreciation	1,237	1,148
Office repairs and maintenance	823	822
Contributions to other organizations	761	760
Travel	696	755
Office lease payments	637	504
Communications	611	589
Office services and supplies	544	437
Advertising and public information	449	442
Office furniture and equipment (non-capital)	295	293
Training and development	258	193
Grants	204	185
Recruitment	114	82
Loss on asset disposal	80	30
Honoraria and retainers	76	67
Bad debt expense	24	83
Miscellaneous	1	2
Recoveries	(151)	(42)
	<b>27,897</b>	25,541
Less: Allocation to claims management costs - current year injuries (Note 10(b))	(2,176)	(2,368)
Less: Allocation to claims management costs - prior year injuries (Note 10(b))	(6,431)	(5,477)
<b>Total</b>	<b>19,290</b>	17,696

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 (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:

	2014	2013
	\$	\$
Government of Nunavut	1,285	429
Government of Northwest Territories	317	183
Territorial public agencies	34	20
<b>Total</b>	<b>1,636</b>	<b>632</b>

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

	2014	2013
	\$	\$
Territorial public agencies	484	287
Government of Nunavut	303	46
Government of Northwest Territories	248	103
<b>Total</b>	<b>1,035</b>	<b>436</b>

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. The amount due from related parties includes a receivable from the Government of Nunavut for Hunters and Trappers claims for the year in the amount of \$1,285 (2013 – \$23), and a receivable from the Government of the Northwest Territories for the year in the amount of \$248 (2013 – \$165).

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:

	2014	2013
	\$	\$
Government of Nunavut	4,832	3,227
Government of Northwest Territories	4,059	3,499
Territorial public agencies	1,675	1,585
<b>Total</b>	<b>10,566</b>	<b>8,311</b>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2014 (in thousands of Canadian dollars)

Expenses to related parties for the years ended December 31:

	<b>2014</b>	2013
	<b>\$</b>	\$
Territorial public agencies	<b>1,964</b>	1,331
Government of Nunavut	<b>597</b>	1,157
Government of Northwest Territories	<b>453</b>	587
<b>Total</b>	<b>3,014</b>	3,075

Investments in bonds of related parties at fair value:

	<b>2014</b>	2013
	<b>\$</b>	\$
Northwest Territories Power Corporation		
6.42% maturing December 18, 2032	<b>1,469</b>	1,439
5.95% maturing December 15, 2034	<b>1,357</b>	1,205
<b>Total</b>	<b>2,826</b>	2,644

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

	<b>2014</b>	2013
	<b>\$</b>	\$
Short-term employee benefits	<b>1,216</b>	1,288
Pension plan	<b>213</b>	128
Employee benefits - post employment benefits	<b>71</b>	102
<b>Total compensation paid to key management personnel</b>	<b>1,500</b>	1,518

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, 2014 (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, 2014:

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

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, 2013:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial instruments measured at fair value:				
Equities	150,679	-	-	150,679
Fixed income securities and indexed bond funds	-	91,169	-	91,169
Real estate	-	44,217	-	44,217
Mortgages	30,451	-	-	30,451
<b>Total</b>	<b>181,130</b>	<b>135,386</b>	<b>-</b>	<b>316,516</b>

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.



## EXTERNAL REPORTS







# **WORKERS' ADVISOR OFFICE**

## **2014 ANNUAL REPORT**

For  
**The Honourable Minister Jackson Lafferty**  
Minister Responsible for the  
**Workers' Safety and Compensation**  
**Commission NT**

and

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

Submitted By  
**Garry Tkachuk**  
Workers Advisor for the  
Northwest Territories and Nunavut



## MESSAGE FROM THE WORKERS' ADVISOR

It is my pleasure to present this annual report of the Workers' Advisor Office (WAO) for the year ending December 31, 2014. I was appointed as the Workers' Advisor by the Northwest Territories and Nunavut Ministers Responsible for the Workers' Safety and Compensation Commission (WSCC) in January of 2014. The mandate of the WAO is to assist injured workers and their family members with their WSCC claim. This assistance ranges from explaining the WSCC process to representing clients at the various WSCC decision making levels.

The WAO functions as a necessary check and balance in the workers' compensation system by working to ensure that workers and dependants receive just and proper entitlements. By first focusing on collaboration and resolution, many claim issues are handled without formal review or appeal. This has a positive effect throughout the system, by promoting fairness and avoiding unnecessary delay and systemic cost.

The WAO has offices in Yellowknife and in Cambridge Bay. Our services are provided in French, English and Inuktitut. We provide a full range of services to claimants who have been injured in the Northwest Territories (NT) and Nunavut (NU). The Workers' Advisor and the Deputy Worker's Advisor in Cambridge Bay are trained professionals with now a year claims experience. They are mandated by the Governance Council (GC) to be independent and to only act in the interests of claimants that

request and require their services. They conduct themselves respectfully at all times. The services provided are free and there is no fee just good advice and advocacy.

In addition to working diligently with injured workers from the NWT and Nunavut, I am a member of the Canadian Association of Workers' Advisors and Advocates (CAWAA). The annual meeting was held in Whitehorse, Yukon this year and due to the timing of my new position and commitment to my new and carried over clients time did not permit me to attend, the monthly CAWAA telephone conferences throughout the year are excellent opportunities to exchange information with my counterparts from across the country.

I have developed an excellent working relationship with WSCC staff and administration, the GC and the Minister's office. These collaborative relationships have contributed in a positive way to working through the issues that present themselves when working with injured workers.

I have greatly valued my opportunity to assist injured workers and their families with their WSCC claims. I will continue to assist injured workers and their family members in pursuing the most equitable benefits to which they are entitled. I look forward to another busy and productive year in 2015.

**Garry Tkachuk**  
Workers' Advisor





## MANDATE OF THE WORKERS' ADVISOR OFFICE

The sole function of the WAO is to advance the interests of injured workers or their dependants with respect to their entitlements under the *Acts*. The WAO carries out this mandate by providing advice, assistance and advocacy services for injured workers or their dependants with respect to decisions that are under review or appeal.

## SERVICES PROVIDED BY THE WORKERS' ADVISOR OFFICE

The WAO provides a range of services to injured workers and their families. These services include:

- Getting information from the WSCC for an injured worker.
  - Helping injured workers to communicate more effectively with WSCC staff.
  - Explaining the WSCC process and WSCC decisions to injured workers.
  - Offering a clear explanation of the *Act* as well as WSCC policies & regulations.
  - Advising injured workers on whether or not they have grounds to seek a review of a decision
  - Reviewing file evidence.
  - Seeking additional evidence if it is required.
  - Helping injured workers to prepare and present submissions to all WSCC decision making levels.
  - Suggesting alternatives to filing a review or appeal.
- Representing injured workers at any formal hearings at the Review Committee (RC) or Appeals Tribunal (AT) level.
  - Referring clients to appropriate community services.

The WAO will assist any injured worker or their family members who contact the office seeking assistance or information about their claim. A client's first contact with the WAO may happen when the client's claim is at any stage of the WSCC process. Some clients contact the WAO before they complete Claim Forms, while others make contact just days before they are to appear before the Appeals Tribunal. Regardless of what stage a client's claim is at in the WSCC process, the WAO can help.

After discussing the client's concerns, a copy of the client's WSCC file is obtained and reviewed. At this point the WAO can advise the client of available options. Options may range from explaining what has happened and why specific decisions have been made to making representations on behalf of the client to a Case Manager, the RC or the AT. If the WAO feels there are no statutory grounds on which to further a case, or there is a lack of appropriate medical evidence, further assistance can be refused.



## WAO ACTIVITY STATISTICS

### Total Contacts – 3,648

Contact with this office is made either in-person, by telephone, email, fax or letter. Approximately 46% of the clients who contact this office live in the NT or Nunavut. The remainder have either relocated or returned to southern Canada.

During 2014, the WAO had 3,648 contacts from both individuals and organizations. The majority of contacts were clients, or WSCC staff regarding claim issues. Additionally, the WAO had contact with worker's families, labour groups, employers, healthcare providers, the Minister, and other stakeholder groups. At the end of December 2014, there were 26 active cases.

### Caseload

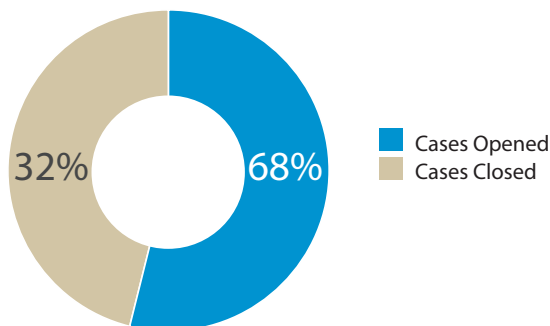
#### New Files - 52

During 2014, 52 new case files were opened.

#### Closed Files - 24

During 2014, 24 case files were closed. Closed files refer to client files for which all issues have been concluded or which the WAO has lost contact with the injured worker.

WAO Caseload



## ISSUES ADDRESSED

Each client file addresses one or more of the following issues:

- General assistance
- Acceptance of claim
- Change in disability percentage
- Continuation of benefits
- Increase in amount of benefits
- Lump sum payment of pension
- Medical treatment requested by worker
- Vocation rehabilitation program

For each client file, there may be several individual issues for which the WAO may provide assistance. In 2014, the top 3 issues addressed were:

- General Assistance
- Continuation of Benefits
- Change in disability percentage

## APPEALS

During 2014, the WAO represented 6 clients at the Review Board level and 3 client at the Appeals Tribunal. At the Review Board level, 4 decisions were upheld, 2 were overturned. At the Appeals Tribunal level, 2 decisions were upheld 1 was overturned.

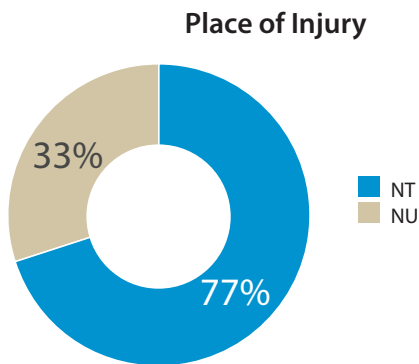
## CLARIFICATION FOR THIS REPORT

When this office took over from my predecessor in January 2014, there was a carryover of 28 files that had to be researched and evaluated as to where they were in the process and clients contacted to seek their status. I have not entered these clients files nor stats into this report for I would believe they were included in the 2013 report. Therefore, all stats and information are for the clients files that I have opened and closed since I have taken over are only included in this report.



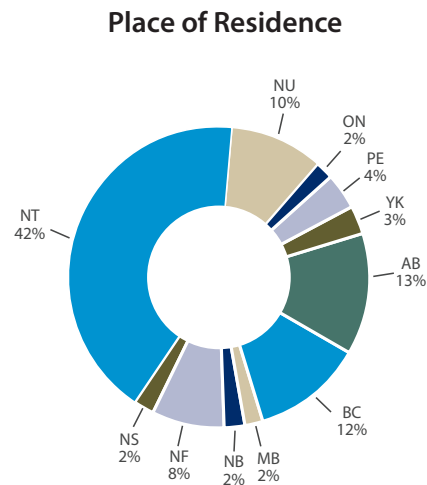
## PLACE OF INJURY

The graph below shows that 77% of the injuries reported to this office in 2014 happened in the Northwest Territories and 33% of the remaining injuries were reported to this office happened in Nunavut.



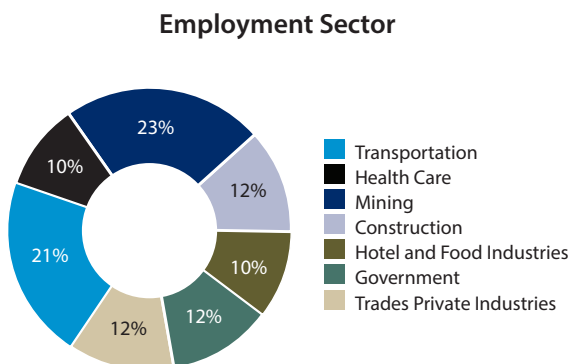
## PLACE OF RESIDENCE

50% of WAO clients reside outside of the NT and Nunavut. 44% of WAO clients reside in the Northwest Territories and 6% of WAO clients reside in Nunavut. A breakdown of clients' place of residence is as follows:



## EMPLOYMENT SECTOR

The graph below shows the percentage of WAO clients who reported to this office from each employment sector.





## TRENDS IN DATA BASE

- The percentage of clients (injured workers) who are employees in the mining and construction and health care sectors has decreased from previous year.
- The most common issue for which clients seek assistance from the WAO is “general assistance”. Generally, this group of clients requires assistance to file a request for review or appeal or they need help understanding the process.
- Given that 48% of WAO clients live outside the North, the majority of communication with these clients is done by email and telephone.
- There is an increase in the number of Clients who reside in Nunavut and the NT over previous years.
- 77% percent of the clients who come through this office were injured in the NT and 33% were injured in Nunavut. These numbers show a reduction in the number of accidents in Nunavut and an increase in the number of accidents in the NT.
- There was one client in 2014 that requested service in French.
- Files may be closed for the following reasons:
  - » Appeals Tribunal decision
  - » Review Committee decision
  - » Claim accepted
  - » Lump sum granted
  - » PMI reviewed
  - » Rehabilitation program provided
  - » Worker request fulfilled
  - » WAO declined to represent
  - » File transferred to another representative
  - » Lost contact with worker

## SYSTEMIC ISSUE

Medical reasoning and policy rationale is sometimes not provided to the clients in a clear and simple fashion. This may lead to confusion, misunderstanding and anger on the part of the injured worker. Clear straight forward information on such issues as “degeneration” must be communicated to injured workers.

## NOTED CLIENT (INJURED WORKERS’) FRUSTRATIONS AND DISSATISFACTIONS:

Issues and concerns I have heard and trying to deal with are clients on PPD and PTD are as follows:

- They don’t feel the pension amounts they are receiving is a fair amount of what they were making, for they are making a lot less after their work place injury and their comfort level of living has gone way down to the point they can no longer afford what they had prior the work place injury. Not sure if this reflects to the American Medical Association Guide which is being used for evaluation by WSCC or why it is at this point.
- Client’s feel there is no realistic formula used or even considered to determine where and what they may have been making 5 to 10 years down the road if the work place injury had not occurred such as raises, career advancements, pensions, etc.
- When deemed as disabled and take the option for retraining for a different job, there is usually a huge pay decrease between the job they had when injured to the one they have to select for retraining example rock driller making 110,000 per year gets retrained to become a truck driver which say makes 65,000 per year there is nothing to top up the difference so that they have the same financial quality of life they had worked for prior the workplace injury and are unable to even get close to what they were making causing all kinds of financial hardship for all their planning was at the wage they were receiving.

Most appeals are on pension decisions because the injured workers are not getting enough financially for the quality and financial needs they have worked for in their career prior the work place injury ( feel they are punished for life for getting injured at work.



My clients have expressed dismay and issues with how decisions are made by the Medical Advisor as follows:

- Basis decisions of information from case worker or adjudicator which always leaves room for misinformation or interpretation.
- Diagnoses by their Doctor or Specialist is overturned by Medical Advisor for he/she forms their own diagnoses.
- Don't believe Medical Advisor can base their decisions of their medical issues without seeing and testing them personally. Again leaves to much room for misinformation and interpretation.
- Doctors or Specialists will not give direct answers to questions to WSCC such as could the diagnoses of the injury be a result of the workplace accident or not even a percentage of chance of being related to the work place injury. Which again gives the Medical Advisor to form his/her opinion.
- WSCC always wants to see medical objectivity which the doctors or specialists say they have all the reports and tests and should be able to see that it is related to the injury. Client's Doctors will tell their client one thing but when it comes to explaining it to WSCC they are uncomfortable doing so or will not put it on paper leaving the injured worker frustrated and then when they go back for more info to be sent the Doctors get frustrated with the patient. This especially occurs if the original diagnoses of the injury was found to be wrong during diagnose conducted later because of worker still not recovering from initial treatment.

Clients have the belief the Medical Advisor works for WSCC and gives them the image that he interprets and bases his decisions in order to disqualify or stop their claims process. Comments I have heard such as "how does he really know what happened and what injuries I have received or diagnoses is right or wrong without seeing the injured worker".

## PARTICIPATION AS STAKEHOLDER IN THE REVIEW OF FOLLOWING WSCC POLICIES:

- Policy 03.11, Allowances and Services for Severely Injured Workers
- Policy 04.02, Payment for Medical Aid
- Policy 04.06, Prescription Drug Use
- Policy 04.07, Medical Examinations
- Policy 04.08, Medical Devices
- Policy 06.03, Calculation of Permanent Compensation

## LOOKING FORWARD

The WAO looks forward to 2015 with great anticipation. Upcoming policy and legislative changes, collaborative Governance Council processes to enable the WAO to better serve residents in the Northwest Territories and Nunavut. To strengthen ties and solving issues with all stakeholders to speed up the recovery of the injured worker minimizing their losses and hardships getting back to the life they had prior the unfortunate work place injury. As a member of CAWAA, the WAO participates in discussions and activities that impact all injured workers in Canada. I look forward to continue to represent individuals who are impacted by workplace injury.

## CONTACT INFORMATION

**Visit Web Site:**  
[workersadvisor.ca](http://workersadvisor.ca)

**Email:**  
[advisor@workersadvisor.ca](mailto:advisor@workersadvisor.ca)

**Write:**  
Workers Advisor  
170 Jeske Crescent  
Yellowknife NT  
X1A 3V7

**Call:**  
867-445-7303 (Yellowknife)

**Fax:**  
867-920-7101 (Yellowknife)

ANNUAL REPORT 2014



Workers' Safety  
& Compensation Commission

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NORTHWEST TERRITORIES  
AND NUNAVUT

