Workers' Safety and Compensation Commission
Northwest Territories and Nunavut

Annual Report 2023

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

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Workers' Safety and Compensation Commission
Northwest Territories and Nunavut

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Letter of Transmittal

April 30, 2024

The Honourable Margaret Thom
Commissioner of the Northwest Territories

The Honourable Eva Aariak
Commissioner of Nunavut

The Honourable Vince McKay
Northwest Territories Minister Responsible for the Workers' Safety and Compensation Commission

The Honourable David Akeeagok
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, 2023.

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

The *2023 Annual Report* reports on our strategic commitments, our progress towards achieving our goals, and is generally a summary of last year's operations. Also included are audited financial statements, which reflect our commitment to sustaining the Workers' Protection Fund.

Accompanying the financial statements is an actuarial opinion on the reasonableness of future pension and claims liabilities, and the adequacy of the WSCC's contingency reserves.

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

Jenni Bruce
Chairperson

Message from the President

This was the first year of our 2023-2027 Strategic Plan, *Paths Towards Safety*. We continued to focus on our mission to promote workplace health and safety while providing no-fault insurance and care to injured workers through our three strategic priorities: *Advancing Safety Outcomes*, *Delivering Quality Services*, and *Ensuring Financial Sustainability*.

The start of this strategic cycle set the stage for meaningful improvements to our services, and it was the first year that we operated in the post-pandemic phase of the COVID-19 pandemic. We brought everything we learned during the pandemic, incorporating it into our unique northern culture. This included navigating the new world of applying safety principles to remote and hybrid working arrangements.

We embarked on new initiatives to help achieve our strategic objectives. In 2023, the WSCC was able to secure a mental health service provider for psychological claims, and additional Key Performance Indicators were introduced to allow for continuous real-time monitoring, positioning us for positive outcomes in management and in future claims costs. There was continued engagement with employers who provided us with feedback on new programs and policy changes, including the legislative proposal to address the equity of the WSCC lifetime pension program.

The 2023 Annual Report outlines the progress we made towards achieving our strategic priorities and annual objectives. Please visit **wscc.nt.ca** or **wscc.nu.ca** to view the overarching Strategic Plan.

Rick Hunt
President and CEO

our VALUES

Respect
We demonstrate care, compassion, and honesty.

Engagement
We ensure meaningful participation and collaboration.

Integrity
We honour our commitments and act fairly.

Openness
We are accessible, clear, and transparent.

Cultural Safety
We recognize, gain knowledge of, and respect cultural dignity.

Excellence
We are efficient and service-focused.

Stewardship
We sustain the Workers' Protection Fund through accountability and fiscal responsibility.

our MISSION

We promote workplace health and safety while providing no-fault insurance to employers and care for injured workers.

our VISION

Eliminate workplace diseases and injuries.

2023 Strategic Priorities and Objectives

Strategic Priority 1.0

Advancing Safety Outcomes

Objectives

1.1 Expand occupational health and safety (OHS) education

1.2 Improve our incident and injury prevention activities

1.3 Review the employer assessment rate model

Strategic Priority 2.0

Delivering Quality Services

Objectives

2.1 Actively seek stakeholders' feedback

2.2 Develop innovative and efficient operations and processes

2.3 Support staff to successfully deliver services

2.4 Review the legislation WSCC administers

2.5 Improve claims management

Strategic Priority 3.0

Ensuring Financial Sustainability

Objectives

3.1 Confirm the Workers' Protection Fund is well managed

3.2 Increase WSCC's funded position

Governance Council

Clockwise from top left: Robert Wilkins, Eleese Scott (Chief Governance officer and Senior Advisor), Cathy Cudmore, Rick Hunt (President & CEO), Jenni Bruce, Joseph Ohokannoak, Derek Allerton.

Absent from photo: Peter Mackey and Rachel Makohoniuk.

Representing Your Interests….

A seven-person Governance Council guides the WSCC's strategic direction. Individuals from Nunavut and the Northwest Territories who represent the interests of workers, employers, and the general public sit on the Governance Council to oversee the WSCC's management and provide responsible stewardship of the Workers' Protection Fund.

The Governance Council oversees the WSCC as outlined in the *Workers' Compensation Acts*, WSCC policies, and Governance Council directives. Meeting quarterly, the Governance Council monitors WSCC's financial and strategic performance, and provides a consistent point of contact for governance.

Jenni Bruce, Chairperson

Peter Mackey, Vice-Chairperson, *Nunavut Public Interest Representative*

Robert Wilkins, Northwest Territories, *Employer Representative*

Cathy Cudmore, Northwest Territories, *Employer Representative*

Rachel Makohoniuk, Northwest Territories, *Worker Representative*

Joseph Ohokannoak, *Nunavut Public Interest Representative*

Derek Allerton, *Nunavut Worker Representative*

About the WSCC

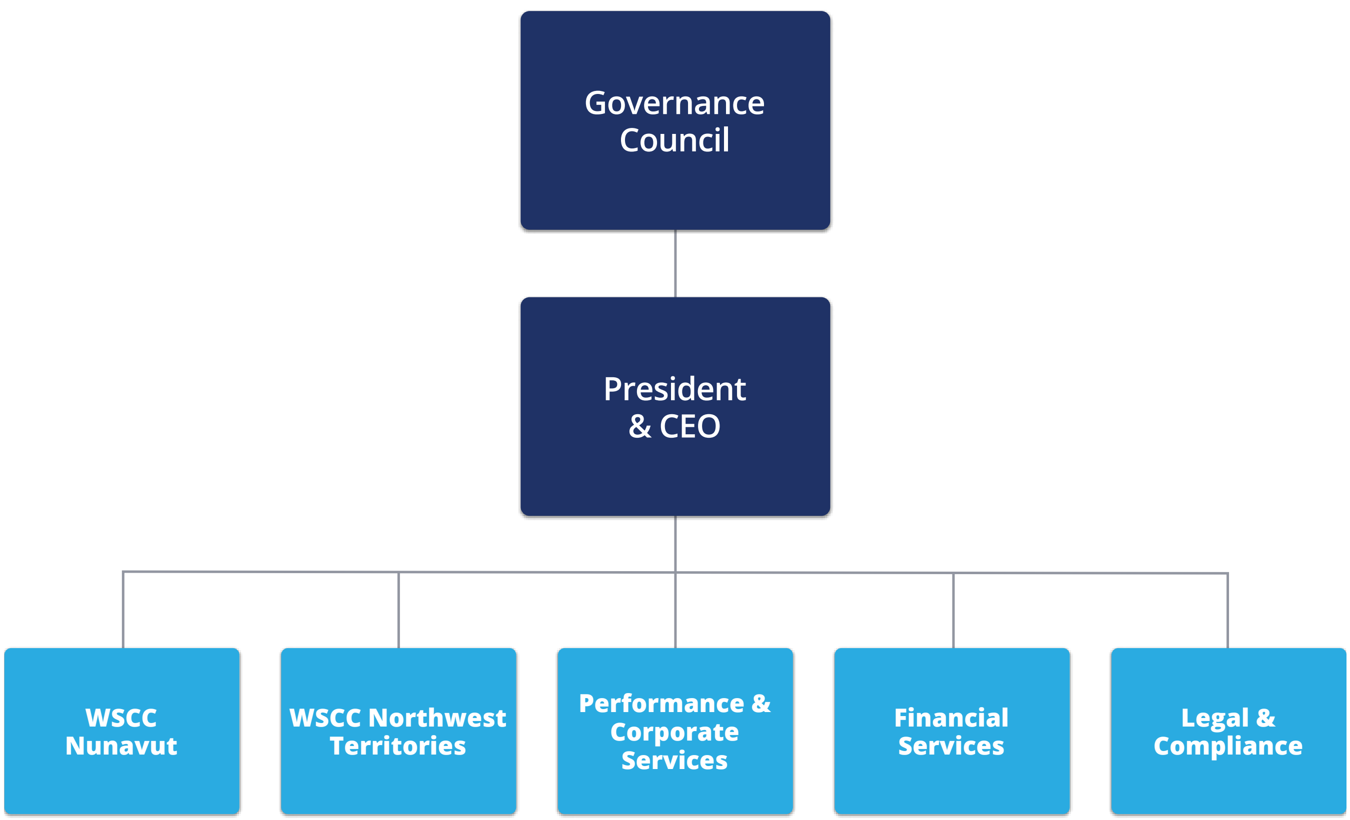
Safety and Care

The WSCC is an independent statutory agency responsible for administering the *Workers' Compensation Acts, Safety Acts, Explosives Use Acts,* and *Mine Health and Safety Acts* of the Northwest Territories and Nunavut. The WSCC provides services to approximately 40,000 workers and 4,000 employers across the two territories. These *Acts* and the associated *Regulations* help protect and care for workers and employers in the Northwest Territories and Nunavut.

With the broad mandate of safety and care, the WSCC's 2023–2027 Strategic Plan, *Path Towards Safety*, included three strategic priorities: *Advancing Safety Outcomes, Delivering Quality Services, and Ensuring Financial Sustainability.*

WSCC's Corporate Structure

A team of senior level staff lead the WSCC. Members reside in both Nunavut and the Northwest Territories. They provide leadership and direction to staff and guide WSCC's operations.



WSCC Statistics

Data pulled is from a point-in-time measure[(1)]. Information is adjusted to provide the most up-to-date statistics, which may reflect adjusted values when compared against previous year's data.

	2019	2020	2021	2022	2023
Assessable Employers	4,130	3,968	4,064	4,168	3,989
New Employers	699 318 NU 381 NT	507 231 NU 276 NT	601 288 NU 313 NT	594 263 NU 331 NT	518 267 NU 251 NT
Reactivated Employer Accounts	398 176 NU 222 NT	250 104 NU 146 NT	289 129 NU 160 NT	292 126 NU 166 NT	295 133 NU 162 NT
Reported Claims	3,614	2,832	3,073	3,401	3,033
Accepted Claims	2,359 1,030 NU 1,329 NT	1,709 723 NU 986 NT	2,065 947 NU 1,118 NT	2,414 1,204 NU 1,219 NT	1,946 820 NU 1,126 NT
Review Requests[(2)]	57	36	46	37	51
Work-related Fatality	4	1	10	2	2
Assessable Payroll (reported in millions)	$3,283	$3,138	$3,474	$3,680	$3,912
Assessable Revenue (reported in millions)	$68.9	$78.06	$84.35	$90.14	$96.11
YMIR	$92,400	$94, 500	$97,300	$102,200	$107,400
Inspections Conducted	987 335 NU 652 NT	626 227 NU 399 NT	623 215 NU 408 NT	640 261 NU 373 NT	958 388 NU 570 NT
Engagements[(3)]	282	2,736	1,591	640	828
Average number of orders per inspection	2.92 3.16 NU 2.79 NT	2.37 3.32 NU 1.82 NT	2.42 2.72 NU 2.27 NT	1.70 2.06 NU 1.44 NT	1.72 2.17 NU 1.54 NT
Orders issued	2,878	1,481	1,510	1,087	1,654
Reports of Unsafe Work received through *WSCC Connect*	134	196	129	133	140
Reportable Incidents[(4)]	169 93 NU 76 NT	194 107 NU 87 NT	228 125 NU 103 NT	275 123 NU 152 NT	265 125 NU 140 NT
Investigations	18	17	7	12	6
Prosecutions					
Employers/Supervisors Charged	2	1	5	3	2
Employers/Supervisors Sentenced	1	2	3	1	3

(1) Data in table for 2023 was pulled week of February 26, 2024. The other years remain static.

(2) 2019 data has been updated from the 2021 Annual Report. An audit was completed in 2022 and revealed that some reviews had been counted twice.

(3) Engagements include consultation and education and are tracked separately from Inspections.

(4) Under the Occupational Health and Safety Regulations *and the* Mine Health and Safety Regulations.

Report on 2023 Activities

Advancing Safety Outcomes

Workers' Safety and Compensation Commission
Northwest Territories and Nunavut

2023 Key Performance Indicators

Advancing Safety Outcomes

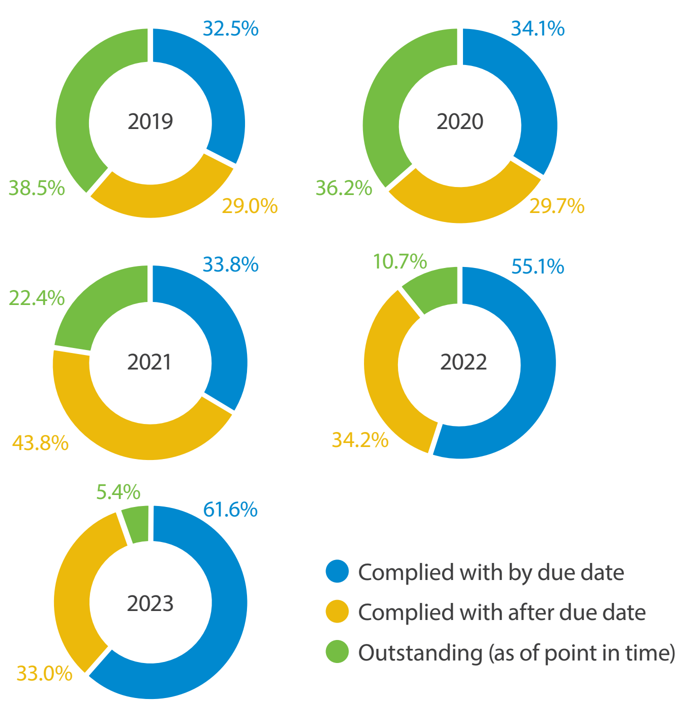
The WSCC uses Key Performance Indicators (KPI's) to track progress towards our Strategic Priorities.

Key Performance Indicator	2023 Target	2023 Results	Assessment	2027 Target
Lost Time Injury Frequency	1.80	1.61	✔	1.68
Percentage of priority worksites that receive OHS resources from Prevention Services	20%	25.2%	✔	100%
Percentage of Employers satisfied with the resources and information provided	75%	77%	✔	75%
Percentage of total assessable payroll classified as a Safe Workplace	50%	(1)	○	5% increase/year from 2022 baseline
Percentage of eligible employers classified as a Safe Workplace	51%	(1)	○	5% increase/year from 2022 baseline
Develop OHS policies according to the Comprehensive Policy Review Plan (CPRP)	2023 policies approved	Completed	✔	CPRP on schedule
Status of the employer assessment rate model project	On track with project plan	On Track	✔	Completed

✔ *Performance meeting or exceeding target* — *Performance marginally off target* ✖ *Performance off target* ○ *Reprioritized for future or change in direction*

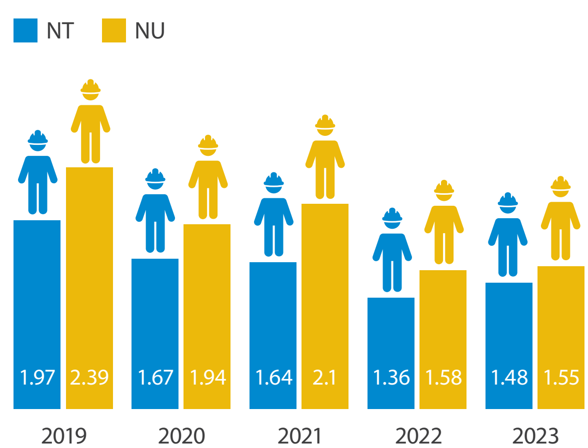
(1) *This is new data and reporting will begin in the 2024 Annual Report.*

Order Compliance 2019–2023



Lost Time Injury Frequency 2019-2023

This is the number of time loss claims per 100 workers



How did we do with our 2023 Advancing Safety Outcomes initiatives?

1.1 Expand occupational health and safety (OHS) education

To raise the understanding of OHS requirements by providing information and resources to the WSCC's stakeholders

INITIATIVE	TARGET	PERFORMANCE
Update Prevention Services' organizational structure to include non-regulatory functions	• Structure is implemented	✔

1.2 Improve our incident and injury prevention activities

To increase the number of employers with OHS programs by making policies clearer and providing guidance on procedures and appropriate tools to reduce and prevent work-related injuries and incidents, thereby creating safer workplaces.

INITIATIVE	TARGET	PERFORMANCE
Conduct large employer outreach about the Safe Workplace program	• Host one targeted information session per quarter	✔
Develop and pilot a prioritization framework for Safe Workplace outreach	• Framework complete	✔
Identify, research, and develop OHS policy that advance safety outcomes	• Two OHS policies submitted to the Governance Council for approval	✔

1.3 Review the employer assessment rate model

To review the employer assessment rate model and identify approaches that may better reward excellent safety performance and motivate weaker-performing players

INITIATIVE	TARGET	PERFORMANCE
Develop the project plan and charter and establish a working group	• Project plan is documented	✔

✔ *Performance meeting or exceeding target* – *Performance marginally off target* ✖ *Performance off target* ○ *Reprioritized for future or change in direction*

IN 2024, *ADVANCING SAFETY OUTCOMES* IS CENTRAL TO OUR VISION of eliminating workplace diseases and injuries. It emphasizes WSCC's ongoing commitment to safe workplaces, continuously raising awareness of safety rights and responsibilities, and preventing and reducing injuries and incidents. The WSCC will continue to promote OHS requirements by providing resources and information to workers and employers, clarifying WSCC policies, and reviewing WSCC's current employer assessment rate model.

Report on 2023 Activities

Delivering Quality Services

Workers' Safety and Compensation Commission
Northwest Territories and Nunavut

2023 Key Performance Indicators

Delivering Quality Services

The WSCC uses Key Performance Indicators (KPIs) to track progress towards our Strategic Priorities.

Key Performance Indicator	2023 Target	2023 Results	Assessment	2027 Target
Stakeholder Satisfaction Score	80%	(1)	○	80%
Percentage of stakeholder engagements that have the stakeholder engagement framework applied	100%	100%	✓	100%
Percentage of WSCC public engagements that meet their response rate target	90%	100%	✓	90%
Net maturity Score (5-point scale)	2.6	2.6	✓	3
Percentage of clients satisfied with e-Business functions	80%	84%	✓	80%
Net Promoter Score	80%	80%	✓	80%
Retention Rates	Exceed GNWT and GN rates(2)	88.4%	✓	Exceed GNWT and GN rates
Status of Legislation Review Project	On track with project plan	On Track	✓	Completed
Average Cost per Claim	2% reduction from 2022	13% increase from 2022	✗	10% reduction from 2022 baseline
Number of non-responsiveness complaints forwarded from the Workers' Advisor Office	10% reduction from 2022	50% reduction from 2022	✓	Zero

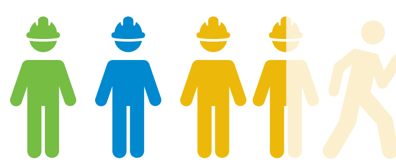
✓ *Performance meeting or exceeding target* – *Performance marginally off target* ✗ *Performance off target* ○ *Reprioritized for future or change in direction*

(1) As a lagging indicator, 2023 results will be published in the 2024 Annual Report.
(2) Retention rates: GNWT 2021-2022, 85.1%; GN 2021-2022, 87%.

There are 4 official languages of the WSCC: English, French, Inuktitut, and Inuinnaqtun. *What translations did the WSCC do in 2023?*

In 2023, the WSCC had an employee retention rate of

88.4%



How did we do with our 2023 Delivering Quality Services?

2.1 Actively seek stakeholders' feedback

To ensure stakeholders have opportunities to share their experiences and suggestions for improvements by broadening the stakeholder engagement process

INITIATIVE	TARGET	PERFORMANCE
Establish response rate targets for each public stakeholder engagement	• Targets published in the results report	✔

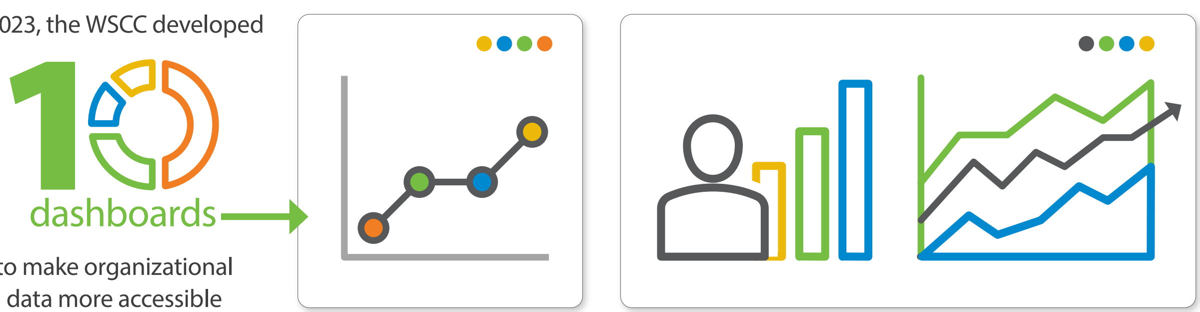
2.2 Develop innovative and efficient operations and processes

To create defined processes that deliver the most value to stakeholders by leveraging appropriate tools, technologies, data and solutions to simplify and streamline our work

INITIATIVE	TARGET	PERFORMANCE
Develop internal data dashboards and provide related training to ensure staff can objectively measure performance	• 6 dashboards & training deployed	✔
Improve employer experience	• 25% of user experience recommendations implemented • Begin implementation of employer support model	✔
Modernize management of stakeholder information	• Project plan developed	○
Modernize records and information management (RIM) system	• Appropriate RIM software procured	✔
Enhance information systems' operational efficiency	• Road map for 2 core applications developed	✔

✔ *Performance meeting or exceeding target*   – *Performance marginally off target*   ✖ *Performance off target*   ○ *Reprioritized for future or change in direction*

In 2023, the WSCC developed



to make organizational data more accessible

2.3 Support staff to successfully deliver services

To ensure that robust strategies are in place to respond to an ever-changing labour market by supporting, engaging, and empowering WSCC's employees to deliver excellent services to our stakeholders

INITIATIVE	TARGET	PERFORMANCE
Modernize HR services	• Ticketing process in place	✓
Implement a Nunavut-specific recruitment and retention plan	• 10% reduction in Nunavut external recruitment time from 2022	✓
Develop workforce planning strategy	• Strategy completed	✓
Optimize office space	• Office space analysis completed	✓
Enhance leadership development	• Career path process developed	✓

2.4 Review the legislation WSCC administers

To update the legislation WSCC administers

INITIATIVE	TARGET	PERFORMANCE
Develop options for the modernization of occupational health and safety legislation in collaboration with the Mine Occupational Health and Safety Legislation Committee and the Safety Advisory Committee	• Discussion paper created and stakeholder engagement initiated	○
Submit the new pension system legislative proposal for Cabinet approval	• Legislative proposal submitted for Ministerial approval in both territories	✓
Complete strategic updates to Regulations	• Regulations updated per action plan	✓

✓ *Performance meeting or exceeding target* − *Performance marginally off target* ✖ *Performance off target* ○ *Reprioritized for future or change in direction*

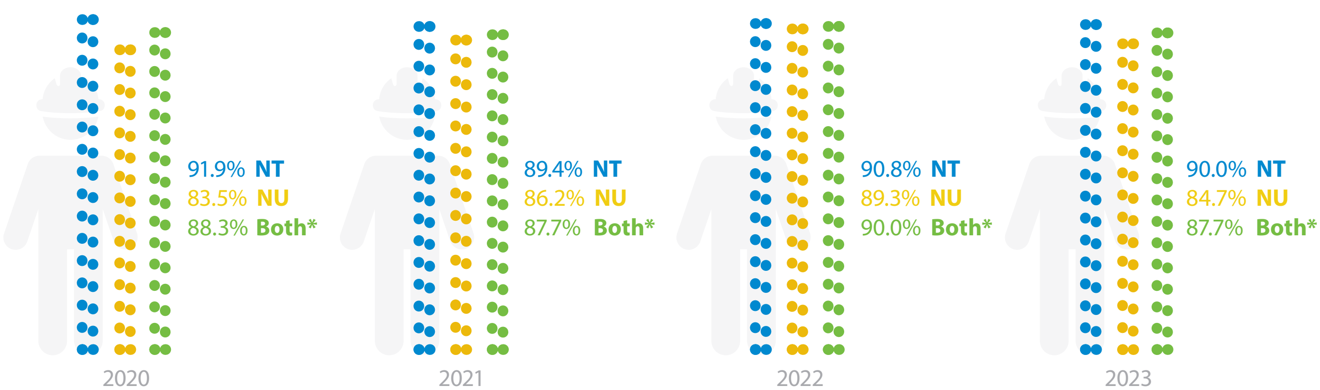
2.5 Improve claims management

To manage claims effectively and responsibly using appropriate processes, tools and systems, thereby lessening the challenges of staff workloads while improving stakeholder claims experiences

INITIATIVE	TARGET	PERFORMANCE
Build Claims Services capacity	• Training program developed	○
Launch claims management process improvement plan	• 20% of plan recommendations implemented	✔
Evaluate the 2022 claims improvement strategy	• Evaluation report received	○
Develop monitoring and evaluation tools	• Tools developed and implemented	✔

✔ *Performance meeting or exceeding target* – *Performance marginally off target* ✖ *Performance off target* ○ *Reprioritized for future or change in direction*

Percentage of injured workers who returned to work within 6 months



** The number represents the two territories' cumulative percentage of injured workers who returned to work within six months*

IN 2024, THE WSCC WILL CONTINUE TO WORK ON achieving the initiatives under *Delivering Quality Services*. This strategic priority will address improvements to service by enhancing processes and empowering WSCC staff to provide timely, accessible, understandable, and effective services. Tied to this is the provision of services that reflect WSCC's values: Respect, Engagement, Integrity, Openness, Cultural Safety, Excellence, and Stewardship. We commit to providing high-quality, results-driven, and efficient service to stakeholders by integrating these values into our daily business.

Report on 2023 Activities

Ensuring Financial Sustainability

Workers' Safety and Compensation Commission
Northwest Territories and Nunavut

2023 Key Performance Indicators

Ensuring Financial Sustainability

The WSCC uses Key Performance Indicators (KPIs) to track progress towards our Strategic Priorities.

Key Performance Indicator	2023 Target	2023 Results	Assessment	2027 Target
Average Composite Claim Duration	Maintain 2022 year-end result	102.37	✔	10% reduction from 2022 year end
Return on Investment	5.25%	8.28%	✔	5.25% per year
Funded Position	115.2%	107.1%	✖	120%

✔ *Performance meeting or exceeding target*   – *Performance marginally off target*   ✖ *Performance off target*   ○ *Reprioritized for future or change in direction*

IFRS 17

In 2023, WSCC completed its implementation

IFRS 17 is an international financial reporting standard that aims to achieve transparency, comparability, and consistency in financial reporting for insurance contracts. It provides guidelines for measuring and recognizing insurance contracts, ensuring that insurers provide relevant and reliable information to users of financial statements.

How did we do with our 2023 Ensuring Financial Sustainability?

3.1 Confirm the Workers' Protection Fund is well managed

To review if outsourcing the WSCC's investment management of the Workers' Protection Fund remains appropriate and to understand if WSCC has gained in overall return on investment by outsourcing this function

INITIATIVE	TARGET	PERFORMANCE
Review the performance of the Outsourced Chief Investment Officer	• Review completed	✔
Develop reporting format for the Outsources Chief Investment Officer	• Reporting format implemented	✔

3.2 Increase the WSCC's funded position

To maintain a balance between the provision of quality benefits to injured workers while maintaining stable and affordable employer assessment rates

INITIATIVE	TARGET	PERFORMANCE
Streamline the budgeting and variance analysis	• Process review completed	✔
Develop process to continuously monitor assets and liabilities to identify trends	• Process implemented	✔

✔ *Performance meeting or exceeding target* — *Performance marginally off target* ✖ *Performance off target* ○ *Reprioritized for future or change in direction*

Looking Forward

THE WSCC ADDED A THIRD PRIORITY OF *ENSURING FINANCIAL SUSTAINABILITY* to the 2023–2027 Strategic Plan to highlight our commitment to the stewardship of the Workers' Protection Fund. The WSCC must maintain sufficient funds for injured worker claims costs through a fiscally responsible funding mechanism that is fair to all employers.

Our Finances

Workers' Safety and Compensation Commission
Northwest Territories and Nunavut

Management Commentary

For the year ended December 31, 2023

The management commentary provides additional insights and information about 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 includes assumptions about the future and is subject to risk and uncertainties. Forward-looking information includes but is not limited to WSCC priorities, objectives, actions, projections, and observations.

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. Accordingly, the reader should be cautious about relying too much on forward-looking information in this document.

Accounting standard changes in 2023

The Workers Safety and Compensation Commission (WSCC) remains steadfast in its commitment to transparency, strategic financial management, and operational efficiency. As part of this endeavour, the fiscal year ending December 2023 marked a significant milestone in our journey towards aligning with global accounting standards. The adoption of IFRS 9 and IFRS 17 effective January 1, 2023, has not only enhanced our financial management but also improved our transparency, comparability, and relevance in reporting insurance contracts and financial instruments.

We spearheaded the adoption of IFRS 9, *Financial Instruments* (IFRS 9) replacing IAS 39. This transition has no significant impact our financial statements, particularly in the management of financial assets and liabilities. However, the adoption of IFRS 9 has allowed us to refine our credit risk assessment processes, leading to more accurate provisions for credit losses. This forward-looking approach, based on expected credit losses, ensures that our financial statements more accurately reflect our exposure to credit risk, fostering greater stakeholder confidence and reinforcing their trust in our financial management.

The Insurance Contracts Standard (IFRS 17) has replaced the Insurance Contracts Standard (IFRS 4). The primary objectives of IFRS 17 are to improve transparency, comparability, and relevance in reporting insurance contracts. Furthermore, IFRS 17 mandates separating insurance contract results from investment components to depict an insurer's financial status, preventing statement distortions. IFRS 17 aims to standardize accounting practices that were previously diverse under IFRS 4, introducing a principles-based approach. This transition underscores our dedication to excellence and our message to our stakeholders: WSCC is fully committed to adopting practices that enhance transparency, accountability, and financial stewardship.

The adoption of IFRS 17 may introduce significantly more volatility in the measurement of the insurance contract liability and annual results for financial reporting purposes. However, it's important to note that this change will not disrupt the day-to-day services provided to the employers and workforce of the Northwest Territories and Nunavut and will not impact the funding strategy or decisions made by the WSCC as we continue to look to long-term stability in our funding decisions. This assurance should help maintain a sense of security, as the overall long-term sustainability of the Workers' Compensation system remains unaffected.

Effective January 1, 2023, changes in the annual accounting process as a result of the adoption of IFRS 17 include:

- A change in insurance contract liability discount rate. The Commission's IFRS 17 discount rate is based on risk-free government bonds instead of the previously used expected long-term return on the investments of the Commission;
- Additional allocation of General and administration expense to Insurance service expense; and
- Significant changes to the financial statement presentation, in particular the presentation of results on the Statement of Comprehensive Income, and increased note disclosures.

The following remains unchanged:

- The long-term nature of workers compensation system, long-term investment philosophy and expected investment returns on assets,
- The WSCC's obligations to employers, employees, injured workers, and other stakeholders, and
- Assessment revenue, collected annually, and the investment returns fund the system over the long term.

Given the potential volatility introduced into the assessment rates paid by the employers under IFRS 17, it becomes necessary to calculate a second insurance benefits liability as depicted in Table 1.0. This calculation is crucial for the development of annual assessment rates. The discount rate assumption under this funding basis remains the same as the former methodology, ensuring the long-term nature of the Workers' Compensation system is considered.

Table 1.0 - Actuarial Liability Reconciliation

Insurance Contract Liability	IFRS 4 Unaudited 2023	IFRS 17 2023
	($,000)	($,000)
Insurance contract liability (Dec. 31, 2022)	442,161	-
Insurance contract liability IFRS 17 restatements (Dec. 31, 2022)	-	451,345
Changes in interest rates and other financial assumptions	-	14,841
All other items – Insurance service expense, Interest accretion, expected credit loss and cash flow	23,107	25,121
Insurance contract asset – change in net assessment refundable		135
Total Insurance contract liability	**465,268**	**491,442**

Overview of Financial Performance

It is worth noting that 2023 marks a significant year for financial reporting as it is the first year reported under IFRS 17 and IFRS 9. It is important to bear in mind that the 2022 comparatives were restated for IFRS 17 and for IFRS 9 in the Statement of Financial Position and Statement of Comprehensive Income.

Total Comprehensive (Loss) Income

The financial data at hand presents a nuanced picture of the WSCC's performance over two distinct periods following the adoption of IFRS 17. Notably, the commission's total comprehensive income has undergone a significant shift, moving from a surplus of $49.2M in the previous year to a loss of **$1.9M.**

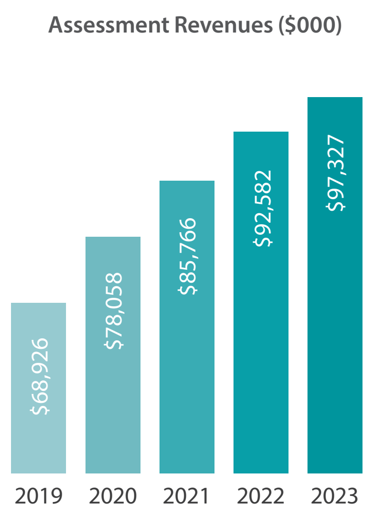
This shift can be attributed to significant increases in insurance service expense offset by a significant recovery of investment portfolio. In addition, the inherent market volatility of the IFRS 17 discount rates, which have been known to fluctuate unpredictably. It is important to keep in mind these factors when analyzing the financial performance of the WSCC.

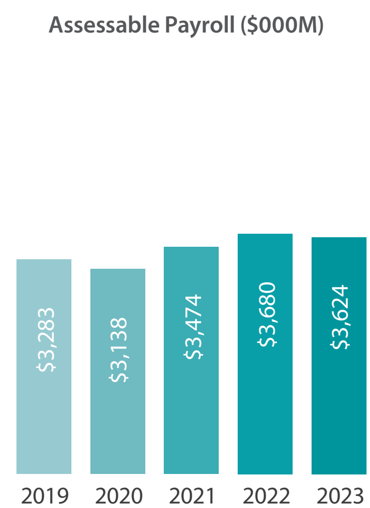
Insurance service result

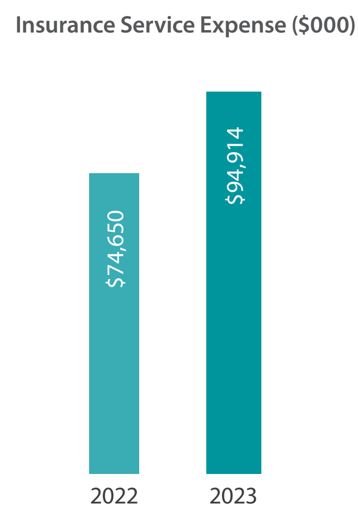
The insurance service result represents the financial outcome of providing insurance coverage and encompasses the collective effect of insurance revenue, and net insurance expenses from insurance contracts held.

The insurance service result has decreased from $17.9M in 2022 to **$2.4M**, mainly due to a significant rise in insurance service expenses.

While insurance revenues grew modestly from $92.6M in 2022 to **$97.3M** in 2023, as the employer payroll increased from $3.6B to **$3.9B** in same period, this growth was offset by higher Insurance service expense from $74.7M to **$94.9M.** The increase was primarily due to factors such as IFRS 17 discount rate, higher allocation of administration and general expenses, increase in medical and compensation, elevated short-term inflation for supplemental pension increase (SPI) and higher-than-expected cost associated with pension capitalization. However, new injury cost in 2023 remained unchanged relative to 2022 while new claims decreased in 2023 compared to 2022.

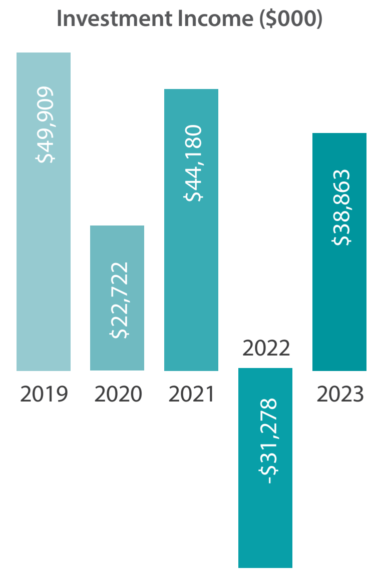






Investment Income

The shift from a net investment loss of $31.3M to significant income of **$38.9M** is a noteworthy event that merits attention. This improvement can be attributed to the increase in dividends, interest income, and particularly the swing in investment gains. In 2023, the portfolio, which continued to move towards greater diversification across asset classes, witnessed strong gains as both bond and equity markets rebounded significantly following the losses experienced in 2022. Although the portfolio was up 8.4% over the year, its defensive positioning resulted in below benchmark performance. In the last four years, the portfolio return has been in line with its benchmark.



Insurance finance (expenses)/income

This line item represents majority of the volatility from the adoption of IFRS 17.

The drastic shift from a substantial income of $68.2M in 2022 to an expense of **$36.9M** is largely due to fluctuation in interest rates and the resulting change in the discount rate used to value the Insurance contract liability. The increase in the IFRS 17 discount rate in 2022 (from 3.31% in 2021 to 5.25% in 2022) resulted in a large gain, while the decrease in the IFRS 17 discount rate in 2023 (5.25% to 4.86%) resulted in a loss.

Net Insurance Financial Results

The net insurance financial result is a crucial metric that showcases the correlation between the net investment income generated by managing WSCC's investment portfolio and the impact of net finance income or expenses from insurance contract results. Given the long-term nature of WSCC strategy, positive net insurance financial result indicates that the insurance and investment income is exceeding the insurance cost and growth in the insurance contract liability, resulting in a positive result for the year.

This includes the effect of changes to the discount rates used to measure the time value of money and changes in the time value of money, as well as the effect of financial risk and changes in financial risk. Additionally, it incorporates financial assumptions while evaluating WSCC's insurance contract liabilities. The result is $54.9M in 2022 to **$4.4M** in the current year.

Other Income and Expenses

Administrative and general expenses represent the excess of admin cost after claims management allocation. An increase although modest, indicates rising operational costs from $7.1M to **$7.5M** in the current year primarily due to inflationary increases and wages.

Fines and Miscellaneous Income: Despite a small decrease, fines and miscellaneous income remain relatively stable, suggesting minor impact on the overall financial performance, $1.4M down to **$1.3M** in the current year.

Other Comprehensive Income/(Loss)

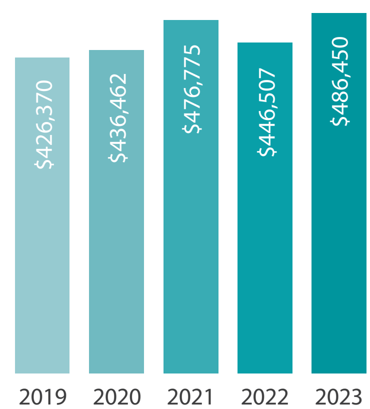
The re-measurement loss/gain on the defined benefit plan was $71k in 2022 to a credit of **$83k**. These amounts reflect the impact of changes in the defined benefit plan that will not affect surplus or loss in future periods.

Financial Position

The Statement of Financial Position offers a snapshot of WSCC's assets, liabilities, and equity as of December 31 for fiscal years 2023 and 2022. Restated figures are presented due to the adoption of IFRS 17. This section aims to scrutinize the significant changes and trends captured in the financial statements, providing insights into the commission's financial health and operational efficiency.

- Asset analysis reveals an increase in total assets from $487.5M as restated on December 31, 2022, to **$526.4M** by the end of 2023. With Investments showing a notable increase from $446.5M in December 2022 to **$486.5M** by the end of 2023, signaling effective investment management strategies and an appreciation in investment values. This development reflects both the organization's operational activities and strategic financial management decisions executed over the period.

Investment Portfolio ($000)



Total liabilities from December 2022 to the end of 2023 indicate an increase from $476.5M to **$517.3M**. The observed liability increase relates to the volatility of the IFRS 17 discount rates, particularly in insurance contract liabilities. The insurance contract liabilities significantly increased from $451.3M in December 2022 to **$491.4M** by the end of 2023. The increase was primarily due to factors such as the IFRS 17 discount rate and changes to claims experience.

- The year-end financial report reveals a decline in the equity position depicted in Table 2.0 from $11.0M in December 2022 to **$9.1M** by the end of 2023. The decrease is primarily attributable to the Operating Reserve deficit, which increased from $14.9M to **$16.1M**. However, the Capital Asset Replacement Reserve saw a slight decrease, whereas the Catastrophe Reserve remained stable. The approach reflects the Commission's commitment to balancing reinvestment in assets and preparedness for unexpected events, underscoring better financial management.

Insurance Contract Liability ($000)

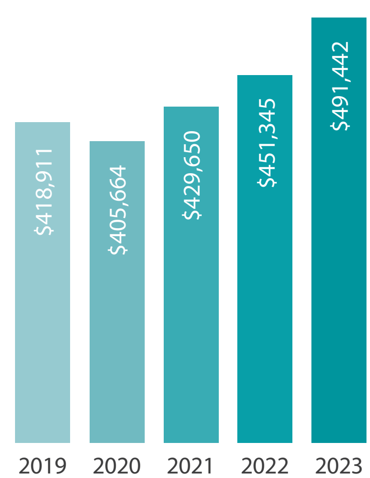


Table 2.0 – Equity

	Funding basis (Unaudited)		IFRS 17	
				Restated
	2023	2022	**2023**	2022
	($,000)	($,000)	**($,000)**	($,000)
Operating reserve	**9,915**	(4,561)	**(16,123)**	(14,863)
Capital asset replacement reserve	**2,163**	2,783	**2,163**	2,783
Catastrophe reserve	**23,094**	23,094	**23,094**	23,094
Total Equity	**35,172**	21,316	**9,134**	11,014

Funded Position

Under the authority of the *Workers' Compensation Acts of the Northwest Territories* and *Nunavut*, the WSCC Governance Council shall 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. WSCC Policy 10.05 Funding Strategy aims to balance providing quality benefits to injured workers while maintaining stable and affordable employer assessment rates.

The funded position or ratio is a critical financial measure utilized by the WSCC and all workers' compensation boards (WCBs) across Canada. The WSCC's current funding strategy, implemented in March 2014 and updated in December 2018, establishes a target funding ratio (assets/liabilities) of 125%. In the domain of WCBs in Canada, Funded Position plays a pivotal role in assessing the WCBs financial stability. It is a critical financial metric that measures the ratio of assets to liabilities.

In Table 3.0, we will delve into the funded positions for the year ending 2023 with restated figures for 2022, considering both IFRS 17 and Funding basis (long-term view) accounting standards, to provide comprehensive insights into the WCB's financial health.

Table 3.0 – Funded Position Calculation for 2023

	Funding basis (Unaudited)		IFRS 17	
				Restated
	2023	2022	**2023**	2022
	($,000)	($,000)	**($,000)**	($,000)
Total Assets	**533,479**	495,920	**526,414**	487,484
Total Liabilities	**498,307**	474,604	**517,280**	476,470
Assets / Liabilities	**107.1%**	104.5%	**101.8%**	102.3%

Under IFRS 17, the funded position of **101.8%** (2022: 102.3%) indicates that for every dollar of liability, there is $1.018 in assets. This ratio demonstrates a slightly overfunded position based on the requirements of this accounting standard. On the other hand, the funded position of **107.1%** (2022: 104.5%) under the Funding basis (long-term view) indicates even greater overfunding, with assets exceeding liabilities by a more significant margin.

The funded positions under both IFRS 17 and Funding basis (long-term view) standards provide key insights into the WSCC's financial standing for the year ending 2023. While both positions exhibit financial health, the discrepancy between the ratios underscores the importance of accounting standard selection and their impact on financial reporting. To move closer to the optimal target of 125%, the WSCC must leverage strategic financial management practices, maximize operational efficiencies, and pursue growth opportunities while prudently managing liabilities. By aligning with the target funded position, the WSCC can fortify its financial resilience, better prepare for future contingencies, and ensure sustained operational success in the dynamic regulatory environment of Workers' Compensation Boards in Canada.

Financial Performance and Outlook

While IFRS 17 hinges on a principles-based approach, the standard brings about inherent market volatility, which, if taken to determine funding, could potentially result in significant changes to employer premiums. Considering this volatility, the WSCC, will continue to use the Funded basis (long-term view) necessary to balance the rights and obligations of both injured workers and covered employers as required by the Meredith Principles and workers' compensation legislation and to maintain the stability of assessment rates. This practice adheres to accepted actuarial practices for insurance contract liability valuations, and with this, the discount rate used in the insurance contract liabilities follows funding and investment policies already established by the WSCC.

In 2023 the year's maximum insurable remuneration (YMIR) increased to **$107,400** from the 2022 level of $102,200. YMIR represents the maximum level of employee-covered wages used for benefits determination. YMIR is set annually under WSCC Policy 00.04 Year's Maximum Insurable Remuneration and is a critical determinant in claims compensation and employer assessable earnings.

The 2023 provisional assessment rate was maintained at **$2.40/$100** of assessable payroll from the 2022 rate of $2.40/$100.

Harry Cassie, MBA, FCCA, CFE, CMgr. FCMI, CPA, CGA
Vice President & CFO

Management's Responsibility for Financial Reporting

April 29, 2024

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 insurance contract 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 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 of the Commission for the purpose of expressing an opinion on the financial statements. She also considers whether the transactions that come to her notice in the course of the audit are, in all material respects, in accordance with specified legislation.

Telus Health, 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.

Rick Hunt

Rick Hunt
President and CEO

Harry Cassie, MBA, FCCA, CFE, CMgr. FCMI, CPA, CGA
Vice President & CFO

Actuarial Statement of Opinion

TELUS Health

I have completed the actuarial valuation of the benefit liabilities of the Workers' Safety and Compensation Commission (the "Commission") as at December 31, 2023 (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 for the purpose of the valuation.

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.

4. The estimate of the actuarial liabilities as at the valuation date is $491,307,000. This includes provisions for benefits and future administration expenses expected to be paid after the valuation date for claims that were incurred on or before the valuation date. A provision for future claims arising from long latency occupational diseases is included in this valuation. This liability does not include any self-insured employers or Harvester claims.

5. The amount of the actuarial liabilities makes appropriate provision for all personal injury compensation obligations given the plan's accounting.

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.

Crispina Caballero, F.C.I.A.

This report has been peer reviewed by Jeff Queen, F.C.I.A.

Independent Auditor's Report

Office of the Auditor General of Canada
Bureau du vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Workers' Safety and Compensation Commission of the Northwest Territories and Nunavut (the Commission), which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Commission's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of the Workers' Safety and Compensation Commission of the Northwest Territories and Nunavut coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are Part IX of the *Financial Administration Act* of Nunavut and regulations, the *Workers' Compensation Act* of the Northwest Territories and regulations, and the *Workers' Compensation Act* of Nunavut and regulations.

In our opinion, the transactions of the Workers' Safety and Compensation Commission of the Northwest Territories and Nunavut that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act* of Nunavut, we report that, in our opinion, the accounting principles in IFRSs have been applied, after giving retrospective effect to the changes in the methods of accounting for insurance contracts and financial instruments as explained in Note 3 to the financial statements, on a basis consistent with that of the preceding year. In addition, in our 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.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Workers' Safety and Compensation Commission of the Northwest Territories and Nunavut's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Workers' Safety and Compensation Commission of the Northwest Territories and Nunavut to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.

David Irving

David Irving, CPA, CA
Principal
for the Auditor General of Canada

Edmonton, Canada
29 April 2024

Financial Statements

Statement of Financial Position

As at December 31 (in thousands of Canadian dollars)

	2023	2022	January 1, 2022
	$	$ Restated (Note 3)	$ Restated (Note 3)
ASSETS			
Cash	**25,490**	26,597	27,957
Investments (Note 5 & 20)	**486,450**	446,507	476,775
Receivables (Note 6)	**2,557**	2,244	1,048
Prepaid expenses	**674**	444	298
Property and equipment (Note 7)	**6,162**	5,375	4,901
Intangible assets (Note 8)	**1,493**	2,120	2,414
Right of use assets (Note 9)	**3,588**	4,197	4,287
TOTAL ASSETS	**526,414**	487,484	517,680
LIABILITIES AND EQUITY			
LIABILITIES			
Accounts payable, accrued and other liabilities (Note 10)	**4,612**	3,797	3,747
Salaries and wages payable	**3,966**	3,323	3,408
Lease liabilities (Note 9)	**3,872**	4,434	4,521
Insurance contract liability (Note 11)	**491,442**	451,345	530,163
Contract liability (Note 13)	**10,689**	10,523	10,681
Deferred revenue (Note 13)	**1,833**	2,210	2,243
Post-employment benefits	**866**	838	1,108
	517,280	476,470	555,871
EQUITY			
Operating reserve (Note 14.a)	**(16,123)**	(14,863)	(63,643)
Capital asset replacement reserve (Note 14.b)	**2,163**	2,783	2,358
Catastrophe reserve (Note 14.c)	**23,094**	23,094	23,094
	9,134	11,014	(38,191)
TOTAL LIABILITIES AND EQUITY	**526,414**	487,484	517,680

Commitments (Note 15), Contingencies (Note 16)

Approved by the Governance Council:

Jenni Bruce
Chairperson, Governance Council

The accompanying notes form an integral part of these financial statements

Statement of Comprehensive Income

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

	2023 $	2022 $ Restated (Note 3)
INSURANCE REVENUE AND EXPENSES		
Insurance revenue	**97,327**	92,582
Insurance service expense (Note 12)	**(94,914)**	(74,650)
Insurance service result	**2,413**	17,932
Investment income/(loss)		
Interest income	**887**	423
Dividends	**26,348**	20,172
Investment gains/(losses) (Note 5.a)	**12,659**	(50,566)
Investment fees	**(1,031)**	(1,307)
Net Investment income/(loss)	**38,863**	(31,278)
Insurance finance (expenses)/income for insurance contracts issued (Note 12)	**(36,882)**	68,211
Net insurance financial result	**4,394**	54,865
OTHER INCOME AND EXPENSES		
Administration and general expenses (Note 18)	**(7,492)**	(7,107)
Fines and miscellaneous income	**1,301**	1,376
Total other income and expenses	**(6,191)**	(5,731)
(Loss)/income before other comprehensive income	**(1,797)**	49,134
OTHER COMPREHENSIVE INCOME/(LOSS)		
Items that will not be reclassified to profit or loss in subsequent periods:		
Re-measurement (loss)/gain on defined benefit plan	**(83)**	71
Total comprehensive (loss)/income	**(1,880)**	49,205

The accompanying notes form an integral part of these financial statements

Statement of Changes in Equity

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

	Operating Reserve	Capital Asset Replacement Reserve	Catastrophe Reserve	Total
	$	$	$	$
Balance at December 31, 2021, as previously reported	**37,070**	**2,358**	**23,094**	**62,522**
Impact of initial application of IFRS 17 (Note 3)	(100,571)	-	-	(100,571)
Impact of initial application of IFRS 9 (Note 3)	(142)	-	-	(142)
Balance at January 1, 2022 (Restated - Note 3)	**(63,643)**	**2,358**	**23,094**	**(38,191)**
Income before other comprehensive income	49,134	-	-	49,134
Re-measurement gain on defined benefit plan	71	-	-	71
Transfer to capital asset replacement reserve	(425)	425	-	-
Balance at December 31, 2022 (Restated - Note 3)	**(14,863)**	**2,783**	**23,094**	**11,014**
Loss before other comprehensive income	(1,797)	-	-	(1,797)
Re-measurement loss on defined benefit plan	(83)	-	-	(83)
Transfer from capital asset replacement reserve	620	(620)	-	-
Balance at December 31, 2023	**(16,123)**	**2,163**	**23,094**	**9,134**

Capital management and reserves (Note 14)

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)

	2023 $	2022 $ Restated Note 3
OPERATING ACTIVITIES		
Cash received from:		
Employers, Insurance revenues	**98,268**	91,832
Miscellaneous income	**593**	1,343
Cash paid to:		
Payments for claims cost and claims management	**(89,268)**	(83,494)
Net payment for Harvesters	**(773)**	(698)
Purchase of goods and services	**(5,317)**	(6,224)
Interest portion of lease liabilities	**(277)**	(154)
Investment fees	**(1,031)**	(1,307)
Cash provided by operating activities	**2,195**	1,298
INVESTING ACTIVITIES		
Proceeds on sale of investments	**72,760**	72,660
Dividends	**25,908**	20,172
Interest income	**887**	430
Purchase of intangible assets	**(51)**	(95)
Purchase of property and equipment	**(1,452)**	(1,176)
Purchases of investments	**(99,520)**	(92,964)
Cash used in investing activities	**(1,468)**	(973)
FINANCING ACTIVITIES		
Principal portion of lease liabilities payments	**(1,834)**	(1,685)
Cash used in financing activities	**(1,834)**	(1,685)
Net decrease in cash and cash equivalents	**(1,107)**	(1,360)
Cash and cash equivalents, beginning of year	**26,597**	27,957
Cash and cash equivalents, end of year	**25,490**	26,597

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements

For the year ended December 31, 2023 (in thousands of Canadian dollars)

1. Nature of operations

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

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

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

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

2. Statement of compliance, basis of preparation and summary of material accounting policy information

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 April 29, 2024.

Basis of preparation

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

a) Financial statements presentation

The Commission presents assets and liabilities in the statement of financial position in order of liquidity. When items contain amounts expected to be recovered or settled after more than one year, and amounts expected to be recovered within one year after the reporting period, the Commission discloses both components within the accompanying notes.

2. Statement of compliance, basis of preparation and summary of material accounting policy information (continued)

b) Financial Instruments

Financial assets and financial liabilities are recognized when the Commission becomes party to the contractual provision of the financial instrument. Financial assets are derecognized when contractual rights have expired, or when the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Financial assets are classified as either fair value through profit or loss, fair value through other comprehensive income or amortized cost. The classification is determined by the Commission's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Initial recognition depends on the purpose for which the investment was acquired. The purchase and sale of financial assets is recognized on the settlement date for all financial instruments.

Income and expenses relating to financial assets that are recognized in profit or loss are presented within investment income, except for impairment of receivables which is presented within administration expenses.

Investment income earned on financial assets is recognized when earned, net of management fee expenses, and reported on the statement of comprehensive income.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model than "hold to collect" or "hold to collect and sell" are categorized at FVTPL. Also, irrespective of the business model, financial assets whose contractual cash flows are not solely payment of principal and interest are accounted for at FVTPL. A company can also elect to classify assets at FVTPL if classifying them in another category would result in an accounting mismatch.

Assets in this category include the Commission's investment portfolio, including fixed income, equity, and real estate portfolio investments.

These assets are measured at fair value with realized gains or losses as well as changes in unrealized gains and losses recognized in net income as investment income. The fair values of quoted investments are based on closing market prices. Transaction costs directly related to the fair value through profit or loss financial assets are expensed as incurred.

All investments, including cash and cash equivalents managed by investment managers are classified as fair value through profit or loss investments, including real return bonds, which have been designated by the Commission as fair value through profit or loss investments as permitted under IFRS 9.

2. Statement of compliance, basis of preparation and summary of material accounting policy information (continued)

b) Financial Instruments (continued)

Financial assets at amortized cost

Financial assets are measured at amortized cost if the asset meets the following conditions:

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and

- The contractual terms of the financial assets give rise to cash flows that are solely payment of principal and interest on the principal amount outstanding.

These assets are recorded initially at fair value and subsequently measured at amortized cost using the effective interest rate method. Interest and realized gains or losses are included in net income. Cash and equivalents and accounts receivables fall into this category.

Receivables are recognized when owed pursuant to the terms of the related contract and are short-term; therefore, the net carrying value is considered to be a reasonable approximation of fair value.

Transaction costs are capitalized on initial recognition and are recognized in income using the effective interest rate method. Realized gains and losses as well as interest are recognized in income as investment income.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses – the "expected credit loss (ECL) model". Instruments within the scope of the requirements include financial asset measured at amortized cost.

The recognition of an impairment requires the Commission to consider a broad range of information when assessing credit risk and measuring expected credit losses including past events, current conditions and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. The Commission has elected to use the simplified method of credit losses for receivables. Receivables include an estimate for the lifetime expected credit losses using the simplified method with a provision in the allowance for doubtful accounts and are regularly reviewed to determine whether the account should be written-off. Receivables are written-off when there is no reasonable expectation of recovery. Any reversals of write-offs are charged to the statement of comprehensive income when received.

2. Statement of compliance, basis of preparation and summary of material accounting policy information (continued)

b) Financial Instruments (continued)

Other

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.

Financial liabilities

Financial liabilities are initially classified as 'subsequently measured at amortized cost' or 'financial liabilities at fair value through profit or loss'. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs, unless designated as financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at fair value through profit or loss, which are carried subsequently at fair value with gains or losses recognized in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest related charges and, if applicable, changes in a financial liability's fair value that are reported in profit or loss are included within finance costs or finance income.

The Commission's financial liabilities include accounts payable, and accrued and other liabilities, salaries and wages payable, and assessments refundable and are classified and measured at amortized cost. Due to their short-term nature the carrying values of these payables are a reasonable approximation of fair value.

De-recognition of financial assets and liabilities

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

2. Statement of compliance, basis of preparation and summary of material accounting policy information (continued)

b) Financial Instruments (continued)

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:
  - Traded on stock exchange.
  - 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:
  - Valuations are based on appraisals of the properties that are based on observable market metrics, such as capitalization rates, growth rates, or lease rates.
  - Bonds are traded over the counter rather than on an exchange.
- Level 3 is used when there are techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

Changes in valuation methods may result in transfers into or out of an asset's assigned level. The Commission's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

c) Cash and cash equivalents

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

2. Statement of compliance, basis of preparation and summary of material accounting policy information (continued)

d) Insurance contracts

Classification

Insurance contracts are contracts under which the Commission accepts significant insurance risk from an employer, by agreeing to compensate the injured worker if a workplace injury occurs. The Commission determines whether it has significant insurance risk by comparing benefits payable after an insured event with benefits payable if the insured event did not occur.

Separating components

The Commission assesses its insurance contracts to determine whether they contain distinct components which must be accounted for under another IFRS. After separating distinct components, the Commission applies IFRS 17 to all remaining components of the insurance contract. The Commission has separated the arrangement with renewable resource harvesters (hunters and trappers) and applies IFRS 15 Revenue from Contracts with Customers, as further described in Note 13.

Level of aggregation

IFRS 17 requires the Commission to determine the level of aggregation for applying its requirements. Groups of contracts with similar risks and are managed together are aggregated into portfolios. Portfolios of contracts are further divided based on expected profitability at inception into three categories: onerous contracts (if any), contracts with no significant risk of becoming onerous (if any) and the remaining contracts. IFRS 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The Commission has elected to group the insurance contracts issued as a single portfolio by year, these contracts' duration are all one year (January to December), as all of the Commission's insurance contracts are issued at the same time annually or within the same annual coverage period for new employers. The single portfolio consists of individual insurance contracts to provide insurance benefits to injured workers. The portfolio of contracts is then divided by profitability. Within each year, portfolio of insurance contracts are divided into the following:

- Group of insurance contracts that are onerous at initial recognition (if any);
- Group of insurance contracts that at initial recognition have no significant possibility of becoming onerous subsequently (if any); and
- Group of remaining insurance contracts within the group (if any).

Notes to the Financial Statements

For the year ended December 31, 2023 (in thousands of Canadian dollars)

2. Statement of compliance, basis of preparation and summary of material accounting policy information (continued)

d) Insurance contracts (continued)

Level of aggregation (continued)

The Commission performs an annual assessment of the profitability of its portfolio to determine the expected profitability. The Commission allocates each annual portfolio to the same profitability grouping based on the Commission's pricing and risk management strategies based on the collective risk of all insured employers.

Recognition

The Commission recognizes groups of insurance contracts it issues at the earliest of the following:

- The beginning of the coverage period of the group of insurance contracts;
- The date when the first payment is due from an employer or when the first payment is received or
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous.

The Commission's insurance contracts are recognized on an annual basis with initial recognition generally being January 1, aside from new employers to the Commission. The Commission's contracts become effective on January 1 annually for existing employers which coincides with the beginning of the coverage period and when the premium rates are considered binding. New employers are added to the insurance contract portfolio when one of the above conditions are met.

Contract boundary

The contract boundary is used to determine the cash flows to be included in the groups of insurance contracts. A substantive obligation to provide insurance contract service ends when:

- The Commission has the ability to reassess risks of the employer and as a result can set a price that reflects those risks or;
- Both of the following criteria are satisfied:
  - The Commission has the ability to price the group of contracts so that the price reflects the reassessed risk of the group of insurance contracts; and
  - The pricing of premiums related to coverage to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

Notes to the Financial Statements

For the year ended December 31, 2023 (in thousands of Canadian dollars)

2. Statement of compliance, basis of preparation and summary of material accounting policy information (continued)

d) Insurance contracts (continued)

Contract boundary (continued)

The Commission has determined that the insurance contracts have annual terms that are guaranteed to be renewable each year; however, the Commission has the ability to re-price the premiums based on risk, experience and historical information annually. As the substantive obligation to provide the employer with insurance coverage ends when the Commission has the ability to reprice the risks of the employer, the contract boundary and cash flows are considered to be one year.

Measurement

The Commission uses the Premium Allocation Approach (PAA) for all groups of insurance contracts that it issues to employers due to the fact that the coverage period of each insurance contract is one year or less, including insurance contract services arising from all premiums within the contract boundary.

Initial measurement

For groups of insurance contracts that are not onerous at initial recognition, the Commission measures the liability for remaining coverage at inception as the premiums, if any, received at initial recognition. The Commission has elected to immediately expense any acquisition costs and does not incur any other cash flows prior to the contract commencement date; therefore, no other adjustments are made to the liability for remaining coverage at initial recognition. Where the contract boundary is one year, there is no adjustment required for accretion of interest on the liability for remaining coverage.

For insurance contracts that facts and circumstances indicate that the group of insurance contracts is onerous at initial recognition, the Commission separately groups the onerous contracts from other contracts and recognizes a loss as an element of Insurance Service Expense. The Commission would also establish a loss component for the liability for remaining coverage for such onerous contracts on initial measurement.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Commission requires for bearing the uncertainty about the amount and timing of the cash flow of insurance contracts. Although non-financial risks are inherent in the operations of the Commission, due to the nature of operations, the Commission does not seek compensation for the uncertainty around the amount and timing of cash flows that arise from the non-financial risks. As the Commission generates sufficient premiums and income from investments to fully fund the operations of the insurance business and other administrative activities, there is no compensation required or earned by the Commission for such risk and as such, the risk adjustment was determined to be approximately nil or negligible.

2. Statement of compliance, basis of preparation and summary of material accounting policy information (continued)

d) Insurance contracts (continued)

Measurement (continued)

The Commission estimated the risk adjustment using a 50% confidence level, which is the probability that the actual outcome of future cash flows associated with the Commissions claims and expenses will be less than the liability.

Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows as the sum of a risk-free yield curve derived from Government of Canada bonds and an illiquidity premium derived from a reference portfolio. The bottom-up approach was applied in the determination of the discount rate using the Fiera Capital Corporation IFRS 17 reference curve.

Fulfillment cash flows

Fulfillment cash flows comprise the probability-weighted estimates of future cash flows, discounted to reflect the time value of money and the associated financial risks, plus a risk adjustment for non-financial risk. Fulfillment cash flows are comprised of direct expenditures related to insurance activities plus an allocation of indirect expenditures. Management has applied judgement as to the allocation of general and administrative expenses in the determination of the amounts attributable to insurance activities.

Subsequent measurement

<u>Liability for remaining coverage</u>

At the conclusion of each reporting period, the Commission measures the carrying amount of the liability for remaining coverage as:

The liability for remaining coverage at the beginning of the period;

- Plus premiums received in the period; and
- Minus the amount recognized as insurance revenue for the services provided in the period.

Notes to the Financial Statements

For the year ended December 31, 2023 (in thousands of Canadian dollars)

2. Statement of compliance, basis of preparation and summary of material accounting policy information (continued)

d) Insurance contracts (continued)

Measurement (continued)

Where the Commission's insurance contracts align precisely with the annual reporting period, the liability for remaining coverage at the conclusion of each annual reporting period is nil, signifying the fulfillment of all contractual obligations. Any employer prepaid premiums relating to a future contract year are included in liability for remaining coverage. The Commission measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period.

Because the contract boundary is one year and the Commission is using the Premium Allocation Approach, the onerous loss recognized at January 1 is fully recognized by the end of the year.

Liability for incurred claims

The Commission estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, reflect current estimates from the Commission, and include an explicit adjustment for non-financial risk. The Commission does not adjust the future cash flows for the time value of money and the effect of financial risk for incurred claims that are expected to be paid within one year of being incurred.

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

The liability for incurred claims includes provision for all benefits provided by current legislation, policies, and administrative practices. Many assumptions are required to calculate the benefits liability, including estimates of future inflation, interest rates, and mortality rates. The liability for incurred claims 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.

2. Statement of compliance, basis of preparation and summary of material accounting policy information (continued)

d) Insurance contracts (continued)

Measurement (continued)

Onerous contracts

If, during the contract period, facts and circumstances indicate that a group of insurance contracts is onerous, the Commission recognizes a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Commission for the liability for remaining coverage for the onerous group showing the losses recognized.

The change in the liability for incurred claims as a result of changes in discount rates will be captured within insurance finance income or expense.

Modification and derecognition

The Commission derecognizes insurance contracts when the rights and obligations relating to the contract are extinguished or the contract is modified such that the modification results in a change in the measurement model, substantially changes the contract boundary or requires the modified contract to be included in a different group. As a result, the Commission derecognizes the initial contract and recognizes the modified contract as a new contract. When a modification does not result in derecognition, the Commission recognizes amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

Insurance revenue

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 insurance revenue and recognized as a receivable, or as a decrease in insurance 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.

Insurance revenue recognized for the period is the amount of expected assessment receipts allocated to the period. The Commission allocates the expected assessment receipts to each period of the insurance contract service on the basis of the passage of time (the calendar year).

2. Statement of compliance, basis of preparation and summary of material accounting policy information (continued)

d) Insurance contracts (continued)

Measurement (continued)

Insurance finance income and expense

Insurance finance income or expense comprise the change in the carrying amount of the insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

The Commission recognizes all insurance finance income and expense through profit and loss.

e) Third party legal claims recoveries

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

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

f) Property and equipment

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

• Building	15 – 50 years
• Equipment	2 – 10 years
• Furnishings	5 – 15 years
• Vehicles	7 years
• Leasehold improvements	lesser of useful life or lease term

2. Statement of compliance, basis of preparation and summary of material accounting policy information (continued)

f) Property and equipment (continued)

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.

Effective January 1, 2023, management revised the estimated useful lives of certain fixed assets. This revision has been recognized prospectively as a change in accounting estimates in accordance with IAS 8 and led to a $149 reduction in annual depreciation and amortization expense.

g) Intangible assets

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

Amortization is recognized over the asset's estimated useful life (2 – 15 years) using the straight-line method. Amortization expense is recognized in administration and general expenses in the statement of comprehensive income.

h) Contract liability

The contract liability represents pre-funded amounts received from the Government of the Northwest Territories and Nunavut. This transaction is considered as self-insurance by these governments for administration of claims by the Commission acting as an agent under the respective Memorandums of Understanding for Hunters and Trappers that the Commission has with these parties. The liability balance is derecognized as claim payments are made by the Commission to Hunters and Trappers.

i) Deferred revenues

The deferred revenues represents administration fee amounts received in advance from the Government of the Northwest Territories and of Nunavut for administration of claims by the Commission acting as agent under the respective Memorandums of Understanding for Hunters and Trappers that the Commission has with these parties. The Deferred revenue will be recognized as miscellaneous income on the Statement of comprehensive income as the related services are performed.

Notes to the Financial Statements

For the year ended December 31, 2023 (in thousands of Canadian dollars)

2. Statement of compliance, basis of preparation and summary of material accounting policy information (continued)

j) Employee benefits

Pension Plan

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

Other long-term employee benefits

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

Post-employment benefits

Under the terms and conditions of employment, employees may earn non-pension benefits for severance upon resignation, or retirement based on years of service and final salary, and ultimate removal assistance based on years of service. The obligation is calculated using the projected unit credit method prorated on service on an actuarial basis. The liability for accrued employee benefits is based on the December 31, 2023 actuarial valuation as calculated by the Commission's actuary. Any actuarial gains or losses are recognized as income or loss through other comprehensive income in the year they are incurred and any re-measurements are not reclassified to profit or loss in subsequent periods. The amounts recognized in other comprehensive income for the year are immediately transferred to the operating reserve.

Short-term employee benefits

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

Notes to the Financial Statements

For the year ended December 31, 2023 (in thousands of Canadian dollars)

2. Statement of compliance, basis of preparation and summary of material accounting policy information (continued)

k) Right of use assets and lease liabilities

The Commission assesses whether a contract is or contains a lease, at inception of the contract. The Commission recognizes a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as personal computers and office equipment). For these leases, the Commission recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the Commission's incremental borrowing rate.

The lease liability is presented as a separate line in the statement of financial position and is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Commission remeasures the lease liability (and makes a corresponding adjustment to the related right of use asset) whenever the lease term has changed.

The right of use assets comprise the initial measurement of the corresponding lease liabilities, plus lease payments made at or before the commencement day. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right of use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right of use assets are presented as a separate line in the statement of financial position.

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 identifies the appropriate CGU for impairment review is the entity. The Commission has statutory power under the Acts to increase premiums and/or charge a premium surcharge to ensure full funding into the foreseeable future and impairment at the entity level is remote.

Notes to the Financial Statements

For the year ended December 31, 2023 (in thousands of Canadian dollars)

3. Adoption of new and revised standards

Change in accounting policies

The Commission applied IFRS 9 Financial instruments and IFRS 17 Insurance Contracts for the first time in 2023. IFRS 9 and IFRS 17 have been applied retrospectively with the cumulative effect on initial application recognized as at January 1, 2022. Prior year figures were restated as a result of the adoption of these standard. For IFRS 9, the Commission elected to adopt the standard using modified retrospective applications.

Differences arising from the adoption of IFRS 9 and IFRS 17 have been recognized in the operating reserve balance on January 1, 2022.

The nature of the changes in accounting policies can be summarised as follows:

IFRS 9 - Financial instruments

IFRS 9 replaces IAS 39 – Financial Instruments: Recognition and Measurement and includes changes to the previous guidance for financial assets and introduces an "expected credit loss" model for the impairment of financial assets. The Commission had elected to use the temporary exemption allowed for based on amendments to IFRS 4 Insurance Contracts issued in March 2020 which delayed implementation of IFRS 9 to 2023 to align with the adoption of IFRS 17.

The adoption of IFRS 9 has impacted the following areas:

- Impairment of financial assets using the expected credit loss model impacts the Commission's receivables. For receivables, the Commission's applies a simplified model of recognizing lifetime expected credit losses as these items do not have a significant financing component.
- The new impairment requirements of IFRS 9 have been applied retrospectively.
- Other financial assets were evaluated under the new standard and while the terminology has changed, the accounting treatment remains the same. These include:
    - Receivables previously classified as loans and receivable under IAS 39 continue to be measured at amortized cost as the cash flows are solely payments of principal and interest and they are held to collect.
    - Investments previously held for trading under IAS 39 continue to be measured at fair value through profit or loss (FVTPL) as the cash flows are not solely payments of principal and interest.
    - Real return bonds have been designated as FVTPL.

Notes to the Financial Statements

For the year ended December 31, 2023 (in thousands of Canadian dollars)

3. Adoption of new and revised standards

IFRS 9 - Financial instruments (continued)

On the date of initial application, January 1, 2022, the financial instruments of the Commission were reclassified as follows:

	Measurement Category	
	IAS 39	IFRS 9
Cash and cash equivalents	Amortized cost	Amortized cost
Receivables	Amortized cost	Amortized cost
Fixed income	Held for trading	FVTPL
Equity investments	Held for trading	FVTPL
Real estate	Held for trading	FVTPL

There have been no changes to the classification or measurement of financial liabilities as a result of the application of IFRS 9.

IFRS 17 - Insurance contracts

IFRS 17 replaces IFRS 4 for annual periods on or after January 1, 2023 and has significantly changed the accounting for insurance contracts. The Commission applies the premium allocation approach (PAA), which simplifies the measurement of insurance contracts compared with the general measurement model within IFRS 17. IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts. The Commission has applied IFRS 17 retrospectively.

<u>Changes to classification and measurement</u>

The recognition, measurement, presentation and disclosure principles under IFRS 17 differ from the IFRS 4 in the following key areas:

- Under IFRS 17, the Commission's insurance contracts are eligible to be measured by applying the Premium Allocation Approach (PAA); an optional simplified measurement model;
- The liability for remaining coverage reflects premiums received less amounts recognized in revenue for insurance services provided;
- Measurement of the liability for remaining coverages involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component;

For the year ended December 31, 2023 (in thousands of Canadian dollars)

3. Adoption of new and revised standards

IFRS 17 - Insurance contracts (continued)

- Measurement of the liability for incurred claims (previously "benefits liabilities") is determined on a discounted probability-weighted expected value basis, and includes an explicit risk adjustment for non-financial risk. The liability includes the Commissions obligation to pay other incurred insurance expenses;

- The liability for incurred claims is discounted at a rate that reflects the characteristics of the liabilities and duration of each portfolio. The Commission has established a discount rate using risk free yield curves adjusted to reflect the appropriate illiquidity characteristics of the applicable insurance contracts; and,

- Insurance revenue, insurance service expenses and insurance financial income or expenses are presented separately.

The Commission has elected to expense their acquisition cash flows immediately upon payment.

<u>Changes to presentation and disclosure</u>

IFRS 17 introduces extensive disclosure requirements on the amounts recognized from insurance contracts and the nature and extent of risks arising from these contracts. The Commission's note disclosures provide qualitative and quantitative information about amounts recognized in the Commission's financial statements related to insurance contracts, along with information about significant judgements in applying the standard.

<u>Transition</u>

On the transition date to IFRS 17, January 1, 2022, the Commission identified, recognized, and measured each group of insurance contracts as if IFRS 17 had always applied and derecognized any existing balances that would not exist had IFRS 17 always applied with any resulting net difference recognized in equity.

The Commission has applied the full retrospective approach to each group of insurance contracts. In accordance with IFRS 17.C3(a), the Commission has not disclosed the amount of adjustment for each financial statement line item affected in the current and prior periods as a result of the adoption of IFRS 17.

As at January 1, 2022	IFRS 4 and IAS 39	Presentation	Measurement	IFRS 17 and IFRS 9
Total assets	524,552	(6,892)	20	517,680
Total liabilities	462,030	(6,892)	100,733	555,871
Equity	62,522	-	(100,713)	(38,191)

3. Adoption of new and revised standards

Amendment to IAS 1 Presentation of Financial Statements

The Commission has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

There were no significant changes made to the accounting policy information currently disclosed as a result of the amendment to IAS 1Presentation of Financal Statements.

4. 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 Note 11 Insurance contracts. The estimation uncertainty relates to the determination of assumptions.

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

- Note 11 - Insurance contracts, specifically, the determination of assumptions as discussed in Note 2.d); assessment of whether contracts are onerous, judgements regarding aggregation of contracts, determination of contract boundaries and allocation of general and administrative expenses to insurance related activities
- Note 2.b) and Note 5. – Investments, classification and valuation of financial instruments
- Note 2.b) - Impairment of financial assets

Notes to the Financial Statements

For the year ended December 31, 2023 (in thousands of Canadian dollars)

4. Critical accounting estimates and judgements (continued)

- Note 2.d) - Determination of estimated of estimated payroll as part of estimating accrued insurance revenue
- Note 2.f) and Note 7. - Property and equipment, degree of componentization
- Note 2.g) - Intangible assets, determination of development costs
- Note 2.l) - Right of use assets and lease liabilities, determination of incremental borrowing rate

5. Investments

The Commission's investment portfolio consists of fixed income, equity, and real estate portfolio investments. The Commission's investment objective is to achieve a long-term rate of return that is sufficient to allow the Commission to fund its benefits liability, cover its operating costs, and set reasonable and stable assessment rates for employers. The Commission uses judgement to classify securities held in a pooled fund on the basis of the assets comprising the major portion of the pooled fund.

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

	As at December 31, 2023		As at December 31, 2022	
	Fair Value $	Cost $	Fair Value $	Cost $
Pooled funds				
Fixed income				
Indexed bond funds	154,987	164,578	160,598	182,135
Mortgage funds	24,239	16,454	23,062	16,454
Canadian private debt	38,599	37,033	35,094	35,400
Global private debt	19,229	19,696	9,587	9,390
Equities				
Canadian equities	80,206	70,180	58,132	49,052
International equities	112,269	112,532	89,230	94,111
Canadian Real estate				
Canadian Real estate	56,920	46,445	70,803	53,787
Total	486,450	466,918	446,507	440,331

For the year ended December 31, 2023 (in thousands of Canadian dollars)

5. Investments (continued)

a) Investment gains and (losses)

The investment gains and (losses) recognized in the Statement of Comprehensive Income are as follows:

	For the year ended December 31, 2023 $	For the year ended December 31, 2022 $
Realized loss	(693)	(18,141)
Change in unrealized gain (loss)	13,352	(32,425)
Investment gains (losses) - net	12,659	(50,566)

6. Receivables

	As at December 31 2023 $	As at December 31 2022 $
Due from claimants	1,224	803
Receivable from other governments	54	463
Due from employees and others	645	395
Hunters and trappers receivable	674	610
	2,597	2,271
Less: expected credit loss - employees	(13)	(15)
Less: expected credit loss - claimants	(27)	(12)
	(40)	(27)
Total receivables	2,557	2,244

Notes to the Financial Statements

For the year ended December 31, 2023 (in thousands of Canadian dollars)

7. Property and equipment

The table below provides details of property and equipment per asset class.

	Building	Equipment	Furnishings	Vehicles	Leasehold improvements	Total
	$	$	$	$	$	$
Cost						
At January 1, 2022	8,349	989	2,188	155	972	12,653
Additions	909	251	27	-	-	1,187
Disposals/write-offs	-	-	-	-	(15)	(15)
At December 31, 2022	9,258	1,240	2,215	155	957	13,825
Additions	1,212	151	-	89	-	1,452
Disposals/write-offs	-	(320)	(31)	(90)	-	(441)
At December 31, 2023	10,470	1,071	2,184	154	957	14,836
Accumulated Depreciation						
At January 1, 2022	4,813	715	1,123	139	962	7,752
Depreciation	452	64	185	4	5	710
Disposals/write-offs	-	-	-	-	(12)	(12)
At December 31, 2022	5,265	779	1,308	143	955	8,450
Depreciation	346	108	185	14	2	655
Disposals/write-offs	-	(317)	(24)	(90)	-	(431)
At December 31, 2023	5,611	570	1,469	67	957	8,674
Net book value						
At December 31, 2023	4,859	501	715	87	-	6,162
At December 31, 2022	3,993	461	907	12	2	5,375

For the year ended December 31, 2023 (in thousands of Canadian dollars)

8. Intangible assets

	Purchased software systems $	Internally developed software systems $	Total $
Cost			
At January 1, 2022	816	7,510	8,326
Additions	-	95	95
At December 31, 2022	816	7,605	8,421
Addition	8	43	51
Disposals/write-offs	(250)	(279)	(529)
At December 31, 2023	574	7,369	7,943
Accumulated Amortization			
At January 1, 2022	587	5,325	5,912
Amortization	50	339	389
At December 31, 2022	637	5,664	6,301
Amortization	52	344	396
Disposals/write-offs	(247)	-	(247)
At December 31, 2023	442	6,008	6,450
Net book value			
At December 31, 2023	132	1,361	1,493
At December 31, 2022	179	1,941	2,120

Additions of internally developed software systems include amounts spent on projects that were not completed in the year. No amortization is recorded for these amounts.

Notes to the Financial Statements

For the year ended December 31, 2023 (in thousands of Canadian dollars)

9. Right of use assets and lease liabilities

a) Right of use asset

The Commission leases several assets including real property. Some leases contain extension options exercisable by the Commission. The Commission has included the extension option in the lease term in calculating the lease liabilities where it is reasonably certain to exercise that option. There are no purchase options, contingent rents or escalation clauses included in the leases.

Amounts expensed for common area maintenance and utilities, not included in the calculation of the lease liabilities, in 2023 is $887 (2022 - $820).

	2023 $	2022 $
Asset balance at January 1,	4,197	4,287
Additions	1,272	1,587
Depreciation	(1,881)	(1,677)
Asset balance at December 31,	3,588	4,197

b) Lease liability

	2023 $	2022 $
Lease liabilities balance at January 1,	4,434	4,521
Additions	1,272	1,598
Accretion of interest	277	158
Payments	(2,111)	(1,843)
Lease liabilities balance at December 31,	3,872	4,434

Notes to the Financial Statements

For the year ended December 31, 2023 (in thousands of Canadian dollars)

9. Right of use assets and lease liabilities (continued)

b) Lease liability (continued)

c) Lease liabilities maturity analysis

Contractual undiscounted cash flows:

	December 31, 2023 $	December 31, 2022 $
Year 1	1,777	1,868
Year 2	1,131	1,351
Year 3	909	897
Year 4	383	814
Year 5	44	314
Sub-Total	4,244	5,244
Less: Imputed Interest	(372)	(810)
Lease liability	3,872	4,434

10. Accounts payable and accrued liabilities

	December 31 2023 $	December 31 2022 $
Accounts payable	2,822	2,497
Accrued liabilities	1,790	1,300
Total	4,612	3,797

For the year ended December 31, 2023 (in thousands of Canadian dollars)

11. Insurance contract liability

The reconciliation of the net asset or liability for insurance contracts issued, which shows the liabilities for remaining coverage and the liability for incurred claims is disclosed as follows:

	Liabilities for remaining coverage		Liabilities for incurred claims	
	Excluding loss component	Loss component	Present value of future cash flows	2023 Total
Insurance contract liability, beginning of year	7,318	-	452,152	459,470
Insurance contract asset, beginning of year	(8,125)	-	-	(8,125)
Net Insurance contract liability, beginning of year	(807)	-	452,152	451,345
Insurance revenue	(97,327)	-	-	(97,327)
Insurance service expenses:				
Incurred claims and other expenses	-	-	78,203	78,203
Insurance admin. expenses	-	-	14,586	14,586
Losses on onerous contracts*	-	4,249	-	4,249
Reversal of losses on onerous contracts*	-	(4,249)	-	(4,249)
Changes to liabilities for incurred claims	-	-	2,125	2,125
Insurance service result	(97,327)	-	94,914	(2,413)
Insurance finance expenses	-	-	36,882	36,882
Total changes in the statement of operations	(97,327)	-	131,796	34,469
Cash flows				
Premiums received	98,269	-	-	98,269
Claims and other expenses paid	-	-	(89,268)	(89,268)
Total cash flows	98,269	-	(89,268)	9,001
Non-cash insurance administration adjustments	-	-	(3,373)	(3,373)
Insurance contract liability, end of year	7,201	-	491,307	498,508
Insurance contract asset, end of year	(7,066)	-	-	(7,066)
Net Insurance contract liability, end of year	135	-	491,307	491,442

*The loss component for the 2023 accident year is calculated as $4.2M and reversed within same year.

Notes to the Financial Statements

For the year ended December 31, 2023 (in thousands of Canadian dollars)

11. Insurance contract liability (continued)

	Liabilities for remaining coverage		Liabilities for incurred claims	
	Excluding loss component	Loss component	Present value of future cash flows	2022 Total
Insurance contract liability, beginning of year	6,672	-	530,220	536,892
Insurance contract asset, beginning of year	(6,729)	-	-	(6,729)
Net balance at January 1	(57)	-	530,220	530,163
Insurance revenue	(92,582)	-	-	(92,582)
Insurance service expenses:				
Incurred claim and other expenses	-	-	71,405	71,405
Insurance admin. expenses	-	-	12,934	12,934
Losses on onerous contracts	-	1,692	-	1,692
Reversal of losses on onerous contracts	-	(1,692)	-	(1,692)
Changes to liabilities for incurred claims	-	-	(9,689)	(9,689)
Insurance service result	(92,582)	-	74,650	(17,932)
Insurance finance expenses	-	-	(68,211)	(68,211)
Total changes in the statement of operations	(92,582)	-	6,439	(86,143)
Cash flows				
Premiums received	91,832	-	-	91,832
Claims and other expenses paid	-	-	(83,494)	(83,494)
Total cash flows	91,832	-	(83,494)	8,338
Non-cash insurance administration adjustments	-	-	1,013	1,013
Insurance contract liability, end of year	7,318	-	452,152	459,470
Insurance contract asset, end of year	(8,125)	-	-	(8,125)
Net Insurance contract liability, end of year	(807)	-	452,152	451,345

Notes to the Financial Statements

For the year ended December 31, 2023 (in thousands of Canadian dollars)

11. Insurance contract liability (continued)

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:

	2023 %	2022 %
Up to 1 year	8.10	7.82
Over 1 year and up to 5 years	20.75	19.47
Over 5 years and up to 10 years	16.73	15.96
Over 10 years	54.42	56.75
Total	100.00	100.00

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 Insurance contract liability includes payments for both medical aid and compensation and pensions.

The portion related to medical aid and compensation liability represents the present value at December 31, 2023 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 liability for these payments 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 liability for payments for pensions include an estimate of future capitalizations and approved pensions.

11. Insurance contract liability (continued)

Actuarial assumptions and methods (continued)

Future capitalizations liability represents the present value of expected future pension awards that have not yet been approved as of December 31, 2023. These future pension capitalizations are in respect of all claims arising from accidents which occurred on or before December 31, 2023. 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, 2023.

The liability for approved pensions represents the present value at December 31, 2023 of all expected future pension awards payments, including future inflationary adjustments, to individuals who have been approved for a pension award at December 31, 2023. This portion of the Insurance contract 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 following economic assumptions are used in the valuation of the Future Claims Liability: discount rate – 4.86% (2022 – 5.25%), inflation rate – i) future capitalizations: 4.00% in 2024, 3.50% in 2025 and 2.00% per annum thereafter (2022 – 5.56% in 2023, 4.00% in 2024 and 2.00% thereafter), and ii) Compensation: 2.0% (2022 – 2.00%) and Medical Aid: 4.5% (2022 – 4.50%).

The following economic assumptions are used in the valuation of the Approved Pension Liability: discount rate – 4.86% (2022 – 5.25%), inflation rate – 4.00% in 2024, 3.50% in 2025 and 2.00% thereafter (2022 – 4.56% in 2023, 4.00% in 2024 and 2.00% thereafter). The mortality assumption is determined by the 2010 - 2012 Statistics Canada General Life Mortality Table with a 10% load (2022 –2010-2012 Statistics Canada General Life Mortality Table with a 10% load).

Also, an occupational Disease provision is included that 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.

11. Insurance contract liability (continued)

Insurance risk

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. Experience and statistical methods are used as part of the process; and
- The mix of asset in which the Commission invests is determined to achieve a long-term rate of return that is sufficient to fund the liability for incurred claims. The management of assets and liabilities is closely monitored to attempt to match assets with the expected pattern of claim payments.

The Commission also faces concentration of risk by industry as some industries have higher claims experience costs than other industries. This is mitigated by higher assessments being charged to industries with proven higher experience costs.

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.

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

Medical benefits represent approximately 19.9% (2022 – 19.8%) of the insurance contract liabilities. An increase in the assumed excess medical inflation rate (above the assumed inflation rate) would result in an increase in the benefits liability for medical benefits and a decrease in comprehensive income.

For the year ended December 31, 2023 (in thousands of Canadian dollars)

11. Insurance contract liability (continued)

Insurance risk (continued)

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

2023 +/- % change on assumed rates	+ 1% $	- 1% $
Net discount rate	(40,689)	49,560
Excess medical inflation rate	10,793	(9,020)

2022 +/- % change on assumed rates	+ 1% $	- 1% $
Net discount rate	(37,502)	45,712
Excess medical inflation rate	10,984	(9,074)

2023 +/- % change in mortality rates	+ 10% $	- 10% $
Mortality rate	(7,005)	7,775

2022 +/- % change in mortality rates	+ 10% $	- 10% $
Mortality rate	(6,206)	6,872

Notes to the Financial Statements

For the year ended December 31, 2023 (in thousands of Canadian dollars)

11. Insurance contract liability (continued)

Claims development

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

	2014 $	2015 $	2016 $	2017 $	2018 $	2019 $	2020 $	2021 $	2022 $	2023 $	Total $
Estimate of cumulative claim costs:											
At the end of the accident year	35,923	39,130	43,611	51,245	53,044	61,637	52,426	68,172	67,185	63,203	-
One year later	35,719	40,675	50,823	55,576	63,383	56,417	51,102	64,236	70,281		-
Two years later	34,764	39,862	50,979	57,815	60,736	53,660	52,086	69,618			-
Three years later	33,925	41,039	50,780	53,429	58,534	53,058	51,796				-
Four years later	34,784	42,829	48,206	50,907	58,660	54,033					-
Five years later	36,201	41,325	47,116	54,573	60,012						-
Six years later	33,435	41,844	46,656	61,130							-
Seven years later	32,476	42,802	48,715								-
Eight years later	35,744	43,918									-
Nine years later	37,197										-
Current estimate of ultimate claims costs	37,197	43,918	48,715	61,130	60,012	54,033	51,796	69,618	70,281	63,203	559,903
Cumulative payments	19,948	26,752	30,888	34,273	35,720	28,421	24,853	26,274	17,761	6,588	251,478
Estimate of future payments	17,249	17,166	17,827	26,857	24,291	25,612	26,943	43,345	52,520	56,614	308,425
2013 and prior claims estimate of future payments											336,316
Administrative expenses											74,277
Latent occupational disease provision											45,964
											764,982
Effect of discounting											(273,675)
Net assessment refundable											135
Amount recognized on Statement of Financial Position											491,442

There is a possibility that changes may occur in the estimate of the Commission's obligations over time. The above table shows the Commission's estimates of total net and gross claims outstanding for each underwriting year at successive year ends.

Notes to the Financial Statements

For the year ended December 31, 2023 (in thousands of Canadian dollars)

12. Insurance service expense and insurance finance expenses

The breakdown of insurance service expenses and insurance finance expenses is presented below:

Insurance services expense	2023 $	2022 $
Incurred claims and other expenses	61,606	56,036
Administration - Insurance expense	31,183	28,303
Losses on onerous contracts	4,249	1,692
Reversal of losses on onerous contracts	(4,249)	(1,692)
Liability of Incurred Claims (LIC)	2,125	(9,689)
Total	94,914	74,650

Insurance finance (expenses)/ income from insurance contracts issued	2023 $	2022 $
Expected Credit Loss	149	(203)
Interest accredited to insurance contracts	(22,190)	(16,616)
Changes in interest rates and other financial assumptions	(14,841)	85,030
Total	(36,882)	68,211

13. Renewable Resources Harvesters - Contract Liability and Deferred Revenue

In accordance with the Memoranda of Understanding on Renewable Resource Harvesters (April 2015 for the Northwest Territories and April 2009 for Nunavut), the Commission administers the claims and charges the Governments an administration fee, which is included in revenue on the Statement of Comprehensive Income.

The benefits liabilities related to the Renewable Resource Harvesters have not been included in the Commission's benefits liabilities account. As these liabilities will be borne by the governments when paid in future years, they do not impact the Commission's funded position.

For the year ended December 31, 2023 (in thousands of Canadian dollars)

13. Renewable Resources Harvesters - Contract Liability and Deferred Revenue (continued)

	As at December 31, 2023	As at December 31, 2022
	$	$
Pre-funded contract liability for Harvesters medical, compensation and capitalized pension claims	1,280	1,322
Pre-funded contract liability for Harvester approved pensions	9,409	9,201
Contract liability	10,689	10,523
Deferred revenue	1,833	2,210

The Commission recognized funds received from the Governments for Harvesters claims as a Contract Liability, and funds received from the Governments for the related administration fee as a Deferred Revenue. The Contract liability is satisfied as pre-funded Harvester claims are paid. Deferred revenue is realized as revenue over time as the Commission satisfies its performance obligations under these arrangements.

The vast majority of total Harvester related liability is expected to be settled more than 12 months after the Statement of Financial Position date.

14. Capital management and reserves

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

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

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

The Commission determines the funded position as total assets divided by total liabilities. However, the value of the Insurance contract liabilities included in this determination are based on accepted actuarial practices for going concern valuations, which reflects a discount rate based on the funding and investment policies set by the Commission.

14. Capital management and reserves (continued)

A going concern valuation is based on the primary assumption that the system will be in operation for the long-term, therefore Insurance contract liabilities as calculated for the purpose of the going concern valuation, are calculated under this assumption, which may differ from those required under IFRS. The rate of return reflects the best estimate of the long-term average rate of return that can be expected using the benchmark asset allocation adopted by the Commission. This yields a rate of return assumption of 5.5%.

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

a) Operating reserve

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

b) Capital asset replacement reserve

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

c) Catastrophe reserve

The catastrophe reserve is intended to mitigate the potential impact to the Commission's funding ratio in the event of a catastrophic event. The Commission established specific criteria to determine whether an accident or event meets the definition of a catastrophic claim.

Notes to the Financial Statements

For the year ended December 31, 2023 (in thousands of Canadian dollars)

15. Commitments

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

	$
2024	6,117
2025	2,014
2026	970
2027	654
2028	33
Thereafter	-
Total	9,788

All contracts are for standard service and maintenance agreements.

16. Contingencies

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

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

17. 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:

For the year ended December 31, 2023 (in thousands of Canadian dollars)

17. Financial risk management (continued)

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

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

a) Liquidity risk

Liquidity risk is the risk that the Commission will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk is considered to be low. The Commission maintains deposits and short-term investments at banks to meet liquidity needs. At December 31, 2023, cash was $25,490 or a ratio of 2.74 of short term liabilities (2022 – $26,597 or 3.41).

	As at December 31 2023	As at December 31 2022
	1 year or less	1 year or less
	$	$
Accounts payable, accrued and other liabilities	4,612	3,797
Salaries and wages payable	3,966	3,323
Contract liability	708	690
Total	9,286	7,810

Notes to the Financial Statements

For the year ended December 31, 2023 (in thousands of Canadian dollars)

17. Financial risk management (continued)

b) Credit risk

Credit risk on financial instruments arises from the possibility that the customer or counterparty to an instrument fails to meet its obligations.

The Commission owns units in funds which hold investments in fixed income assets. As a result, the Commission is indirectly exposed to credit risk through its unit holdings

In order to manage this risk, the Commission's investment guidelines require that, for the fixed income funds in which the Commission invests, 90% or more of the market value of short-term investments 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. Notwithstanding this general rule, with respect to investments in pooled funds, the Commission's investment policy allows that provisions of the investment manager mandate which govern such pooled funds shall prevail over the investment policy. The investment manager mandate of the fixed income pooled fund specifies an average credit rating of A or 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.

The Commission’s exposure to credit risk associated with its receivables 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 $9,950 (2022 – $10,680). Expected credit loss allowances are provided for lifetime expected losses, taking into consideration future potential losses. The amounts disclosed on the statement of financial position are net of these expected credit losses. All other receivables and assessments receivable are considered for impairment on a case-by-case basis when they are past due or when objective evidence is received that a customer will default. The Commission takes into consideration the customer’s payment history, their credit worthiness and the current economic environment in which the customer operates to assess impairment. The Commission recognizes a specific expected credit loss when management considers that the expected recovery is less than the actual amount receivable. All bad debts are charged to administration and general expenses for non-insurance related receivables, or insurance finance expense for insurance related receivables.

The Commission believes that the credit risk of receivables is mitigated by the following:

- The employer base is dispersed across various industries, with government comprising a significant concentration.
- As at December 31, 2023, 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.

For the year ended December 31, 2023 (in thousands of Canadian dollars)

17. Financial risk management (continued)

b) Credit risk (continued)

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

The Commission is indirectly exposed to credit risk through its investment in units of funds investing primarily in fixed income investments. The following table classifies the Commission's proportionate share of fixed income investments according to rating:

2023	AAA $	AA $	A $	BBB and less $	Not rated $
Pooled funds - Indexed bond funds and private debt	39,237	25,198	60,764	67,794	19,823
Pooled funds - Mortgage funds	828	865	-	-	131
Total	40,065	26,063	60,764	67,794	19,954
Percentage of total Fixed income pooled funds	19%	12%	28%	32%	9%

2022	AAA $	AA $	A $	BBB and less $	Not rated $
Pooled funds - Indexed bond funds	35,002	27,322	62,245	70,769	9,941
Pooled funds - Mortgage funds	333	976	-	153	452
Total	35,335	28,298	62,245	70,922	10,393
Percentage of total Fixed income pooled funds	17%	14%	30%	34%	5%

The Commission is also indirectly exposed to credit risk on mortgage and sales agreements through units owned of the Mortgage fund. As at December 31, 2023 the Commission's proportionate investment was $1,658 (2022 - $2,044) in insured mortgages and sales agreements and $20,756 (2022 - $19,104) in uninsured mortgages. The credit risk on these investments were not significant in 2023 (2022 - not significant).

For the year ended December 31, 2023 (in thousands of Canadian dollars)

17. Financial risk management (continued)

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 is indirectly exposed to market risk through its investment in units of funds investing primarily in equity and real estate investments.

By way of investment in units of Equity funds the Commission indirectly 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 investment in funds with 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 11.58% (2022 – 15.68%) of the total fund. This fund is diversified by geographic location and investment type. In 2023, the fund held properties in 4 provinces; 46% in Ontario, 28% in British Columbia, 15% in Québec and 11% in Alberta. The types of properties held by the fund can be classified as industrial (37%), multifamily residential (23%), office (21%), retail (13%), land (3%) and other (3%). The Governance Council is aware of this exception to its investment policy.

The Commission's investment target and actual asset mix at fair value December 31, 2023 is as follows:

	Target		
	Maximum %	Minimum %	Actual %
Fixed income securities and indexed bond funds	71.00	27.00	43.64
Canadian equities	17.00	7.00	16.45
Real estate	20.00	10.00	11.58
Global equities	27.00	17.00	23.02
Mortgages	10.00	-	4.97
Cash and cash equivalents	5.00	-	0.34

For the year ended December 31, 2023 (in thousands of Canadian dollars)

17. Financial risk management (continued)

c) Market risk (continued)

Equity investments are particularly sensitive to market risk. Because equities are recorded as FVTPL, 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 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, 2023 $	Change one standard deviation %	Change to comprehensive income 2023 $
Canadian equities	TSX 300	80,206	13.10	10,507
Global equities	MSCI WORLD	112,269	11.90	13,360

For the year ended December 31, 2023 (in thousands of Canadian dollars)

17. Financial risk management (continued)

c) Market risk (continued)

Portfolio	Index	Exposure December 31 2022 $	Change one standard deviation %	Change to comprehensive income 2022 $
Canadian equities	TSX 300	58,132	12.84	7,464
Global equities	MSCI EAFE	89,230	11.50	10,261

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. 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

The Commission is indirectly exposed to interest rate risk through its investment in units of funds investing primarily in fixed income investments.

The following table provides a sensitivity analysis of the impact of a 1.00% 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 2023 $
Change in nominal interest rates	+1.00	5,422

	Movement in interest rates %	Change to comprehensive income 2022 $
Change in nominal interest rates	+1.00	7,188

For the year ended December 31, 2023 (in thousands of Canadian dollars)

17. Financial risk management (continued)

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 Commission is indirectly exposed to real estate risk through its investment in units of funds investing primarily in real estate investments.

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 4.32% (2022 – 9.33%), which, based on ten years of results, would be one standard deviation of valuation change.

Portfolio	Exposure December 31, 2023 $	Change %	Change to comprehensive income 2023 $
Canadian Real estate	56,920	+4.32%	2,457

Portfolio	Exposure December 31, 2022 $	Change %	Change to comprehensive income 2022 $
Canadian Real estate	70,803	+9.33	6,606

f) Currency risk

Currency risk is the risk that the fair value of financial assets and financial liabilities denominated in foreign currencies will fluctuate due to changes in their respective exchange rates relative to the Canadian dollar. The Commission owns Canadian denominated units of pooled funds. These pooled funds hold foreign currency denominated financial assets. The investment managers mitigate some of the currency risk related to these foreign currency denominated financial assets by entering into forward foreign exchange contracts. As a result, the Commission is indirectly exposed to currency risk through its unit holdings.

Notes to the Financial Statements

For the year ended December 31, 2023 (in thousands of Canadian dollars)

17. Financial risk management (continued)

f) Currency risk (continued)

The table below summarizes the Commission's indirect exposure to currency risk through its unit holdings in investment funds:.

Foreign country	Total Investments Fair Value 2023 $	Total Investments Fair Value 2022 $
United States	137,689	103,265
Europe	11,290	9,223
Japan	5,633	4,502
United Kingdom	8,010	6,711
Switzerland	3,556	2,832
Hong Kong	1,444	1,155
Denmark	881	700
Sweden	567	431
Australia	1,287	1,075
Korea	435	341
Singapore	742	597
Norway	443	426
South Africa	45	-
Israel	195	157
New Zealand	73	22
Brazil	45	35
India	367	288
Total	172,702	131,760

For the year ended December 31, 2023 (in thousands of Canadian dollars)

17. Financial risk management (continued)

f) Currency risk (continued)

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

	Exposure December 31, 2023 $	Change %	Change to comprehensive income 2023 $
United States	137,689	+10.00	(12,517)
Europe	11,290	+10.00	(1,026)
Japan	5,633	+10.00	(512)
United Kingdom	8,010	+10.00	(728)
Switzerland	3,556	+10.00	(323)

	Exposure December 31, 2022 $	Change %	Change to comprehensive income 2022 $
United States	103,265	+10.00	(10,327)
Europe	9,223	+10.00	(922)
Japan	4,502	+10.00	(450)
United Kingdom	6,711	+10.00	(671)
Switzerland	2,832	+10.00	(283)

Notes to the Financial Statements

For the year ended December 31, 2023 (in thousands of Canadian dollars)

18. Administration and general expenses

	For the year ended December 31, 2023	For the year ended December 31, 2022
	$	$
Salaries, wages and allowances	19,735	17,831
Professional services	5,428	5,255
Employer share of benefits	4,322	4,335
Depreciation on right of use assets	1,881	1,627
Amortization and depreciation	1,045	1,100
Office repairs and maintenance	1,024	939
Contributions to other organizations	1,448	1,577
Communications	765	739
Office services and supplies	771	747
Office furniture and equipment (non-capital)	559	481
Advertising and public information	195	282
Travel	610	654
(Gain) loss on asset disposal	(23)	3
Interest expense on lease liabilities	277	154
Bad debt	(1)	(88)
Training and development	314	188
Grants	82	85
Office lease payments	104	105
Honoraria and retainers	58	70
Recruitment	113	61
Recoveries	(32)	(735)
	38,675	35,410
Less: Allocation to insurance service expense (Note 12)	(31,183)	(28,303)
Total	7,492	7,107

Substantially all of the employees of the Commission are covered by 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 employee's required contribution. Total contributions of $1,782 (2022 – $1,811) were recognized as expense in the current year.

Notes to the Financial Statements

For the year ended December 31, 2023 (in thousands of Canadian dollars)

18. Administration and general expenses (continued)

The WSCC contributes funding through the Workers' Compensation Act and other agreements as follows:

	2023	2022
	$	$
Workers' Advisor	378	355
Workers' Tribunal	309	284
Partnerships	761	938
Total	1,448	1,577

19. 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:

	As at December 31, 2023	As at December 31, 2022
	$	$
Government of Nunavut	314	531
Territorial public agencies	133	160
Government of the Northwest Territories	580	1,338
Total	1,027	2,029

For the year ended December 31, 2023 (in thousands of Canadian dollars)

19. Related party transactions (continued)

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

	At at December 31, 2023	As at December 31, 2022
	$	$
Government of Northwest Territories	781	638
Territorial public agencies	1,001	112
Government of Nunavut	14	336
Total	1,796	1,086

Insurance revenue, at rates determined using the same method as with others, from related parties for the years ended December 31:

	At at December 31, 2023	As at December 31, 2022
	$	$
Government of Northwest Territories	11,136	10,295
Territorial public agencies	3,572	3,345
Government of Nunavut	9,117	8,505
Total	23,825	22,145

Expenses to related parties for the years ended December 31:

	2023	2022
	$	$
Territorial public agencies	1,274	422
Government of Northwest Territories	3,267	2,576
Government of Nunavut	331	522
Total	4,872	3,520

For the year ended December 31, 2023 (in thousands of Canadian dollars)

19. Related party transactions (continued)

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

	For the year ended December 31, 2023	For the year ended December 31, 2022
	$	$
Compensation	1,465	1,439
Post employment benefits - decrease in liability	(23)	(117)
Employer pension plan contributions	240	253
Total compensation paid to key management personnel	1,682	1,575

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, Vice-presidents and Directors.

20. Fair value measurement

The Commission's financial instruments categorized according to their fair value hierarchy as described in Note 2. are as follows:

	Level 1	Level 2	Level 3	As at December 31, 2023
	$	$	$	$
Financial instruments measured at fair value:				
Equities	190,529	1,913	32	192,474
Indexed bond funds	337	154,651	-	154,988
Private debt	1,040	37,559	19,229	57,828
Real estate	6	56,914	-	56,920
Mortgages	-	24,240	-	24,240
Total	191,912	275,277	19,261	486,450

For the year ended December 31, 2023 (in thousands of Canadian dollars)

20. Fair value measurement (continued)

Reclassified from Level 3 to Level 2 relate to Canadian Private debt investments. The reclassification was made at the beginning of the year because of a change in the underlying investment funds.

Level 3	2023 $	2022 $
Fair Value, beginning of year	16,059	87
Reclassified from Level 3 to Level 2	(6,453)	-
Purchases	10,305	15,837
Settlements	(1,392)	(4)
Unrealized Gains(Losses)	742	139
	19,261	16,059

	Level 1 $	Level 2 $	Level 3 $	As at December 31, 2022 $
Financial instruments measured at fair value:				
Equities	145,858	1,485	19	147,362
Indexed bond funds	1,449	159,149	-	160,598
Private debt	653	27,988	16,040	44,681
Real Estate	-	70,804	-	70,804
Mortgages	-	23,062	-	23,062
Total	147,960	282,488	16,059	446,507

Mortgages are valued based on inputs from a non-active but well defined market for similar assets. Verifiable discount rates and spreads are utilized that are reflective of the underlying mortgage asset quality.

Notes to the Financial Statements

For the year ended December 31, 2023 (in thousands of Canadian dollars)

20. Fair value measurement (continued)

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.

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WORKERS' SAFETY AND COMPENSATION COMMISSION
NORTHWEST TERRITORIES AND NUNAVUT

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