

WORKERS' SAFETY AND COMPENSATION COMMISSION

# ANNUAL REPORT 2021

Northwest Territories and Nunavut

# Workers' Safety and Compensation Commission Northwest Territories and Nunavut

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[wsc.nt.ca](http://wsc.nt.ca)  
[wsc.nu.ca](http://wsc.nu.ca)



**WSCCNTNU**



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# Letter of Transmittal

April 30, 2022

**The Honourable Margaret Thom**  
Commissioner of the Northwest Territories

**The Honourable Eva Aariak**  
Commissioner of Nunavut

**The Honourable Paulie Chinna**  
Northwest Territories Minister Responsible for the  
Workers' Safety and Compensation Commission

**The Honourable Margaret Nakashuk**  
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, 2021.

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 *2021 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.

A handwritten signature in black ink, appearing to read 'J. Bruce', written in a cursive style.

**Jenni Bruce**  
Chairperson

# Message from the President



2021 was year four of WSCC’s 5-year strategic plan. This past year, we continued our mission of promoting workplace health and safety while providing no fault insurance and care to injured workers. To focus on achieving our strategic goals of *Advancing the Safety Culture* and *Delivering*

*Quality Services and Outcomes* in 2021, each strategic Objective was assigned to a division to lead that work. We added Targets and Measurements to each initiative to better evaluate how well we met our goals. Finally, to streamline our activities, address issues that have emerged since the beginning of the strategic planning cycle, and to reflect the changing external context in which we operate, we amended some objectives in the 2021 Corporate Plan to better serve WSCC’s stakeholders.

During the pandemic’s fourth wave, we continued to provide employers and workers with assistance to prevent COVID-19 transmission at work sites across both territories. We are starting to get a sense of our “new normal”. Using appropriate safety precautions, the Governance Council was finally able to meet in person in December 2021, after meeting remotely since the beginning of the pandemic.

2021 was a year of preparatory work. We worked on translating the Young Worker program into English, French and Inuktitut in preparation for a formal launch in 2022. Phase 1 of the Safe Workplace program, a new incentive program for employers, was finalized in preparation for deployment in 2022. We also reduced our environmental impact by introducing the paperless Employer’s Report of Incident through *WSCC Connect*.

In this report, we have outlined the progress WSCC made in achieving our strategic priorities and objectives over the past year. As we move into the final year of our 2018-2022 strategic plan, we look forward to working with employers and workers across the north to prevent workplace incidents and to safely return injured workers to work.



**Debbie Molloy**  
President and CEO

## our VISION

Eliminate workplace diseases and injuries.

## our MISSION

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

## 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.



# 2021 Strategic Priorities and Objectives



## Strategic Priority 1

### Advancing the Safety Culture

#### Objectives

- Improve awareness of and advance occupational health and safety (OHS) concepts and programs.
- Increase OHS education in communities.



## Strategic Priority 2

### Delivering Quality Services and Outcomes

#### Objectives

- Continue implementation of the e-Business strategy.
- Increase safe and timely return to work (RTW).
- Improve cultural safety in our day-to-day work and in our services for stakeholders.
- Maintain financial stewardship of the Workers' Protection Fund.
- Improve integrity of and access to data.
- Enhance communication.



## Governance Council

*Clockwise from top left: Eleese Scott (Chief Governance Officer and Senior Advisor), Rachel Makohoniuk, Joseph Ohokannoak, Cathy Cudmore, Debbie Molloy (President & CEO), Jenni Bruce, Robert Wilkins. Absent from photo: Peter Mackey.*

### 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

**Vacant**, Nunavut Worker Representative

# About the WSCC

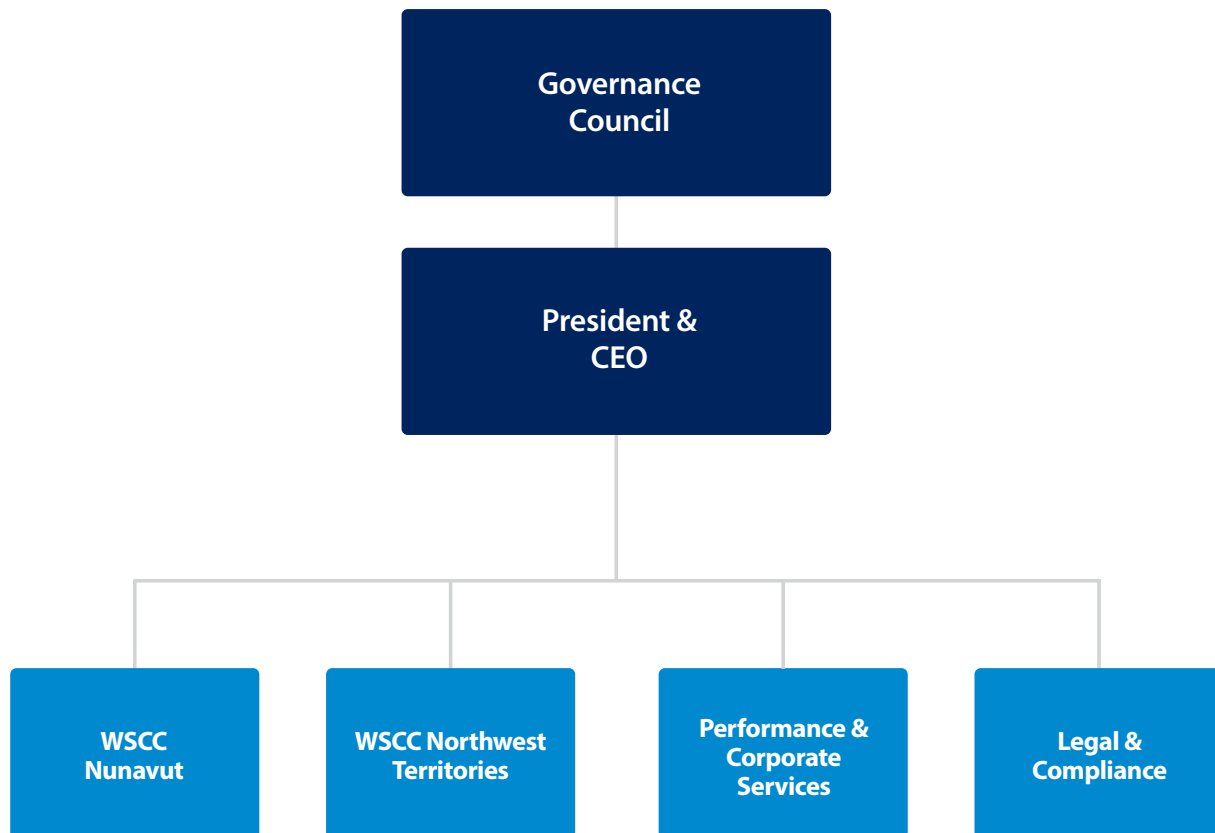
## Safety and Care

The WSCC is an independent statutory agency responsible for administering the *Workers' Compensation Acts*, *Safety Acts*, *Explosive Use Acts*, and the *Mine Health and Safety Acts* of the Northwest Territories and Nunavut. 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 has two strategic priorities for 2018-2022: *Advancing the Safety Culture* and *Delivering Quality Services and Outcomes*.

## WSCC's Corporate Structure

During 2021, the WSCC completed an internal reorganization to streamline our resources in order to better serve Stakeholders. The corporate structure now consists of four divisions: WSCC Nunavut, WSCC Northwest Territories, Performance & Corporate Services, and Legal & Compliance.





# WSCC Statistics

Data pulled is from a point-in-time measure. Information is adjusted to provide the most up-to-date statistics, which may reflect adjusted values when compared against previous year's data. This is the fourth year of the WSCC's five-year 2018-2022 strategic cycle.

|   | 2017      | 2018      | 2019      | 2020      | 2021      |
|---|-----------|-----------|-----------|-----------|-----------|
| <b>Assessable Employers</b>                                 | 3,487     | 4,485     | 4,130     | 3,968     | 4,064     |
| <b>New Employers</b>  | 616       | 663       | 699       | 507       | 601       |
|   | 250 NU    | 265 NU    | 318 NU    | 231 NU    | 288 NU    |
|   | 366 NT    | 398 NT    | 381 NT    | 276 NT    | 313 NT    |
| <b>Reactivated Employer Accounts</b>                        | 324       | 333       | 398       | 250       | 289       |
|   | 112 NU    | 121 NU    | 176 NU    | 104 NU    | 129 NU    |
|   | 212 NT    | 212 NT    | 222 NT    | 146 NT    | 160 NT    |
| <b>Reported Claims</b>                                      | 3,486     | 3,567     | 3,614     | 2,832     | 3,073     |
| <b>Accepted Claims</b>                                      | 2,272     | 2,354     | 2,359     | 1,709     | 2,065     |
|   | 948 NU    | 968 NU    | 1,030 NU  | 723 NU    | 947 NU    |
|   | 1,324 NT  | 1,386 NT  | 1,329 NT  | 986 NT    | 1,118 NT  |
| <b>Review Requests</b>                                      | 64        | 71        | 63        | 33        | 46        |
| <b>Work-related Fatality</b>                                | 3         | 6         | 4         | 1         | 10        |
| <b>Assessable Payroll</b>                                   | \$2,953 M | \$3,126 M | \$3,283 M | \$3,138 M | \$3,474 M |
| <b>Assessable Revenue</b>                                   | \$61.2 M  | \$67.2 M  | \$68.9 M  | \$78.06 M | \$84.35 M |
| <b>YMIR</b>   | \$90,600  | \$90,600  | \$92,400  | \$94,500  | \$97,300  |
| <b>Inspections Conducted</b>                                | 880       | 932       | 987       | 626       | 623       |
|   | 300 NU    | 407 NU    | 335 NU    | 227 NU    | 215 NU    |
|   | 580 NT    | 525 NT    | 652 NT    | 399 NT    | 408 NT    |
| <b>Engagements<sup>(1)</sup></b>                            | (2)       | (2)       | 282       | 2736      | 1591      |
| <b>Average number of orders per inspection</b>              | 2.63      | 2.87      | 2.92      | 2.37      | 2.42      |
|   | 3.96 NU   | 3.05 NU   | 3.16 NU   | 3.32 NU   | 2.72 NU   |
|   | 1.94 NT   | 2.74 NT   | 2.79 NT   | 1.82 NT   | 2.27 NT   |
| <b>Orders issued</b>  | 2,312     | 2,678     | 2,878     | 1,481     | 1,510     |
| <b>Reports of Unsafe Work received through WSCC Connect</b> | 284       | 191       | 134       | 196       | 129       |
| <b>Reportable Incidents<sup>(3)</sup></b>                   | 109       | 151       | 169       | 194       | 228       |
|   | 68 NU     | 78 NU     | 93 NU     | 107 NU    | 125 NU    |
|   | 41 NT     | 73 NT     | 76 NT     | 87 NT     | 103 NT    |
| <b>Investigations</b>                                       | 20        | 8         | 18        | 17        | 7         |
| <b>Prosecutions</b>   |           |           |           |           |           |
| <b>Employers/Supervisors Charged</b>                        | 4         | 2         | 2         | 1         | 5         |
| <b>Employers/Supervisors Sentenced</b>                      | 1         | 6         | 1         | 2         | 3         |

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

(2) Engagements began tracking in Q4 of 2018.

(3) Under the Occupational Health and Safety Regulations and the Mine Health and Safety Regulations.



Report on 2021 Activities  
**Advancing  
the Safety Culture**

Workers' Safety and Compensation Commission  
Northwest Territories and Nunavut

# 2021 Key Performance Indicators

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

| Key Performance Indicator                    | Metric  | 2018  | 2019  | 2020  | 2021   | Target | Assessment |
|--|---|-------|-------|-------|--------|--------|------------|
| Time loss frequency                          | # of time loss claims per 100 workers                               | 2.17  | 2.07  | 1.68  | 1.82   | 1.99   | ✓          |
| Employers with OHS program <sup>1</sup>      | % of employers with program   | 46.9% | 53.8% | 52.5% | 41.6%  | 55%    | ✗          |
| Young worker time loss injuries <sup>2</sup> | % of reported incidents resulting in time loss for workers under 25 | -     | -     | -     | 23.43% | 0-24%  | ✓          |

✓ Performance meeting or exceeding target  
 ▬ Performance marginally off target  
 ✗ Performance off target

<sup>1</sup>The 2021 drop from 52.5% to 41.6% of employers with OHS Programs results from a change in the Annual Payroll Reporting questionnaire from a Yes/No format to a 5-point scale. User feedback indicated that the 5-point scale was difficult to understand, and therefore the format was changed back to the original Yes/No format.

<sup>2</sup>This KPI was introduced in 2021 to track the number of serious injuries involving time loss of workers 24 years of age and younger.

## SAFETY CULTURE





An overall attitude towards safety that extends beyond the workplace and into how we prioritize staying safe in our day-to-day activities. It is a set of shared beliefs between workers, employers, and the general public about workplace health and safety.





# How did we do with our 2021 Advancing the Safety Culture initiatives?





## 1.1 Improved awareness and advancement of OHS concepts and programs

Continue implementation of tactics in support of OHS development


| INITIATIVE  | TARGET   | PERFORMANCE   |
|---|--|---|
| Engage with employers and provide materials to advance OHS program development                      | <ul style="list-style-type: none"> <li>Publish 1 Code of Practice per quarter</li> <li>Interact with 35% of employers</li> </ul> |  |
| Collaborate with partners to support nationally established trends in workplace safety              | <ul style="list-style-type: none"> <li>Support awareness of 1 trend per quarter through our communication channels</li> </ul>    |  |
| Develop legislation proposal to combine the <i>Safety Act</i> and <i>Mine Health and Safety Act</i> | <ul style="list-style-type: none"> <li>Proposal complete</li> </ul>  |  |
| Implement recommendations to improve the safety incentive program                                   | <ul style="list-style-type: none"> <li>Establish baselines measurements for program</li> </ul>                                   |  |

Analyze and address emerging issues and trends in workplace safety

| INITIATIVE   | TARGET   | PERFORMANCE   |
|--|--|---|
| Develop recommendations and initiate implementation of enhanced injury prevention program delivered by Prevention Services     | <ul style="list-style-type: none"> <li>Recommendations implemented</li> </ul>                |   |
| Complete an analysis of Prevention activities and claims trends quarterly to ensure real-time planning and appropriate actions | <ul style="list-style-type: none"> <li>1 trend actioned appropriately per quarter</li> </ul> |  |

 Performance meeting or exceeding target  
  Performance marginally off target  
  Performance off target  
  Reprioritized for future or change in direction

### LOOKING FORWARD



In 2022, we will continue to work with employers to develop or strengthen workplace OHS programs and deploy the Safe Workplace program. We will continue to collaborate with partners to support nationally established trends in workplace safety, and determine the next steps required to combine the *Safety Acts* and *Mine Health and Safety Acts*.



In 2021, WSCC developed and published **5 YOUTUBE VIDEOS** in English, French, and Inuktitut.

Total views of these videos in 2021: **356 VIEWS**



## 1.2 Increase OHS education in communities

| Continue deployment of the strategy for OHS education for young workers   |  |             |
|---|--|-------------|
| INITIATIVE  | TARGET   | PERFORMANCE |
| Roll out the Young Worker Certificate Course to employers as a best practice requirement for hiring young workers   | <ul style="list-style-type: none"> <li>Rollout program to 40 employers</li> </ul>                              | ✓           |
| Develop a youth ambassador program to promote young worker safety and education   | <ul style="list-style-type: none"> <li>Complete and approve proposal</li> </ul>                                | ✓           |
| Roll out the Young Worker Certificate Course to young workers in the Northwest Territories and Nunavut  | <ul style="list-style-type: none"> <li>300 young workers pass the course</li> </ul>                            | ✗           |
| Collaborate with the Northern Safety Association to enhance employers' utilization of the Young Worker Certificate Course as part of hiring young workers | <ul style="list-style-type: none"> <li>Establish quarterly meetings to review education delivery</li> </ul>    | ✓           |
| Develop and deploy a strategy focused on supporting OHS education in northern communities   |  |             |
| INITIATIVE  | TARGET   | PERFORMANCE |
| Collaborate with Northern Safety Association and other organizations to deliver education   | <ul style="list-style-type: none"> <li>Meet with one organization per quarter</li> </ul>                       | ✓           |
| Build collaboration with local community organizations to support OHS education   | <ul style="list-style-type: none"> <li>Engage with 1 community per quarter to support OHS education</li> </ul> | ✓           |

✓ Performance meeting or exceeding target  
 ⚠ Performance marginally off target  
 ✗ Performance off target  
 □ Reprioritized for future or change in direction

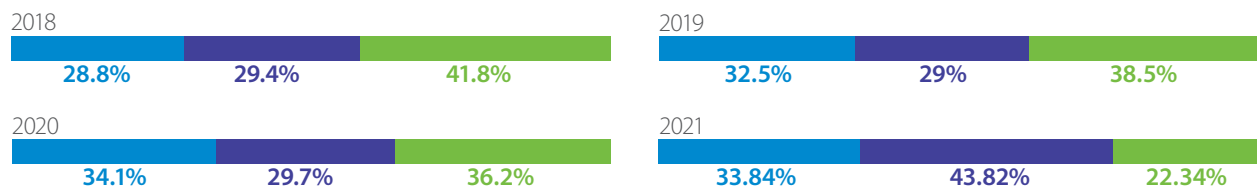
## LOOKING FORWARD



In 2022, the WSCC will continue to raise awareness about workplace health and safety and analyze and address emerging health and safety trends. We will collaborate with community partners to increase OHS education in northern communities.

### Order Compliance

■ Complied with by due date  
 ■ Complied with after due date  
 ■ Outstanding (as of point in time)





Report on 2021 Activities

# Delivering Quality Services and Outcomes

Workers' Safety and Compensation Commission  
Northwest Territories and Nunavut

# 2021 Key Performance Indicators

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

| Key Performance Indicator    | Metric   | 2018  | 2019   | 2020   | 2021  | Target   | Assessment |
|------------------------------|--|-------|--------|--------|-------|----------|------------|
| Short term time loss         | % of cases with duration less than 10 days             | 70.2% | 73.2%  | 75.8%  | 77.7% | 75%      | ✓          |
| Time to first payment        | % of first compensation payments issued within 20 days | 88.6% | 87.3%  | 78.2%  | 71.3% | 90%      | ✗          |
| Time to entitlement decision | % of decisions made within 15 days                     | 73.4% | 74.3%  | 79.3%  | 68.1% | 70%      | —          |
| Return to work               | % of injured workers RTW within 6 months               | 90.3% | 89.4%  | 88.6%  | 87.8% | 90%      | —          |
| e-Business user satisfaction | % of satisfied respondents                             | 82%   | 77%    | 77%    | 77%   | 80%      | —          |
| Funded position              | % of funded position                                   | 102%  | 105%   | 109%   | 114%  | 105-135% | ✓          |
| Operating budget             | Within % of annual budgeted expenses                   | -7.6% | -15.9% | -14%   | -0.1% | 5%       | ✓          |
| Claims costs                 | Within % of annual budget claims costs                 | 25.4% | 31%    | -18.8% | 4.8%  | 10%      | —          |
| Return on investment         | % returned   | -0.2% | 13.22% | 5.73%  | 10.1% | 5.85%    | ✓          |

 Performance meeting or exceeding target
  Performance marginally off target
  Performance off target

## 2021 Stakeholder Engagement Survey - what you told us



**71%**

of surveyed workers were satisfied or very satisfied with their last interaction with WSCC.



**67%**

of surveyed workers were satisfied or very satisfied with the claims process.



**70%**

of employers who used *WSCC Connect* indicated that there were no issues, while **8%** did not know and **4%** preferred not to answer.



**75%**

of respondents who were aware of and utilized *WSCC Connect*, reported being satisfied or very satisfied.

# How did we do with our 2021 Quality Service and Outcomes initiatives?

## 2.1 Continue implementation of the e-Business strategy

Continue the development and enhancement of e-Business initiatives

| INITIATIVE   | TARGET   | PERFORMANCE                         |
|--|--|-------------------------------------|
| Develop additional services for general employer Contact Management      | <ul style="list-style-type: none"> <li>90% accurate and current information for employers registered on <i>WSCC Connect</i></li> </ul> | <input type="checkbox"/>            |
| Enhance user experience of <i>WSCC Connect</i> through stylistic changes | <ul style="list-style-type: none"> <li>80% stakeholder satisfaction</li> </ul>   | <input checked="" type="checkbox"/> |
| Develop online access for employer monthly statements                    | <ul style="list-style-type: none"> <li>Provide monthly statements online for 100% of employers</li> </ul>                              | <input checked="" type="checkbox"/> |


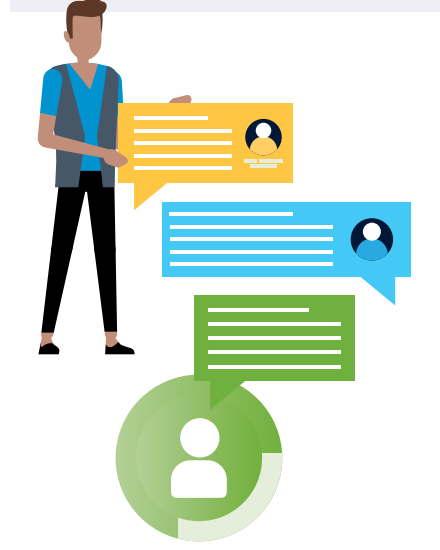
Ensure internal readiness for e-Business with systems infrastructure and cyber security

| INITIATIVE   | TARGET  | PERFORMANCE                         |
|--|---|-------------------------------------|
| Enhance system and network architecture to minimize e-Business downtime and ensure system security | <ul style="list-style-type: none"> <li><i>WSCC Connect</i> service uptime of 99.9%</li> </ul> | <input checked="" type="checkbox"/> |

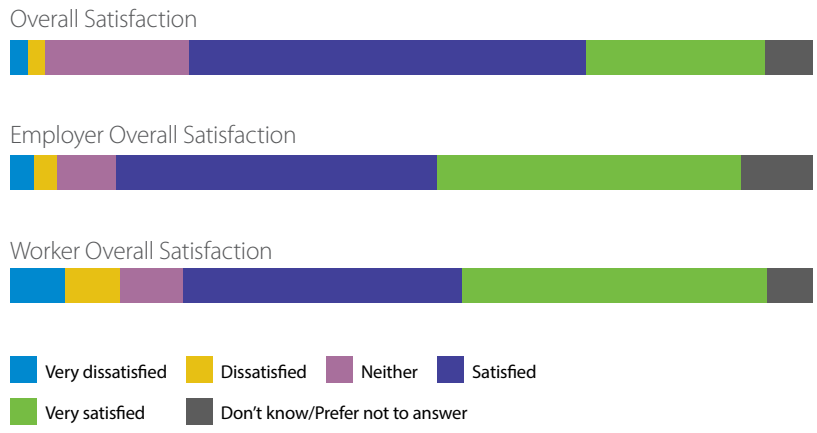
Performance meeting or exceeding target  
  Performance marginally off target  
  Performance off target  
  Reprioritized for future or change in direction

## LOOKING FORWARD

In 2022, WSCC will continue to develop and enhance e-Business solutions, and further support internal data management decision-making through business intelligence tools.

### E-Business User Satisfaction





## 2.2 Increase safe and timely return to work (RTW)

Improve safe and timely return to work through early intervention

| INITIATIVE  | TARGET   | PERFORMANCE |
|---|--|-------------|
| Enhance WSCC processes, resources, and services to improve early intervention | <ul style="list-style-type: none"> <li>Establish a tracking system for measuring medical clearance for injuries as compared to Disability Duration Guidelines</li> </ul> | ✓           |
| Develop resources to support employers & WSCC in promoting early intervention | <ul style="list-style-type: none"> <li>Develop 8 resources in 2021</li> </ul>  | ✓           |

| INITIATIVE  | TARGET  | PERFORMANCE |
|---|---|-------------|
| Provide and promote resources, education, and support for increasing employers' application of RTW programs | <ul style="list-style-type: none"> <li>Support 1 large employer sector per quarter</li> </ul> | ✓           |
| Collaborate with employers to promote return to work programs   | <ul style="list-style-type: none"> <li>Collaborate with 90 small employers</li> </ul>         | ✓           |
| Continue development of the legislative proposal to support return to work                                  | <ul style="list-style-type: none"> <li>On track per project timelines</li> </ul>              | □           |

✓ Performance meeting or exceeding target  
 ▬ Performance marginally off target  
 ✘ Performance off target  
 □ Reprioritized for future or change in direction

## LOOKING FORWARD



In 2022, WSCC will continue our efforts to improve safe and timely return to work through early intervention, and increase the percentage of employers participating in Return to Work programs.



2021 Injury Frequency Calculations

**825**

2021 Time Loss Claims

**1.8**

2021 Time Loss Frequency  
(Number of time loss claims per 100 workers)

## 2.3 Improve cultural safety in our day-to-day work and in our services for stakeholders

Develop a strategy that builds cultural competency, to move the WSCC towards practicing cultural safety

| INITIATIVE  | TARGET   | PERFORMANCE                         |
|---|--|-------------------------------------|
| Provide comprehensive, mandatory and ongoing cultural safety training for WSCC employees and embed cultural safety and humility into WSCC's processes, policies, resources, initiatives, and services | <ul style="list-style-type: none"> <li>Review a minimum of 3 business unit functions to ensure appropriate cultural awareness and sensitivity in our services</li> </ul> | <input checked="" type="checkbox"/> |
| Pursue collaborative opportunities with partners in building cultural competency  | <ul style="list-style-type: none"> <li>Engage with 3 external organizations or agencies</li> </ul>   | <input checked="" type="checkbox"/> |
| Establish baseline information that measures stakeholder experience   | <ul style="list-style-type: none"> <li>Develop baseline measures related to number of complaints/compliments regarding cultural safety</li> </ul>                        | <input type="checkbox"/>            |



Performance meeting or exceeding target



Performance marginally off target



Performance off target



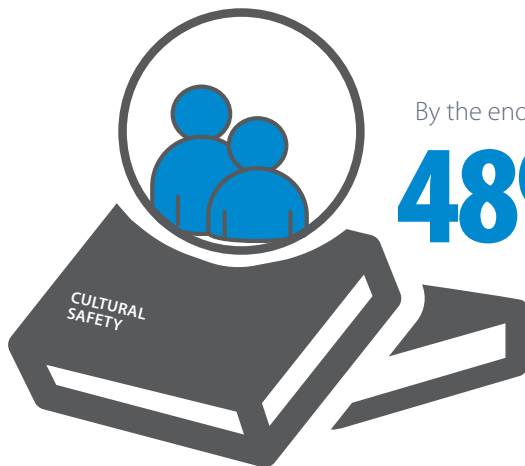
Reprioritized for future or change in direction

## LOOKING FORWARD



WSCC will continue to build cultural competency amongst staff in order to move the WSCC towards practicing cultural safety, and implement the cultural safety framework in 2022.

All WSCC staff must complete GNWT's Indigenous Cultural Awareness and Sensitivity Training – *Living Well Together*



By the end of 2021:

**48%**

of WSCC employees had completed all training modules

**31%**

of employees were completing the training



## 2.4 Maintain financial stewardship of the Workers' Protection Fund

| Evaluate our financial drivers   |   |             |
|--|---|-------------|
| INITIATIVE   | TARGET  | PERFORMANCE |
| Review and analyze the factors impacting claims costs  | • Evaluate findings and devise action plan        | ✓           |
| Analyze and update the employer classification review procedure to ensure accountability and fiscal responsibility | • Edits to procedure are approved and implemented | ✓           |
| Conduct a review of the WSCC lifetime pensions program   |   |             |
| INITIATIVE   | TARGET  | PERFORMANCE |
| Initiate process for legislative amendments  | • Completion within 1 – 3 years                   | ✓           |
| Draft policy amendments  | • Completion within 1 – 3 years                   | ✓           |
| Prepare for required operational changes   | • Completion within 1 – 3 years                   | ✓           |

✓ Performance meeting or exceeding target
– Performance marginally off target
✘ Performance off target
□ Reprioritized for future or change in direction

## LOOKING FORWARD



WSCC will continue to analyze our financial drivers. Although much work was completed on amending the lifetime pensions program in 2021, this work will continue into 2022. We will carry on with the current financial reporting work to ensure consistency, comparability, and transparency.

### 2021 Stakeholder Engagement Survey - what you told us



**97%**




of surveyed employers agreed or strongly agreed that their workplace values safety.





**80%**

of surveyed workers agreed or strongly agreed that their workplace values safety.

## 2.5 Improve integrity of and access to data<sup>1</sup>

## 2.6 Enhance communication

| Improve written stakeholder communication   |   |   |
|---|---|---|
| INITIATIVE  | TARGET  | PERFORMANCE   |
| Implement standardized written communications to claimants. (Note: this is a carry-over from 2020)      | <ul style="list-style-type: none"> <li>Project complete. Appropriate satisfaction measures to be determined through the project planning</li> </ul> |  |
| Complete an evaluation on the updated standardized written communications to claimants                  | <ul style="list-style-type: none"> <li>Complete evaluation and determine level of stakeholder satisfaction</li> </ul>                               |  |
| Analyze and update letters and templates for Prevention and Employer Services' communications materials | <ul style="list-style-type: none"> <li>Project complete. Appropriate satisfaction measures to be determined through the project planning</li> </ul> |  |

 Performance meeting or exceeding target  
  Performance marginally off target  
  Performance off target  
  Reprioritized for future or change in direction

<sup>1</sup>This objective was absorbed into Objective 2.1

## LOOKING FORWARD

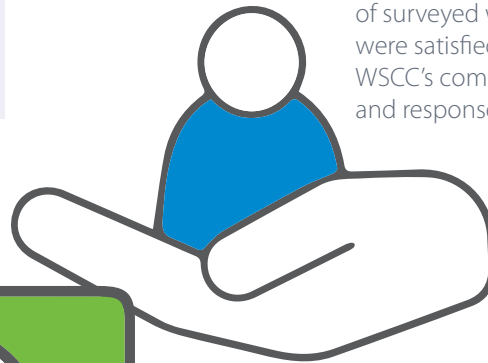
In 2022, WSCC will carry on with the project to improve written communication with stakeholders, to ensure messaging is consistent, clear, and culturally appropriate.



2021 Stakeholder Engagement Survey - what you told us

**66%**

of surveyed workers were satisfied with WSCC's communication and response time



**79%**

of surveyed employers were satisfied with WSCC's communication and response time





# Our Finances

Workers' Safety and Compensation Commission  
Northwest Territories and Nunavut

# Management Commentary

For the year ended December 31, 2021



The management commentary provides additional insights and information pertaining to the Workers' Safety and Compensation Commission's (WSCC) operations and financial affairs. The following audited financial statements are integral to this commentary and should be read in conjunction.

increase of 5% over the measure of 109% at December 31, 2020. In accordance with Policy 10.05 / Funding Strategy a \$0.20 component was included in the 2020 assessment rate to support the movement of the funded position towards the WSCC goal of 125%. As at December 31, 2021 that shortfall from the target remains therefore the \$0.20 component initially added to the assessment rate in 2020, will be extended into 2022. A re-evaluation of the \$0.20 rate component in 2024 will be based on the reported funding level at December 31, 2022.

## Forward-looking Information

This report contains forward-looking information from which actual results may differ. This information contains assumptions about the future and is therefore 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. The reader should be cautious about placing too much reliance on forward-looking information contained in this document.

## Funded Position

Under the authority of the Workers' Compensation Acts of the Northwest Territories and Nunavut, the WSCC Governance Council 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 maintain a balance between the provision of quality benefits to injured workers while maintaining stable and affordable employer assessment rates.

A key financial measure utilized by the WSCC and all workers' compensation organizations across Canada is the overall funded position or ratio. The WSCC's current funding strategy, implemented in March of 2014 and updated in December of 2018, establishes a target funding ratio (assets/liabilities) of 125%, which includes reserve funds.

As at December 31, 2021 the WSCC's funded position or funding ratio, as defined within the policy, is 114%, an

## Overview of 2021 Financial Results

Despite the operational challenges and continued implications of the COVID-19 pandemic, the overall financial results were positive. Assessment revenue grew to \$86M from \$78M in 2020 primarily due to a strong recovery in payroll coming out of the COVID-19 pandemic. The markets turned in a solid performance during the year. Global investment markets remained volatile over the year, continuing on their upward trend from 2020. The investment fund which started the year at \$435M ended at \$482M (including cash allocated to cash FSLI) providing total investment earnings in 2021 of \$44M (net of investment fees). While investment earnings were up from the \$2M level of 2020 the 2021 investment return of 10.1% was above the 2021 budget estimate.

The 2021 budget, as set by the Governance Council, anticipated a deficit comprehensive income of \$2.5M with \$78M in net assessment revenues; \$23M in investment revenues; \$82M in claims costs and \$21M in administration and general expenses. Actual results delivered comprehensive income of \$22.4M resulting from assessment revenues for the year of \$85.7M; investment earnings of \$44.1M; claims costs of \$86.4M; and administration and general expenses of \$20.9M.

The most notable variation from budget pertained to claims costs resulting in a negative claims cost variance of \$4M. New injury costs in 2021 are 32% higher relative to 2020. The increase is largely due to the number of new claims in 2021 returning to levels more in line with accident years prior to 2020. However, a preliminary analysis suggest that the amount of payments associated with these new claims seems to be even greater than 2020 experience. The combination of more claims with persistent higher payment experience is the most significant contributor to the increase in new injury cost.

Administration and general expenses, prior to the portion allocated to claims, increased by \$1.3M or 4% over 2020 levels. Salaries and the related employer share of benefits comprised 66% of total administration and general expenses in 2021 which is fairly consistent with prior years.

The benefits liability increased \$24M in 2021 now totalling \$430M. The estimate of the long-term average rate of return (over and above inflation) on invested assets as at December 31, 2021 was 3.25%, consistent with the 2020 assumption. Combined with the long-term average inflation assumption of 2% (2% for 2020) the gross discount rate used in calculating the benefit liability was 5.25% compared to a gross discount rate of 5.25% used for 2020.

Included within the total benefit liability is an allowance for all recognized latent occupational disease claims, including those pertaining specifically to firefighters, expected to arise in the future as a result of past worker's exposures. The component of the total benefit liability attributable to latent occupational diseases is \$39M which comprises 9% of the total benefit liability. That is an increase from the 8.3% level of 2020. The increase is attributable to the change in the estimate for the presumptive firefighter's coverage which comprises a portion of the total latent occupational disease element.

In prior valuations, a provision for expected future claims cost for Hunters & Trappers had been included in Future Claims Liability in accordance with the Memorandum of Understanding on Renewable Resources Harvesters (April 2015 for the NWT, April 2009 for NU) ("MOU"). A review of the accounting treatment for Harvesters was completed and as a result the Harvesters group will be accounted for on a self-insured basis within the scope of IFRS 15 rather than IFRS 4. This treatment carved out a contract liability and deferred revenues of \$13M for 2021 and \$13M for 2020 representing the Harvesters Liability for both NWT & NU.

Reserves increased in 2021 by \$22.5M with total net reserves sitting at \$62.5M (2020 - \$40.1M). The Catastrophe reserve balance for 2021 is \$23.1M (2020 - \$18M), a transfer was executed to maintain the minimum benchmark of 5% of total liabilities in accordance to policy 10.5. The Capital Replacement Reserve balance for 2021 is \$2.4M (2020 - \$648K) receiving transfer from Operating Reserve for projects approved prior and up to 2021. These transfers resulted in the Operating Reserve 2021 balance of \$37M (2020 - \$21.4M).

In 2021 the year's maximum insurable remuneration (YMIR) increased to \$97,300 from the 2020 level of \$94,500. YMIR represents the maximum level of employee covered wages used for benefit determination. YMIR is set annually in accordance with WSCC Policy 00.04 / Year's Maximum Insurable Remuneration and is a key determinate in both claims compensation and employer assessable earnings.

The 2021 provisional assessment rate was maintained at \$2.40/ \$100 of assessable payroll from the 2020 rate of \$2.40/ \$100 of assessable payroll.

## Forward Looking

The WSCC embarked upon a five-year strategic plan which commenced in 2018. The plan remains in place through 2022 and represents a natural evolution from the previous WSCC 2015 -2017 strategic plan. The strategic priorities enunciated in the plan are as follows:

- *Advancing the Safety Culture*
- *Delivering Quality Services and Outcomes*

On March 11, 2020 the World Health Organization declared COVID-19 a global pandemic. That status remains with the world continuing to endure the effects of this pandemic. Containment measures in the Northwest Territories and Nunavut have been relatively successful; however, the continuation of the pandemic continues to affect many items, both operational and financial. Treatment for injured workers has been impacted; employers continue to struggle under the weight of the impact on their businesses, which may ultimately affect assessable payroll. Financial markets which had an immediate negative reaction to the onset of the pandemic, have recovered, however long-term economic uncertainty resident during these tumultuous times will continue to challenge investor confidence.

The duration and extent of the impact of COVID-19 remains an overarching uncertainty affecting the workplace, the economy and the WSCC going forward. In serving workers and wholly funded by employers in the Northwest Territories and Nunavut the WSCC, while legislatively mandated, is not immune to the impacts of COVID-19. The Governance Council and management will continue to monitor and adapt to the ongoing changing environment which brings a heightened level of uncertainty to the operational and financial impacts facing the WSCC going forward.



**Harry Cassie, MBA, FCCA, CFE, CMgr. FCMI, CPA, CGA**  
Chief Financial Officer

# Management's Responsibility for Financial Reporting

May 16, 2022

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

In discharging its responsibilities for the integrity and fairness of the financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized 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.

LifeWorks, 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.



**Debbie Molloy**  
President and CEO



**Harry Cassie, MBA, FCCA, CFE, CPA, CGA**  
Chief Financial Officer



# Actuarial Statement of Opinion



I have completed the actuarial valuation of the benefit liabilities of the Workers' Safety and Compensation Commission (the "Commission") as at December 31, 2021 (the "valuation date"). Details of the data, actuarial assumptions, valuation methods and results are included in the actuarial valuation report as at the valuation date, of which this statement of opinion forms part.

In my opinion:

1. The data on which the valuation is based were supplied by the Commission in accordance with specifications provided by us. We applied such checks of reasonableness of the data as we considered appropriate, and have concluded that the data are sufficient and reliable to permit a realistic valuation of the liabilities of the Commission.
2. The actuarial assumptions adopted in computing the liabilities are adequate and appropriate for the purpose of the valuation. The economic assumptions are consistent with the funding and investment policies of the Commission.
3. The methods used are appropriate for the purpose of the valuation and are in accordance with accepted actuarial practice for Workers' Compensation organizations in Canada.
4. The estimate of the actuarial liabilities as at the valuation date is \$429,650,000. 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 and the financial statements fairly present the results of the valuation.
6. This report has been prepared, and my opinions given, in accordance with accepted actuarial practice in Canada.
7. The valuation is based on the provisions of the Workers' Compensation Act S.N.W.T. 2007, c. 21, the Workers' Compensation Act S.Nu. 2007, c. 15 and on the Commission's policies and practices in effect on the valuation date.

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

**Thane MacKay, F.C.I.A.**

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

# Independent Auditor's Report



Office of the  
Auditor General  
of Canada

Bureau du  
vérificateur général  
du Canada

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the 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 2021, 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 a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at 31 December 2021, 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 accounting changes 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, CPA, CA  
Principal  
for the Auditor General of Canada

Edmonton, Canada  
16 May 2022

# Financial Statements

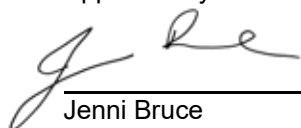
## Statement of Financial Position

As at December 31 (in thousands of Canadian dollars)

|  | 2021           | 2020                    | At January 1,<br>2020   |
|--|----------------|-------------------------|-------------------------|
|  |                | As restated<br>(Note 3) | As restated<br>(Note 3) |
|  | \$             | \$                      | \$                      |
| <b>TOTAL ASSETS</b>                                      |                |                         |                         |
| Cash   | 27,957         | 26,652                  | 13,214                  |
| Investments (Note 5 & 18)                                | 476,775        | 435,206                 | 422,035                 |
| Assessments receivable (Note 6)                          | 6,892          | 4,479                   | 3,891                   |
| Other receivables  | 1,028          | 326                     | 245                     |
| Prepaid expenses   | 298            | 321                     | 241                     |
| Property and equipment (Note 7)                          | 4,901          | 5,638                   | 6,447                   |
| Right of use assets (Note 19)                            | 4,287          | 5,488                   | 6,094                   |
| Intangible Assets (Note 8)                               | 2,414          | 2,488                   | 2,715                   |
|  | <b>524,552</b> | <b>480,598</b>          | <b>454,882</b>          |
| <b>LIABILITIES AND EQUITY</b>                            |                |                         |                         |
| <b>LIABILITIES</b>                                       |                |                         |                         |
| Accounts payable, accrued and other liabilities (Note 9) | 3,747          | 3,193                   | 4,927                   |
| Salaries and wages payable                               | 3,408          | 3,036                   | 2,265                   |
| Assessments refundable                                   | 6,672          | 8,700                   | 6,916                   |
| Lease liability (Note 19)                                | 4,521          | 5,692                   | 6,217                   |
| Benefits liability (Note 10)                             | 429,650        | 405,664                 | 400,911                 |
| Contract Liability (Note 11)                             | 10,681         | 10,529                  | 10,153                  |
| Deferred revenue (Note 11)                               | 2,243          | 2,211                   | 2,132                   |
| Post-employment benefits                                 | 1,108          | 1,502                   | 1,387                   |
|  | <b>462,030</b> | <b>440,527</b>          | <b>434,908</b>          |
| <b>EQUITY</b>  |                |                         |                         |
| Operating reserve (Note 12.a)                            | 37,070         | 21,416                  | 1,458                   |
| Capital asset replacement reserve (Note 12.b)            | 2,358          | 648                     | 509                     |
| Catastrophe reserve (Note 12.c)                          | 23,094         | 18,007                  | 18,007                  |
|  | <b>62,522</b>  | <b>40,071</b>           | <b>19,974</b>           |
|  | <b>524,552</b> | <b>480,598</b>          | <b>454,882</b>          |

Commitments (Note 13), Contingencies (Note 14)

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)

|  | 2021           | 2020<br>As restated<br>(Note 3) |
|--|----------------|---------------------------------|
|  | \$             | \$                              |
| <b>REVENUE AND INCOME</b>  |                |                                 |
| Assessments  | <u>85,766</u>  | 78,058                          |
| Investments  |                |                                 |
| Interest   | 99             | 84                              |
| Dividends  | 27,307         | 12,004                          |
| Investments gains (Note 5.a)   | 18,177         | 12,084                          |
| Investment fees  | <u>(1,403)</u> | <u>(1,450)</u>                  |
| Net Investment income (loss)   | <u>44,180</u>  | 22,722                          |
| Fines and miscellaneous income   | <u>75</u>      | 70                              |
|  | <u>130,021</u> | 100,850                         |
| <b>EXPENSES</b>  |                |                                 |
| Claims costs   |                |                                 |
| Claims costs, current year injuries (Note 10.b)                              | 60,934         | 46,175                          |
| Claims costs, prior years' injuries (Note 10.b)                              | 25,867         | 13,068                          |
| Third party legal claim recoveries   | <u>(334)</u>   | <u>(44)</u>                     |
|  | <u>86,467</u>  | 59,199                          |
| Administration and general expenses (Note 16)                                | <u>20,992</u>  | 21,148                          |
|  | <u>107,459</u> | 80,347                          |
| <b>Income before other comprehensive income</b>                              | <u>22,562</u>  | 20,503                          |
| <b>OTHER COMPREHENSIVE INCOME</b>  |                |                                 |
| Items that will not be reclassified to profit or loss in subsequent periods: |                |                                 |
| Re-measurement losses on defined benefit plan                                | <u>(111)</u>   | <u>(404)</u>                    |
| <b>Total comprehensive income</b>  | <u>22,451</u>  | 20,099                          |

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<br>Reserve | Capital Asset<br>Replacement<br>Reserve | Catastrophe<br>Reserve | Total         |
|---|----------------------|---|------------------------|---------------|
|   | \$                   | \$                                      | \$                     | \$            |
| <b>Balance at January 1, 2020,</b>            | <b>1,456</b>         | <b>509</b>                              | <b>18,007</b>          | <b>19,972</b> |
| Total comprehensive income for the year       |                      |   |                        |               |
| Income before other comprehensive income      | 20,503               | -                                       | -                      | 20,503        |
| Re-measurement losses on defined benefit plan | (404)                | -                                       | -                      | (404)         |
| Transfer to capital asset replacement reserve | (139)                | 139                                     | -                      | -             |
| <b>Balance at December 31, 2020</b>           | <b>21,416</b>        | <b>648</b>                              | <b>18,007</b>          | <b>40,071</b> |
| Total comprehensive income for the year       |                      |   |                        |               |
| Income before other comprehensive income      | 22,562               | -                                       | -                      | 22,562        |
| Re-measurement losses on defined benefit plan | (111)                | -                                       | -                      | (111)         |
| Transfer to catastrophe reserve               | (5,087)              | -                                       | 5,087                  | -             |
| Transfer to capital asset replacement reserve | (1,710)              | 1,710                                   | -                      | -             |
| <b>Balance at December 31, 2021</b>           | <b>37,070</b>        | <b>2,358</b>                            | <b>23,094</b>          | <b>62,522</b> |

Capital management and reserves (Note 12)

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



## Statement of Cash Flows

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

|   | 2021                 | 2020                       |
|---|----------------------|----------------------------|
|   | \$                   | Restated<br>(Note 3)<br>\$ |
| <b>OPERATING ACTIVITIES</b>                     |                      |                            |
| Cash received from:                             |                      |                            |
| Assessments from employers                      | 81,494               | 79,051                     |
| Cash paid to:                                   |                      |                            |
| Payments for claims cost and claims management  | (62,350)             | (56,177)                   |
| Net payment for Harvesters                      | (140)                | (132)                      |
| Purchase of goods and services                  | (19,762)             | (18,484)                   |
| Interest portion of lease liability             | (186)                | (212)                      |
| Cash (used in) provided by operating activities | <u>(944)</u>         | <u>4,046</u>               |
| <b>INVESTING ACTIVITIES</b>                     |                      |                            |
| Proceeds on sale of investments                 | 63,000               | 48,800                     |
| Dividends                                       | 27,307               | 12,004                     |
| Interest  | 99                   | 84                         |
| Purchase of intangible assets                   | (320)                | (190)                      |
| Purchase of property and equipment              | (46)                 | (146)                      |
| Purchases of investments                        | (86,392)             | (49,887)                   |
| Cash provided by investing activities           | <u>3,648</u>         | <u>10,665</u>              |
| <b>FINANCING ACTIVITIES</b>                     |                      |                            |
| Principal portion of lease liability payments   | (1,399)              | (1,273)                    |
| Cash used in financing activities               | <u>(1,399)</u>       | <u>(1,273)</u>             |
| Increase (decrease) in cash                     | 1,305                | 13,438                     |
| <b>Cash, beginning of year</b>                  | <u>26,652</u>        | <u>13,214</u>              |
| <b>Cash, end of year</b>                        | <u><u>27,957</u></u> | <u><u>26,652</u></u>       |

The accompanying notes form an integral part of these financial statements

## Notes to the Financial Statements

For the year ended December 31, 2021 (in thousands of Canadian dollars)

### 1. Nature of operations

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

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

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

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

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

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

The financial statements were authorized for issue by the Governance Council on May 16, 2022.

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

#### a) Comparative amounts

The financial statements provide comparative information in respect of the previous period. In addition, the Company presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. An additional statement of financial position as at 1 January 2020 is presented in these financial statements due to the correction of error, and the material effect that the accounting changes disclosed in Note 3 had on the information in that statement of financial position at that date.

## Notes to the Financial Statements

For the year ended December 31, 2021 (in thousands of Canadian dollars)

### 2. Statement of compliance, basis of preparation and summary of significant accounting policies (continued)

#### b) Liquidity classification

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.

#### c) Financial Instruments

##### *Investments*

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

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

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

##### *Other financial assets and liabilities*

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

##### *De-recognition of financial assets and liabilities*

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

## Notes to the Financial Statements

For the year ended December 31, 2021 (in thousands of Canadian dollars)

### 2. Statement of compliance, basis of preparation and summary of significant accounting policies (continued)

#### c) 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:
  - a) Traded on stock exchange.
  - b) Notional unit values for segregated funds are established daily.
- Level 2 is used when there are other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly, for example:
  - c) Valuations are based on appraisals of the properties that are based on observable market metrics, such as capitalization rates, growth rates, or lease rates.
  - d) 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.

Changes in valuation methods may result in transfers into or out of an asset's assigned level. The Commission's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no such transfers between levels in 2021 (2020 – no transfers).

#### d) Cash

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 investments managers for investment are included in cash.

#### e) Assessments receivable and assessments refundable

At the beginning of each year, the Commission levies assessments on employers by applying their industry assessment rate to their estimated payroll cost for the year. The assessment levy is payable by installments during the year. At year-end, employers file a statement of actual assessable payroll costs and the difference between the estimated assessment and the actual assessment is recognized either as an increase in assessment revenue and as a receivable, or as a decrease in assessment revenue and 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 and/or industry. Assessment revenue is recognized in the year that the actual assessable payroll cost was paid by employers to their employees.

## Notes to the Financial Statements

For the year ended December 31, 2021 (in thousands of Canadian dollars)

### 2. Statement of compliance, basis of preparation and summary of significant accounting policies (continued)

#### e) Assessments receivable and assessments refundable (continued)

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

#### f) 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.

#### g) Property and equipment

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

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

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

#### h) 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.

## Notes to the Financial Statements

*For the year ended December 31, 2021 (in thousands of Canadian dollars)*

### **2. Statement of compliance, basis of preparation and summary of significant accounting policies (continued)**

#### **h) Intangible assets (continued)**

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.

#### **i) Benefits liability**

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

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

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

#### **j) Contract Liability**

The contract liability represents pre-funded amounts received from the Government of the Northwest Territories and 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 liability balance is derecognized as claim payments are made by the Commission to Hunters and Trappers.

#### **k) 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, 2021 (in thousands of Canadian dollars)

### 2. Statement of compliance, basis of preparation and summary of significant accounting policies (continued)

#### l) 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, 2021 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.

#### m) 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.

## Notes to the Financial Statements

For the year ended December 31, 2021 (in thousands of Canadian dollars)

### 2. Statement of compliance, basis of preparation and summary of significant accounting policies (continued)

#### m) Right of use assets and lease liabilities (continued)

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 liability, 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.

#### n) Impairment of non-financial assets

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

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

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

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

The Commission is eligible and will be using the temporary exemption allowed for based on amendments to IFRS 4 issued in March 2020 which delays implementation of IFRS 9 to January 1, 2023. The Commission has applied the amendment effective January 1, 2019. In order to qualify for the exemption, the Commission needed to have a ratio of liabilities connected with insurance compared to the total carrying amount of its liabilities greater than 90%. The Commission achieved 93% as of December 31, 2021 (2020 - 92%); restated see Note 3) and therefore qualified for the exemption. With the exemption in place, the Commission will continue to classify its investments as held-for-trading and measured at fair value through profit or loss, refer to Note 4 for more details.



## Notes to the Financial Statements

For the year ended December 31, 2021 (in thousands of Canadian dollars)

### 2. Statement of compliance, basis of preparation and summary of significant accounting policies (continued)

#### o) New and revised accounting standards and interpretations issued but not yet effective (continued)

##### **IFRS 9 – Financial instruments (continued)**

Assessments receivable is classified as loans and receivables, and due to their short term nature, the carrying value approximates their fair value. Accounts payable, accrued and other liabilities, and salaries and wages payable are classified as other financial liabilities. All will continue to be measured at fair value, and measured at amortized cost using the effective interest rate method. Credit risk disclosure, including significant credit risk concentrations, are disclosed in Note 13. The Commission will continue to assess at year-end whether a receivable is considered to be uncollectible, and will write off against the allowance account. The impact of applying IFRS 9 is not expected to have a material impact.

##### **IFRS 17 – Insurance Contracts**

IFRS 17 was issued in May 2017 and is effective for years beginning on or after January 1, 2023, to be applied retrospectively. If full retrospective application is impractical, the modified retrospective or fair value methods may be used. IFRS 17 will replace IFRS 4 - Insurance Contracts and is expected to change the way insurance contract liabilities are recognized and measured. It will also change the presentation and disclosures of the Commission's Financial Statements. The impact of the new standard could be significant for the Commission. Key changes from this standard include the discount rate and risk adjustment. The Commission is assessing the impact of the standard and expects that it may potentially have a significant impact on the Commission's financial statements.

### 3. Accounting changes

#### a) Classification of Cash held by investment managers

The Commission re-assessed its accounting policy for cash held by investment managers for investment purposes. The Commission previously classified its cash held by investment managers for investment purposes as investments. On 1 January 2021, the Commission elected to change the method of accounting for cash held by investment managers for investment purposes and classify them as cash, as the Commission believes that this classification represents more fairly the nature of the assets. The Commission has applied the above policy retrospectively. The effect of the changes are described below.

#### STATEMENT OF FINANCIAL POSITION

(in thousands of Canadian dollars)

|             | As at December 31, 2020      |                    |                | As at January 1, 2020        |                    |                |
|-------------|------------------------------|--------------------|----------------|------------------------------|--------------------|----------------|
|             | As Previously Reported<br>\$ | Restatements<br>\$ | Restated<br>\$ | As Previously Reported<br>\$ | Restatements<br>\$ | Restated<br>\$ |
| Cash        | 25,396                       | 1,256              | 26,652         | 8,879                        | 4,335              | 13,214         |
| Investments | 436,462                      | (1,256)            | 435,206        | 426,370                      | (4,335)            | 422,035        |

## Notes to the Financial Statements

For the year ended December 31, 2021 (in thousands of Canadian dollars)

### 3. Accounting changes (continued)

#### STATEMENT OF CASH FLOWS (in thousands of Canadian dollars)

|                             | For the year ended December 31, 2020 |              |          |
|-----------------------------|--------------------------------------|--------------|----------|
|                             | As Previously Reported               | Restatements | Restated |
|                             | \$                                   | \$           | \$       |
| <b>INVESTING ACTIVITIES</b> |                                      |              |          |
|                             | (46,808)                             | (3,079)      | (49,887) |
| Increase (decrease) in cash | 16,517                               | (3,079)      | 13,438   |
| Cash, beginning of year     | 8,879                                | 4,335        | 13,214   |
| Cash, end of year           | 25,396                               | 1,256        | 26,652   |

In addition to the main statement impacts as shown above, where comparative information in note disclosures has also been restated in relation to this accounting change, it has been identified as such within the applicable note.

#### b) Restatement of Harvesters claims

The Commission administers claims for Renewable Resource Harvesters (Harvesters), in accordance with the Memoranda of Understanding on Renewal Resource Harvesters (April 2015 for the Northwest Territories and April 2009 for Nunavut). In prior years, Harvester claims were accounted for as insurance contracts in scope of IFRS 4 Insurance Contracts similar to all other employer claims, and payments from the Government of the Northwest Territories and Nunavut (the Governments) were recorded as Recoveries for hunters and trappers on the Statement of Comprehensive Income. In the current year, the Commission re-evaluated the accounting treatment for Harvesters and concluded that these represent a self-insurance arrangement for the Governments, with the Commission acting as an 'agent' in administering these arrangements on behalf of the Governments in exchange for an administration fee. As a result, Harvester claims do not fall within the scope of IFRS 4 and these Harvesters arrangements are now accounted for in accordance with IFRS 15 Revenue from Contracts with Customers. The previous accounting resulted in the Benefits Liability balance including the actuarial value of Harvester claims, plus the related administration fee. Under the revised accounting, the Commission recognizes funds received from the Governments for the related administration fee as a Deferred Revenue (which is realized as revenue over time, as the Commission satisfies its performance obligations under these arrangements). Under the revised accounting, the Commission recognizes 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 (which is realized as revenue over time, as the Commission satisfies its performance obligations under these arrangements).

## Notes to the Financial Statements

For the year ended December 31, 2021 (in thousands of Canadian dollars)

### 3. Accounting changes (continued)

#### STATEMENT OF FINANCIAL POSITION (in thousands of Canadian dollars)

|                          | As at December 31, 2020      |                    |                | As at January 1, 2020        |                    |                   |
|--------------------------|------------------------------|--------------------|----------------|------------------------------|--------------------|-------------------|
|                          | As Previously Reported<br>\$ | Restatements<br>\$ | Restated<br>\$ | As Previously Reported<br>\$ | Restatements<br>\$ | As Restated<br>\$ |
| <b>ASSETS</b>            |                              |                    |                |                              |                    |                   |
| Other receivables        | 834                          | (507)              | 327            | 696                          | (452)              | 244               |
| <b>Total assets</b>      | <b>481,105</b>               | <b>(507)</b>       | <b>480,598</b> | <b>455,333</b>               | <b>(452)</b>       | <b>454,881</b>    |
| <b>LIABILITIES</b>       |                              |                    |                |                              |                    |                   |
| Benefits liability       | 418,911                      | (13,247)           | 405,664        | 413,649                      | (12,738)           | 400,911           |
| Contract Liability       | -                            | 10,529             | 10,529         | -                            | 10,154             | 10,154            |
| Deferred revenue         | -                            | 2,211              | 2,211          | -                            | 2,132              | 2,132             |
| <b>Total Liabilities</b> | <b>441,034</b>               | <b>(507)</b>       | <b>440,527</b> | <b>435,361</b>               | <b>(452)</b>       | <b>434,909</b>    |

#### STATEMENT OF COMPREHENSIVE INCOME (in thousands of Canadian dollars)

|                                     | For the year ended December 31, 2020 |                    |                |
|-------------------------------------|--------------------------------------|--------------------|----------------|
|                                     | As Previously Reported<br>\$         | Restatements<br>\$ | Restated<br>\$ |
| <b>REVENUES</b>                     |                                      |                    |                |
| Fines and miscellaneous income      | 54                                   | 16                 | 70             |
| <b>Total Revenue</b>                | <b>100,834</b>                       | <b>16</b>          | <b>100,850</b> |
| <b>EXPENSES</b>                     |                                      |                    |                |
| Claims cost, current year injuries  | 46,175                               | -                  | 46,175         |
| Claims cost, prior year injuries    | 13,575                               | (507)              | 13,068         |
| Recoveries for hunters and trappers | (523)                                | 523                | -              |
| <b>Total claims costs</b>           | <b>59,183</b>                        | <b>16</b>          | <b>59,199</b>  |

## Notes to the Financial Statements

For the year ended December 31, 2021 (in thousands of Canadian dollars)

### 3. Accounting changes (continued)

#### STATEMENT OF CASH FLOWS (in thousands of Canadian dollars)

|  | For the year ended December 31, 2020 |              |          |
|--|--------------------------------------|--------------|----------|
|  | As Previously<br>Reported            | Restatements | Restated |
|  | \$                                   | \$           | \$       |
| <b>OPERATING ACTIVITIES</b>                    |                                      |              |          |
| Payments for claims cost and claims management | (56,281)                             | 132          | (56,149) |
| Net payments for Harvesters                    | -                                    | (132)        | (132)    |

In addition to the main statement impacts as shown above, where comparative information in note disclosures has also been restated in relation to this accounting change, it has been identified as such within the applicable note.

### 4. Critical accounting estimates and judgments

The Commission makes estimates and judgments in respect of certain key assets and liabilities. Estimates and judgments 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 9 Benefits liability. The estimation uncertainty relates to the determination of assumptions.

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

- Note 2.c) and Note 5. – Investments, classification and valuation of financial instruments
- Note 2.e) – Assessments receivable, determination of estimated payroll
- Note 2.g) and Note 7. - Property and equipment, degree of componentization
- Note 2.h) - Intangible assets, determination of development costs
- Note 2. m) - Right of use assets and lease liabilities, determination of incremental borrowing rate

## Notes to the Financial Statements

For the year ended December 31, 2021 (in thousands of Canadian dollars)

### 4. Critical accounting estimates and judgments (continued)

In March 2020, the World Health Organization declared a global pandemic following the outbreak of a novel strain of the coronavirus (“COVID-19”). Government-mandated lockdowns, isolations and travel restrictions reduced claim activities below historical levels. Certain assumptions were therefore adjusted to account for this reduction. Given the uncertainty around the ultimate effect of COVID-19, both new experience and trends for previous injury years continue to be incorporated incrementally into the Commission’s benefits liability estimate.

### 5. Investments

The Commission’s investment portfolio consists of fixed income, equity, and real estate portfolio investments. The Commission’s investment objective is to achieve a long-term rate of return that is sufficient to allow the Commission to fund its benefits liability, cover its operating costs, and set reasonable and stable assessment rates for employers.

All investments are classified as held-for-trading. The Commission uses judgment to classify securities held in a pooled fund on the basis of the assets comprising the major portion of the pooled fund.

The Commission does not expect to experience a draw down of investments during the coming year.

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

|                        | As at December 31, 2021 |                | As at December 31, 2020                      |  |
|------------------------|-------------------------|----------------|--|--|
|                        | Fair Value<br>\$        | Cost<br>\$     | Fair Value<br>Restated - see<br>Note 3<br>\$ | Cost<br>Restated - see<br>Note 3<br>\$ |
| Pooled funds           |                         |                |  |  |
| Fixed income           |                         |                |  |  |
| Indexed Bond Funds     | 199,645                 | 200,198        | 149,695                                      | 143,406                                |
| Mortgage Funds         | 24,775                  | 16,454         | 49,899                                       | 33,165                                 |
| Equities               |                         |                |  |  |
| Canadian equities      | 64,038                  | 58,065         | 70,261                                       | 70,019                                 |
| International equities | 117,439                 | 106,495        | 104,076                                      | 99,329                                 |
| Canadian Real Estate   |                         |                |  |  |
| Real Estate - Canadian | 70,878                  | 56,962         | 61,275                                       | 54,584                                 |
| <b>Total</b>           | <b>476,775</b>          | <b>438,174</b> | <b>435,206</b>                               | <b>400,503</b>                         |

## Notes to the Financial Statements

For the year ended December 31, 2021 (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<br>ended<br>December 31,<br>2021 | For the year<br>ended<br>December 31,<br>2020 |
|-------------------------------------|---|---|
|                                     | \$  | \$  |
| Realized gains (losses)             | 14,279  | (1,565)                                       |
| Change in unrealised gains (losses) | 3,898   | 13,649  |
| Investment gains - net              | 18,177  | 12,084  |

### 6. Assessments receivable

|                                 | As at<br>December 31<br>2021 | As at<br>December 31<br>2020 |
|---------------------------------|------------------------------|------------------------------|
|                                 | \$                           | \$                           |
| Current assessments receivable  | 6,837                        | 4,200                        |
| Overdue assessments receivable  | 215                          | 631                          |
| Allowance for doubtful accounts | (160)                        | (352)                        |
| Net assessments receivable      | 6,892                        | 4,479                        |

The Commission collected \$114 (2020 – \$83) of legislated prescribed penalties during the year on the receivables. The legislated prescribed penalty is charged at the rate of 2% per month on the outstanding balance. None of the assessments receivable, except for those included in the allowance, are considered to be impaired. The total bad debt expense recognized during the year on all categories of receivables is \$164 (2020 – \$203) which is recognized in administration and general expense. Bad debt expense recognized during the year on assessments receivable is \$161 (2020 - \$146).

## Notes to the Financial Statements

For the year ended December 31, 2021 (in thousands of Canadian dollars)

### 7. Property and equipment

|                       | Building<br>\$ | Equipment<br>\$ | Furnishings<br>\$ | Vehicles<br>\$ | Leasehold<br>improvements<br>\$ | Total<br>\$ |
|-----------------------|----------------|-----------------|-------------------|----------------|---------------------------------|-------------|
| <i>Cost</i>           |                |                 |                   |                |                                 |             |
| At January 1, 2020    | 8,589          | 1,337           | 2,058             | 171            | 972                             | 13,127      |
| Additions             | -              | -               | 146               | -              | -                               | 146         |
| Disposals             | (240)          | (88)            | (16)              | (36)           | -                               | (380)       |
| At December 31, 2020  | 8,349          | 1,249           | 2,188             | 135            | 972                             | 12,893      |
| Additions             | -              | 26              | -                 | 20             | -                               | 46          |
| Disposals             | -              | (286)           | -                 | -              | -                               | (286)       |
| At December 31, 2021  | 8,349          | 989             | 2,188             | 155            | 972                             | 12,653      |
| <i>Depreciation</i>   |                |                 |                   |                |                                 |             |
| At January 1, 2020    | 4,054          | 897             | 775               | 171            | 784                             | 6,681       |
| Annual depreciation   | 415            | 104             | 182               | -              | 89                              | 790         |
| Disposals             | (80)           | (84)            | (16)              | (36)           | -                               | (216)       |
| At December 31, 2020  | 4,389          | 917             | 941               | 135            | 873                             | 7,255       |
| Annual depreciation   | 424            | 84              | 182               | 4              | 89                              | 783         |
| Disposals             | -              | (286)           | -                 | -              | -                               | (286)       |
| At December 31, 2021  | 4,813          | 715             | 1,123             | 139            | 962                             | 7,752       |
| <i>Net book value</i> |                |                 |                   |                |                                 |             |
| At December 31, 2021  | 3,536          | 274             | 1,065             | 16             | 10                              | 4,901       |
| At December 31, 2020  | 3,960          | 332             | 1,247             | -              | 99                              | 5,638       |

## Notes to the Financial Statements

For the year ended December 31, 2021 (in thousands of Canadian dollars)

### 8. Intangible assets

|                           | Purchased software<br>systems<br>\$ | Internally developed<br>software systems<br>\$ | Total<br>\$ |
|---------------------------|-------------------------------------|--|-------------|
| <i>Cost</i>               |                                     |  |             |
| At January 1, 2020        | 745                                 | 8,064  | 8,809       |
| Additions                 | -                                   | 190  | 190         |
| Disposals and adjustments | (13)                                | (600)  | (613)       |
| At December 31, 2020      | 732                                 | 7,654  | 8,386       |
| Additions                 | 113                                 | 207  | 320         |
| Disposals and adjustments | (29)                                | (351)  | (380)       |
| At December 31, 2021      | 816                                 | 7,510  | 8,326       |
| <i>Amortization</i>       |                                     |  |             |
| At January 1, 2020        | 444                                 | 5,649  | 6,093       |
| Annual amortization       | 48                                  | 307  | 355         |
| Disposals and adjustments | (3)                                 | (547)  | (550)       |
| At December 31, 2020      | 489                                 | 5,409  | 5,898       |
| Annual amortization       | 127                                 | 267  | 394         |
| Disposals                 | (29)                                | (351)  | (380)       |
| At December 31, 2021      | 587                                 | 5,325  | 5,912       |
| <i>Net book value</i>     |                                     |  |             |
| At December 31, 2021      | 229                                 | 2,185  | 2,414       |
| At December 31, 2020      | 243                                 | 2,245  | 2,488       |

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, 2021 (in thousands of Canadian dollars)

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

|                     | As at<br>December 31<br>2021<br>Total<br>\$ | As at<br>December 31<br>2020<br>Total<br>\$ |
|---------------------|---|---|
| Accounts payable    | 2,514                                       | 1,981                                       |
| Accrued liabilities | 1,233                                       | 1,212                                       |
| Total               | 3,747                                       | 3,193                                       |

### 10. Benefits liability

#### a) Future claims liability and approved pension liability

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

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

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

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

## Notes to the Financial Statements

For the year ended December 31, 2021 (in thousands of Canadian dollars)

### 10. Benefits liability (continued)

#### b) Benefits liability continuity schedule and reconciliation

The benefits liability is composed of the following:

|   | Medical aid<br>\$ | Compensation<br>\$ | Future<br>capitalizations<br>\$ | Pension<br>awards<br>\$ | Occupational<br>disease<br>claims<br>\$ | Total<br>2021<br>\$                         |
|---|-------------------|--------------------|---------------------------------|-------------------------|---|---|
| Balance, beginning of year<br>Restated - see Note 3 | 91,042            | 57,537             | 44,364                          | 177,865                 | 34,856                                  | 405,664                                     |
| Add: Claims costs<br>(recoveries)                   |                   |                    |                                 |                         |   |   |
| Current year  | 9,891             | 39,149             | 9,501                           | 2,392                   | -                                       | 60,933                                      |
| Prior years   | (2,785)           | 18,326             | (1,446)                         | 7,778                   | 3,994                                   | 25,867                                      |
| Liability transfer,<br>capitalizations              | -                 | -                  | (4,982)                         | 4,982                   | -                                       | -   |
|   | 7,106             | 57,475             | 3,073                           | 15,152                  | 3,994                                   | 86,800                                      |
| Less: Claims payments                               |                   |                    |                                 |                         |   |   |
| Current year injuries                               |                   |                    |                                 |                         |   |   |
| Claims payments                                     | 1,383             | 6,096              | 20                              | -                       | -                                       | 7,499                                       |
| Claims management                                   | 484               | 2,134              | 2                               | -                       | -                                       | 2,620                                       |
| Prior years' injuries                               |                   |                    |                                 |                         |   |   |
| Claims payments                                     | 7,293             | 18,524             | 3,378                           | 12,842                  | -                                       | 42,037                                      |
| Claims management                                   | 2,553             | 6,483              | 338                             | 1,284                   | -                                       | 10,658                                      |
|   | 11,713            | 33,237             | 3,738                           | 14,126                  | -                                       | 62,814                                      |
| Balance, end of year<br>Restated                    | 86,435            | 81,775             | 43,699                          | 178,891                 | 38,850                                  | 429,650                                     |
|   |                   |                    |                                 |                         |   | Total<br>2020<br>(Restated -<br>see Note 3) |
|   | Medical aid<br>\$ | Compensation<br>\$ | Future<br>capitalizations<br>\$ | Pension<br>awards<br>\$ | Occupational<br>disease<br>claims<br>\$ | \$  |
| Balance, beginning of year<br>Restated              | 87,554            | 48,955             | 45,195                          | 180,536                 | 38,671                                  | 400,911                                     |
| Add: Claims costs<br>(recoveries)                   |                   |                    |                                 |                         |   |   |
| Current year  | 13,170            | 25,269             | 7,736                           | -                       | -                                       | 46,175                                      |
| Prior years   | 1,026             | 10,608             | (3,539)                         | 8,788                   | (3,815)                                 | 13,068                                      |
| Liability transfer,<br>capitalizations              | -                 | -                  | (2,665)                         | 2,665                   | -                                       | -   |
|   | 14,196            | 35,877             | 1,532                           | 11,453                  | (3,815)                                 | 59,243                                      |
| Less: Claims payments                               |                   |                    |                                 |                         |   |   |
| Current year injuries                               |                   |                    |                                 |                         |   |   |
| Claims payments                                     | 951               | 4,610              | 20                              | -                       | -                                       | 5,581                                       |
| Claims management                                   | 333               | 1,564              | 2                               | -                       | -                                       | 1,899                                       |

## Notes to the Financial Statements

For the year ended December 31, 2021 (in thousands of Canadian dollars)

### 10. Benefits liability (continued)

#### b) Benefits liability continuity schedule and reconciliation (continued)

|                       | Medical aid<br>\$ | Compensation<br>\$ | Future<br>capitalizations<br>\$ | Pension<br>awards<br>\$ | Occupational<br>disease<br>claims<br>\$ | Total<br>2020<br>(Restated -<br>see Note 3)<br>\$ |
|-----------------------|-------------------|--------------------|---------------------------------|-------------------------|---|---|
| Prior years' injuries |                   |                    |                                 |                         |   |   |
| Claims payments       | 6,980             | 15,131             | 2,129                           | 12,840                  | -                                       | 37,080  |
| Claims management     | 2,444             | 5,990              | 212                             | 1,284                   | -                                       | 9,930   |
|                       | 10,708            | 27,295             | 2,363                           | 14,124                  | -                                       | 54,490  |
| Balance, end of year  |                   |                    |                                 |                         |   |   |
| Restated              | 91,042            | 57,537             | 44,364                          | 177,865                 | 34,856                                  | 405,664   |

The expected claims payment for the benefits liability in 2022 is \$44,418.

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

|   | For the year<br>ended<br>December 31,<br>2021<br>\$ | For the year<br>ended<br>December 31,<br>2020<br>\$<br>Restated -<br>see Note 3 |
|---|---|---|
| Balance, beginning of year  | 405,664   | 400,911   |
| Adjust for effects of:  |   |   |
| Provision for current year's claims   | 50,814  | 40,982  |
| Inflation experience, which was 1.46% versus the expected 0.00%<br>(1.46% versus 2.25% in 2020) | (925)   | (1,359)   |
| Claims experience   | (2,522)   | (7,354)   |
| Change in claims run-off factors for Compensation and Medical aid                               | 7,048   | 4,231   |
| Change in latent occupational disease claims provision  | 29  | (1,462)   |
| Change in the estimate for provision for presumptive firefighters<br>coverage                   | -   | (4,509)   |
| Change in economic assumptions  | -   | 3,506   |
| Change in expected 2023 Inflation   | 4,707   | -   |
| Change in life table  | 243   | -   |
| Change in Methodology   | -   | (3,101)   |
| Interest allocated  | 20,005  | 19,498  |
| Other assumption changes  | (2,718)   | 1,331   |

## Notes to the Financial Statements

For the year ended December 31, 2021 (in thousands of Canadian dollars)

### 10. Benefits liability (continued)

#### b) Benefits liability continuity schedule and reconciliation (continued)

|                                  | For the year<br>ended<br>December 31,<br>2021<br>\$ | For the year<br>ended<br>December 31,<br>2020<br>\$<br>Restated -<br>see Note 3 |
|----------------------------------|---|---|
|                                  | 76,681  | 51,763  |
| Deduct:                          |   |   |
| Payments for prior years' claims | (52,695)  | (47,010)  |
| Balance, end of year             | 429,650   | 405,664   |

The effects in future periods of the changes in estimates noted above are not disclosed since it is impracticable to estimate.

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

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

Key aspects of processes established to mitigate insurance risks include:

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

#### d) Terms and conditions of the Acts

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

## Notes to the Financial Statements

For the year ended December 31, 2021 (in thousands of Canadian dollars)

### 10. Benefits liability (continued)

#### e) Concentration of insurance risk

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

#### f) Development of claims

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

#### g) Interest rate risk

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

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

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

#### h) Liquidity risk

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

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

Expected timing of future payment for outstanding claims:

|                                 | 2021   | 2020   |
|---------------------------------|--------|--------|
|                                 | %      | %      |
| Up to 1 year                    | 7.27   | 6.60   |
| Over 1 year and up to 5 years   | 18.81  | 17.00  |
| Over 5 years and up to 10 years | 15.96  | 15.40  |
| Over 10 years                   | 57.96  | 61.00  |
| Total                           | 100.00 | 100.00 |

## Notes to the Financial Statements

*For the year ended December 31, 2021 (in thousands of Canadian dollars)*

### 10. Benefits liability (continued)

#### i) Actuarial assumptions and methods

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

The Medical Aid and Compensation liability represents the present value at December 31, 2021 of expected future benefit payments for hospital and physician services, short-term income compensation payments, travel expenses, rehabilitation benefits and other eligible medical services under the Acts. The Medical Aid and Compensation liability is calculated using the loss development method also known as the "claims run-off" approach. In this method, historical paid claims data are summarized by accident year and payment year in order to observe the relationships between payments at different durations for each accident year. Historical factors, at each duration, are developed from prior accident years and are applied to accident years that are not yet fully mature in order to estimate the future timing and amount of remaining benefit payments.

The Future Capitalizations liability represents the present value of expected future pension awards that have not yet been approved as of December 31, 2021. These future pension capitalizations are in respect of all claims arising from accidents which occurred on or before December 31, 2021. 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, 2021.

The Approved Pension liability (pension awards) represents the present value at December 31, 2021 of all expected future pension awards payments, including future inflationary adjustments, to individuals who have been approved for a pension award at December 31, 2021. The Approved Pension liability is calculated on a seriatim basis using the discounted cash flow method. Pension benefits are indexed annually on January 1 of each year, this annual index rate is referred to as the Supplementary Pension Increase (SPI) rate. The SPI is determined by taking into account the average monthly change in consumer price index (CPI) Canada for the most recent July to June period. Mortality rates are used to determine the future life expectancy of individuals in receipt of a pension award. The actual gender and date of birth for all pension recipients is used in the valuation. Pensions are payable to dependent children until age 19 or age 25 if attending school. The probability of a dependent child continuing to receive a pension award from age 19 to 25 is based on actual experience of the Commission. A projection of future pension payments requires that an explicit assumption be made with respect to the rate of award inflation.

The following economic assumptions are used in the valuation of the Future Claims Liability: discount rate – 5.25% (2020 – 5.25%), inflation rate – i) future capitalizations: 1.46% in 2022, 4.50% in 2023 and 2.00% per annum thereafter (2020 – 1.46% and 2.00%), and ii) Compensation: 2.00% (2020 – 2.00%) and Medical Aid: 4.50% (2020 – 4.50%).

## Notes to the Financial Statements

For the year ended December 31, 2021 (in thousands of Canadian dollars)

### 10. Benefits liability (continued)

#### i) Actuarial assumptions and methods (continued)

The following economic assumptions are used in the valuation of the Approved Pension Liability: discount rate – 5.25% (2020 – 5.25%), inflation rate – 1.46% in 2022, 4.50% in 2023 and 2.00% thereafter (2020 – 1.46% and 2.00%). The mortality assumption is determined by the 2010-2012 Statistics Canada General Life Mortality Table with a 10% load (2020 – 2005-2007 Statistics Canada General Life Mortality Table with a 10% load).

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

#### j) Liability sensitivity

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

Medical benefits represent approximately 20% (2020 – 22%) of the benefits liability. An increase in the assumed excess medical inflation rate (above the assumed inflation rate) would result in an increase in the benefits liability for medical benefits and a decrease in comprehensive income.

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

|                               |          |          |
|-------------------------------|----------|----------|
| 2021                          | + 1%     | - 1%     |
| +/- % change on assumed rates | \$       | \$       |
| Net discount rate             | (36,465) | 44,448   |
| Excess medical inflation rate | 12,901   | (10,572) |
| 2020                          | + 1%     | - 1%     |
| +/- % change on assumed rates | \$       | \$       |
| Net discount rate             | (35,864) | 43,851   |
| Excess medical inflation rate | 10,444   | (8,682)  |

## Notes to the Financial Statements

For the year ended December 31, 2021 (in thousands of Canadian dollars)

### 10. Benefits liability (continued)

#### j) Liability sensitivity (continued)

|                                 |         |       |
|---------------------------------|---------|-------|
| 2021                            | + 10%   | - 10% |
| +/- % change in mortality rates | \$      | \$    |
| Mortality rate                  | (5,958) | 6,596 |
| 2020                            | + 10%   | - 10% |
| +/- % change on mortality rates | \$      | \$    |
| Mortality rate                  | (5,985) | 6,636 |

#### k) Claims development

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

|   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   | Total     |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------|
|   | \$     | \$     | \$     | \$     | \$     | \$     | \$     | \$     | \$     | \$     | \$        |
| <b>Estimate of cumulative claim costs:</b>                  |        |        |        |        |        |        |        |        |        |        |           |
| At the end of the accident year                             | 43,254 | 41,977 | 35,923 | 39,130 | 43,611 | 51,245 | 53,044 | 51,637 | 52,426 | 68,172 |           |
| One year later  | 39,738 | 38,252 | 35,719 | 40,675 | 50,823 | 55,576 | 63,383 | 56,417 | 51,102 |        |           |
| Two years later   | 36,183 | 36,866 | 34,764 | 39,862 | 50,979 | 57,815 | 60,736 | 53,660 |        |        |           |
| Three years later   | 35,775 | 40,264 | 33,925 | 41,039 | 50,780 | 53,429 | 58,534 |        |        |        |           |
| Four years later  | 43,454 | 39,922 | 34,784 | 42,829 | 48,206 | 50,907 |        |        |        |        |           |
| Five years later  | 49,595 | 39,296 | 36,201 | 41,325 | 47,116 |        |        |        |        |        |           |
| Six years later   | 52,874 | 43,231 | 33,435 | 41,844 |        |        |        |        |        |        |           |
| Seven years later   | 52,651 | 43,494 | 32,476 |        |        |        |        |        |        |        |           |
| Eight years later   | 46,494 | 42,808 |        |        |        |        |        |        |        |        |           |
| Nine years later  | 40,135 |        |        |        |        |        |        |        |        |        |           |
| Current estimate of ultimate claims costs                   | 40,135 | 42,808 | 32,476 | 41,844 | 47,116 | 50,907 | 58,534 | 53,660 | 51,102 | 68,172 | 486,754   |
| Cumulative payments   | 21,140 | 23,258 | 18,472 | 23,751 | 27,940 | 28,004 | 26,715 | 18,605 | 13,642 | 7,480  | 209,007   |
| Estimate of future payments                                 | 18,995 | 19,550 | 14,004 | 18,093 | 19,176 | 22,903 | 31,819 | 35,055 | 37,460 | 60,692 | 277,747   |
| 2011 and prior claims estimate of future payments           |        |        |        |        |        |        |        |        |        |        | 333,989   |
| Administration expenses                                     |        |        |        |        |        |        |        |        |        |        | 63,846    |
| Latent occupational disease provision                       |        |        |        |        |        |        |        |        |        |        | 38,851    |
| <b>Sub-total</b>  |        |        |        |        |        |        |        |        |        |        | 714,433   |
| Effect of discounting                                       |        |        |        |        |        |        |        |        |        |        | (284,780) |
| <b>Amount recognized on Statement of Financial Position</b> |        |        |        |        |        |        |        |        |        |        | 429,650   |

### 11. 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.



## Notes to the Financial Statements

For the year ended December 31, 2021 (in thousands of Canadian dollars)

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

|   | As at<br>December 31,<br>2021<br>\$ | As at<br>December 31,<br>2020<br>\$ | At at<br>December 31,<br>2019<br>\$ |
|---|-------------------------------------|-------------------------------------|-------------------------------------|
| Pre-funded contract liability for Harvesters medical, compensation and capitalized pension claims | 1,373                               | 1,850                               | 1,413                               |
| Pre-funded contract liability for Harvester approved pensions                                     | 9,306                               | 8,679                               | 8,741                               |
| Contract liability  | 10,679                              | 10,529                              | 10,154                              |
| Deferred revenue  | 2,243                               | 2,211                               | 2,132                               |
| <b>Total Harvester related liability</b>  | <b>12,922</b>                       | <b>12,740</b>                       | <b>12,286</b>                       |

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.

### 12. Capital management and reserves

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

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

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

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

At December 31, 2021, the funded position is 114% (2020 – 109%). The required increase to address the funded position action initiated in 2020 as outlined in (a) below is maintained as the funded position remains below the target rate.

## Notes to the Financial Statements

*For the year ended December 31, 2021 (in thousands of Canadian dollars)*

### 12. Capital management and reserves (continued)

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

#### a) Operating reserve

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

The target level for the operating reserve is 20% of total liabilities, for 2021 – \$92,406 (2020 – \$88,105; Restated - see Note 3). Should the Commission's funded ratio, excluding the catastrophe reserve capped at 5%, decline to:

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

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

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

#### b) Capital asset replacement reserve

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

#### c) Catastrophe reserve

The catastrophe reserve is intended to mitigate the potential impact to the Commission's funding ratio in the event of a catastrophic event. The Commission established specific criteria to determine whether an accident or event meets the definition of a catastrophic claim. The target level for the catastrophe reserve is set at 5% of the total liabilities, for 2021 – \$23,102 (2020 – \$22,026; Restated - see Note 3). Funds can be transferred from the operating reserve to address shortfalls in the catastrophe reserve as long as the operating reserve is not left in a shortfall position, shortfall being defined as less than 5% of total liabilities. Should the catastrophe reserve decline below 4% of total liabilities a flat rate increase over 15 years would be put into place to return the catastrophe reserve to the target rate.

## Notes to the Financial Statements

For the year ended December 31, 2021 (in thousands of Canadian dollars)

### 13. Commitments

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

|              | \$            |
|--------------|---------------|
| 2022         | 5,633         |
| 2023         | 3,045         |
| 2024         | 2,505         |
| 2025         | 1,125         |
| 2026         | 1,101         |
| Thereafter   | 536           |
| <b>Total</b> | <b>13,945</b> |

All contracts are for standard service and maintenance agreements.

### 14. Contingencies

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

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

### 15. Financial risk management

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

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

- Liquidity risk
- Credit risk

## Notes to the Financial Statements

For the year ended December 31, 2021 (in thousands of Canadian dollars)

### 15. Financial risk management (continued)

- 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, 2021, cash was \$27,957 or a ratio of 1.95 of short term liabilities (2020 – \$26,252 or 1.68; Restated - see Note 3).

|   | As at<br>December 31<br>2021 | As at<br>December 31<br>2020<br>(Restated -<br>Note 3) |
|---|------------------------------|--|
|   | 1 year or less<br>\$         | 1 year or less<br>\$                                   |
| Accounts payable, accrued and other liabilities | 3,747                        | 3,193  |
| Salaries and wages payable                      | 3,408                        | 3,036  |
| Assessments refundable                          | 6,508                        | 8,700  |
| Contractual liabilities                         | 663                          | 664  |
| <b>Total</b>                                    | <b>14,326</b>                | <b>15,593</b>  |

#### b) Credit risk

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

## Notes to the Financial Statements

*For the year ended December 31, 2021 (in thousands of Canadian dollars)*

### 15. Financial risk management (continued)

#### b) Credit risk (continued)

In order to manage this risk, the Commission's investment guidelines require that 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 other receivables and assessments receivable is the risk that an employer or a cost recovery customer will be unable to pay amounts due to the Commission. The maximum exposure to credit risk is \$6,865 (2020 – \$4,805; Restated - see Note 3). Allowances for doubtful accounts are provided for potential losses that have been incurred at the reporting date. The amounts disclosed on the statement of financial position are net of these allowances for doubtful accounts. All other receivables and assessments receivable are considered for impairment on a case-by-case basis when they are past due or when objective evidence is received that a customer will default. The Commission takes into consideration the customer's payment history, their credit worthiness and the current economic environment in which the customer operates to assess impairment. The Commission recognizes a specific allowance for doubtful accounts when management considers that the expected recovery is less than the actual amount receivable. All bad debts are charged to administration and general expenses.

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

- The employer base is dispersed across various industries, with government comprising a significant concentration.
- As at December 31, 2021, the majority of other receivables and assessments receivable are outstanding for less than 90 days. The Commission does not require collateral or other security from employers or customers for accounts receivable.
- The Commission has the power and remedies to enforce payment owing.

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

## Notes to the Financial Statements

For the year ended December 31, 2021 (in thousands of Canadian dollars)

### 15. Financial risk management (continued)

The following table classifies the Commission's pooled fund investments according to rating:

| 2021   | AAA<br>\$     | AA<br>\$      | A<br>\$       | BBB and<br>less<br>\$ | Not rated<br>\$ |
|--|---------------|---------------|---------------|-----------------------|-----------------|
| Pooled funds - indexed bond funds                | 51,242        | 32,114        | 55,899        | 60,086                | 304             |
| Pooled funds - Mortgage funds                    | 332           | 972           | -             | 152                   | 450             |
| <b>Total</b>                                     | <b>51,574</b> | <b>33,086</b> | <b>55,899</b> | <b>60,238</b>         | <b>754</b>      |
| Percentage of total Fixed income<br>pooled funds | 26%           | 15%           | 28%           | 30%                   | 1%              |

| 2020   | AAA<br>\$     | AA<br>\$      | A<br>\$       | BBB and<br>less<br>\$ | Not rated<br>\$ |
|--|---------------|---------------|---------------|-----------------------|-----------------|
| Fixed income securities                          | -             | -             | -             | -                     | -               |
| Pooled funds - indexed bond funds                | 41,377        | 24,721        | 48,081        | 34,981                | 537             |
| Pooled funds - Mortgage funds                    | 239           | 3,175         | -             | 1,734                 | 1,495           |
| <b>Total</b>                                     | <b>41,616</b> | <b>27,896</b> | <b>48,081</b> | <b>36,715</b>         | <b>2,032</b>    |
| Percentage of total Fixed income<br>pooled funds | 27%           | 18%           | 31%           | 23%                   | 1%              |

The Commission is exposed to credit risk on mortgage and sales agreements owned in its Mortgage fund. As at December 31, 2021 the Commission had \$2,211 (2020 - \$4,949) in insured mortgages and sales agreements and \$20,659 (2020 - \$38,298) in uninsured mortgages. The credit risk on these investments were not significant in 2021 (2020 - not significant).

## Notes to the Financial Statements

For the year ended December 31, 2021 (in thousands of Canadian dollars)

### 15. 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 invests in publicly traded fixed income and equity investments available on domestic and foreign exchanges and in privately held Investments. Market risk is managed through diversification between different asset classes and geographic diversification and by limiting the concentration in any single entity to 5% or less of the fair value of the investment fund. The one exception to the 5% or less concentration rule is an investment in a Real Estate holding fund, Bentall Kennedy Prime Canadian Property Fund Ltd, at 14.71% (2020 – 14.04%) of the total fund. This fund is diversified by investment type and geographic location. In 2021, the fund held properties in 4 provinces; 52% in Ontario, 24% in British Columbia, 14% in Alberta and 10% in Québec. The types of properties held by the fund can be classified as retail (16%), office (30%), distribution and warehouse (32%), multifamily residential (16%) and other (6%). The Governance Council is aware of this exception to its investment policy.

The Commission's investment target and actual asset mix at fair value December 31, 2021 is as follows:

|  | Target       |              | Actual<br>% |
|--|--------------|--------------|-------------|
|  | Maximum<br>% | Minimum<br>% |             |
| Fixed income securities and indexed bond funds | 71.00        | 27.00        | 41.87       |
| Canadian equities                              | 17.00        | 7.00         | 13.43       |
| Real estate                                    | 20.00        | 10.00        | 14.87       |
| International equities                         | 27.00        | 17.00        | 24.63       |
| Mortgages                                      | 10.00        | -            | 5.20        |

Equity investments are particularly sensitive to market risk. Because equities are recorded as held-for-trading, changes in their fair value from the movements in the markets have a significant impact on comprehensive income and reserve values. The following table is a sensitivity analysis that shows the impact of a change 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.

## Notes to the Financial Statements

For the year ended December 31, 2021 (in thousands of Canadian dollars)

### 15. Financial risk management (continued)

#### c) Market risk (continued)

| Portfolio         | Index     | Exposure<br>December 31,<br>2021<br>\$ | Change<br>one<br>standard<br>deviation<br>% | Change to<br>comprehensive<br>income 2021<br>\$ |
|-------------------|-----------|--|---|---|
| Canadian equities | TSX 300   | 64,038                                 | 13.10                                       | 8,389   |
| Global equities   | MSCI EAFE | 117,439                                | 11.60                                       | 13,623  |

#### d) Interest rate risk

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

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<br>interest rates<br>% | Change to<br>comprehensive<br>income 2021<br>\$ |
|----------------------------------|------------------------------------|---|
| Change in nominal interest rates | +1.00                              | 14,870  |
|                                  | Movement in<br>interest rates<br>% | Change to<br>comprehensive<br>income 2020<br>\$ |
| Change in nominal interest rates | +1.00                              | 12,375  |



## Notes to the Financial Statements

For the year ended December 31, 2021 (in thousands of Canadian dollars)

### 15. 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 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 9.40% (2020 – 7.56%), which, based on ten years of results, would be one standard deviation of valuation change.

| Portfolio   | Exposure<br>December 31,<br>2021<br>\$ | Change<br>% | Change to<br>comprehensive<br>income 2021<br>\$ |
|-------------|--|-------------|---|
| Real estate | 70,878                                 | +9.40%      | 6,663   |

| Portfolio   | Exposure<br>December 31,<br>2020<br>\$ | Change<br>% | Change to<br>comprehensive<br>income 2020<br>\$ |
|-------------|--|-------------|---|
| Real estate | 61,274                                 | +7.56       | 4,632   |

#### f) Currency risk

Currency risk is the risk that the value of financial assets and financial liabilities denominated in foreign currencies will fluctuate due to changes in their respective exchange rates relative to the Canadian dollar. The Commission has investments denominated in foreign currencies which are therefore exposed to currency risk. To mitigate this risk, investment managers are authorized to enter into forward foreign exchange contracts, which represent commitments to exchange two currencies at a specified future date based on a rate agreed to by both parties at the inception of the contract, for the sole purpose of hedging foreign currency transactions. There was \$5,260 in forward foreign exchange contracts outstanding as at December 31, 2021 (2020 – \$5,563). These contracts were equal to the foreign exchange exposure of fixed income investments.

## Notes to the Financial Statements

For the year ended December 31, 2021 (in thousands of Canadian dollars)

### 15. Financial risk management (continued)

#### f) Currency risk (continued)

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

| Foreign country | Total<br>Investments<br>Fair Value 2021<br>\$ | Total<br>Investments<br>Fair Value 2020<br>\$ |
|-----------------|---|---|
| United States   | 103,081                                       | 69,912  |
| Europe          | 10,807  | 10,771  |
| Japan           | 5,613   | 6,973   |
| United Kingdom  | 4,910   | 3,911   |
| Switzerland     | 4,226   | 3,879   |
| Hong Kong       | 1,509   | 1,715   |
| Denmark         | 1,640   | 1,376   |
| Sweden          | 1,215   | 1,324   |
| Australia       | 697   | 795   |
| Korea           | 466   | 778   |
| Singapore       | 489   | 564   |
| Norway          | 104   | 79  |
| South Africa    | -   | 63  |
| Israel          | 225   | -   |
| New Zealand     | 55  | -   |
| Sweden          | 37  | -   |
| India           | 343   | -   |
| <b>Subtotal</b> | <b>135,417</b>                                | <b>102,140</b>                                |

## Notes to the Financial Statements

For the year ended December 31, 2021 (in thousands of Canadian dollars)

### 15. 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<br>December 31,<br>2021<br>\$ | Change<br>% | Change to<br>comprehensive<br>income 2021<br>\$ |
|----------------|--|-------------|---|
| United States  | 103,081                                | +10.00      | (10,308)  |
| Europe         | 10,807                                 | +10.00      | (1,081)   |
| Japan          | 5,613                                  | +10.00      | (561)   |
| United Kingdom | 4,910                                  | +10.00      | (491)   |
| Switzerland    | 4,226                                  | +10.00      | (423)   |

|                | Exposure<br>December 31,<br>2020<br>\$ | Change<br>% | Change to<br>comprehensive<br>income 2020<br>\$ |
|----------------|--|-------------|---|
| United States  | 69,912                                 | +10.00      | (6,991)   |
| Europe         | 10,771                                 | +10.00      | (1,077)   |
| Japan          | 6,973                                  | +10.00      | (697)   |
| United Kingdom | 3,911                                  | +10.00      | (391)   |
| Switzerland    | 3,879                                  | +10.00      | (388)   |

## Notes to the Financial Statements

For the year ended December 31, 2021 (in thousands of Canadian dollars)

### 16. Administration and general expenses

|  | For the year<br>ended<br>December 31,<br>2021<br>\$ | For the year<br>ended<br>December 31,<br>2020<br>Restated - See<br>Note 3<br>\$ |
|--|---|---|
| Salaries, wages and allowances   | 18,942  | 17,838  |
| Professional services  | 4,819   | 4,842   |
| Employer share of benefits   | 3,843   | 3,378   |
| Depreciation on right of use assets  | 1,430   | 1,354   |
| Amortization and depreciation  | 1,174   | 1,145   |
| Office repairs and maintenance   | 889   | 815   |
| Contributions to other organizations   | 775   | 741   |
| Communications   | 756   | 709   |
| Office services and supplies   | 641   | 561   |
| Office furniture and equipment (non-capital)                                       | 506   | 438   |
| Advertising and public information   | 314   | 306   |
| Travel   | 236   | 268   |
| Loss on asset disposal   | -   | 221   |
| Interest expense on lease liability  | 186   | 212   |
| Bad debt expense   | (169)   | 203   |
| Training and development   | 165   | 182   |
| Grants   | 81  | 130   |
| Office lease payments  | 84  | 58  |
| Honoraria and retainers  | 71  | 56  |
| Recruitment  | 91  | 29  |
| Recoveries   | (564)   | (509)   |
|  | 34,270  | 32,977  |
| Less: Allocation to claims management costs - current year injuries<br>(Note 10.b) | (2,620)   | (1,899)   |
| Less: Allocation to claims management costs - prior year injuries (Note<br>10.b)   | (10,658)  | (9,930)   |
| <b>Total</b>   | <b>20,992</b>                                       | <b>21,148</b>   |

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 \$1,795 (2020 – \$1,622) were recognized as expense in the current year.

## Notes to the Financial Statements

For the year ended December 31, 2021 (in thousands of Canadian dollars)

### 17. Related party transactions

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

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

|   | As at<br>December 31,<br>2021 | As at<br>December 31,<br>2020 |
|---|-------------------------------|-------------------------------|
|   | \$                            | \$                            |
| Government of Nunavut                   | 230                           | 2                             |
| Territorial public agencies             | 97                            | 101                           |
| Government of the Northwest Territories | 848                           | 682                           |
| <b>Total</b>                            | <b>1,175</b>                  | <b>785</b>                    |

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

|                                     | At at<br>December 31,<br>2021 | As at<br>December 31,<br>2020 |
|-------------------------------------|-------------------------------|-------------------------------|
|                                     | \$                            | \$                            |
| Government of Northwest Territories | 186                           | -                             |
| Territorial public agencies         | 748                           | 394                           |
| Government of Nunavut               | 189                           | 551                           |
| <b>Total</b>                        | <b>1,123</b>                  | <b>945</b>                    |

Expenses to related parties for the years ended December 31:

|                                     | For the year<br>ended<br>December 31,<br>2021 | For the year<br>ended<br>December 31,<br>2020 |
|-------------------------------------|---|---|
|                                     | \$  | \$  |
| Territorial public agencies         | 954   | 990   |
| Government of Northwest Territories | 2,678   | 2,526   |
| Government of Nunavut               | 480   | 680   |
| <b>Total</b>                        | <b>4,112</b>                                  | <b>4,196</b>                                  |

## Notes to the Financial Statements

For the year ended December 31, 2021 (in thousands of Canadian dollars)

### 17. 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<br>ended<br>December 31,<br>2021<br>\$ | For the year<br>ended<br>December 31,<br>2020<br>\$ |
|--|---|---|
| Compensation   | 1,794   | 1,556   |
| Post employment benefits - decrease in liability           | (213)   | (14)  |
| Employer pension plan contributions                        | 214   | 194   |
| <b>Total compensation paid to key management personnel</b> | <b>1,795</b>  | <b>1,736</b>  |

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.

### 18. Fair value measurement

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

|   | Level 1<br>\$  | Level 2<br>\$  | Level 3<br>\$ | As at<br>December<br>31, 2021<br>\$ |
|---|----------------|----------------|---------------|-------------------------------------|
| Financial instruments measured at fair value: |                |                |               |                                     |
| Equities                                      | 180,037        | 1,375          | 65            | 181,477                             |
| Indexed bond funds                            | (40)           | 199,663        | 22            | 199,645                             |
| Real estate                                   | -              | 70,878         | -             | 70,878                              |
| Mortgages                                     | -              | 24,775         | -             | 24,775                              |
| <b>Total</b>                                  | <b>179,997</b> | <b>296,691</b> | <b>87</b>     | <b>476,775</b>                      |
|   | Level 1<br>\$  | Level 2<br>\$  | Level 3<br>\$ | As at<br>December<br>31, 2020<br>\$ |

## Notes to the Financial Statements

For the year ended December 31, 2021 (in thousands of Canadian dollars)

### 18. Fair value measurement (continued)

|   | Level 1        | Level 2        | Level 3    | As at<br>December<br>31, 2020 |
|---|----------------|----------------|------------|-------------------------------|
|   | \$             | \$             | \$         | \$                            |
| Financial instruments measured at fair value: |                |                |            |                               |
| Equities                                      | 173,193        | 1,136          | 8          | 174,337                       |
| Indexed bond funds                            | -              | 149,599        | 97         | 149,696                       |
| Real estate                                   | -              | 61,274         | -          | 61,274                        |
| Mortgages                                     | -              | 49,899         | -          | 49,899                        |
| <b>Total</b>                                  | <b>173,193</b> | <b>261,908</b> | <b>105</b> | <b>435,206</b>                |

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.

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.

### 19. Right of use asset and lease liabilities

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 liability where it is reasonably certain to exercise that option. Where the extension option has not been included in calculating the lease liability potential future lease payments are \$2,632 (2020 - \$2,179) (discounted). 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 liability, in 2021 is \$900 (2020 - \$815).

|   |              |
|---|--------------|
|   | \$           |
| Asset balance at January 1, 2021          | 5,488        |
| Additions                                 | 229          |
| Depreciation                              | (1,430)      |
| <b>Asset balance at December 31, 2021</b> | <b>4,287</b> |

## Notes to the Financial Statements

For the year ended December 31, 2021 (in thousands of Canadian dollars)

### 19. Right of use asset and lease liabilities (continued)

|                                    |         |
|------------------------------------|---------|
|                                    | \$      |
| Asset balance at January 1, 2020   | 6,094   |
| Additions                          | 748     |
| Depreciation                       | (1,354) |
| Asset balance at December 31, 2020 | 5,488   |

|  |         |
|--|---------|
|  | \$      |
| Lease liability balance at January 1, 2021   | 5,692   |
| Additions                                    | 229     |
| Principal payments                           | (1,400) |
| Lease liability balance at December 31, 2021 | 4,521   |

|  |         |
|--|---------|
|  | \$      |
| Lease liability balance at January 1, 2020   | 6,217   |
| Additions                                    | 748     |
| Principal payments                           | (1,273) |
| Lease liability balance at December 31, 2020 | 5,692   |

### Lease liability maturity analysis

Contractual undiscounted cash flows:

|                        | As at December<br>31, 2021 | As at December<br>31, 2020 |
|------------------------|----------------------------|----------------------------|
|                        | \$                         | \$                         |
| Year 1                 | 1,545                      | 1,486                      |
| Year 2                 | 1,238                      | 1,401                      |
| Year 3                 | 955                        | 1,169                      |
| Year 4                 | 512                        | 937                        |
| Year 5                 | 476                        | 574                        |
| Thereafter             | 116                        | 632                        |
| Sub-Total              | 4,842                      | 6,199                      |
| Less: Imputed Interest | (323)                      | (507)                      |
| Lease liability        | 4,519                      | 5,692                      |





# Annual Report 2021

**WORKERS' SAFETY AND COMPENSATION COMMISSION**  
NORTHWEST TERRITORIES AND NUNAVUT



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