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2008 Annual Report

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Mission

Promote workplace safety and care for injured workers.

Vision

To be recognized as a caring, efficient, and service-focused organization and a model and trusted partner in workplace safety.

Values

Concern for People

- We demonstrate care and compassion in responding to our clients' needs and to the communities we serve.
- When working with our clients, partners, other stakeholders, and each other, we do so with honesty, fairness, respect, sensitivity, and timeliness, proactively and consistently.

Collaboration & Engagement

- We work with our partners to achieve mutually beneficial outcomes.

Integrity

- We honour the commitments we make to our clients, our partners, other stakeholders, and each other.
- We lead the adoption of and model the workplace safety standards that we promote with employers and workers.

Transparency & Openness

- We will be clear to our clients about how decisions are made and the reasons for those decisions.

Governance Council

The Governance Council operates in a manner consistent with the Workers' Compensation Acts and Corporate Governance Directives. It is the responsibility of the Council to oversee the conduct of business and management, while maintaining the credibility and vitality of the Workers' Safety and Compensation Commission as a corporation.

The Governance Council has the authority and mandate to:

- establish policies for the implementation of the Workers' Compensation Acts;
- review and approve the programs and operating policies of the Commission;
- establish annual operating and capital budgets;
- ensure proper stewardship of the Workers' Protection Fund; and
- enact by-laws and pass resolutions for the business of the Commission and Governance Council.

To provide effective oversight, the Governance Council directs and monitors the following areas of accountability:

- strategic direction;
- oversight and operating policies;
- succession planning;
- financial oversight and stewardship;
- performance management;
- risk management;
- material transactions; and
- communications.

Letter of Transmittal

May 30, 2009

The Honourable Anthony Whitford
Commissioner of the Northwest Territories

The Honourable Ann M. Hanson
Commissioner of Nunavut

The Honourable Robert C. McLeod
Northwest Territories Minister Responsible for the Workers' Safety and Compensation Commission

The Honourable Tagak Curley
Nunavut Minister Responsible for the Workers' Safety and Compensation Commission

In accordance with Subsection 96 of the Northwest Territories and Nunavut Workers' Compensation Acts, it is my pleasure to present the Annual Report of the Workers' Safety and Compensation Commission for the year ending December 31, 2008, which includes audited financial statements.

Accompanying the financial statements is an actuarial opinion as to the reasonableness of the future pension and future claims liabilities and the adequacy of the contingency reserve.

The 2008 Annual Report goes beyond our responsibility for financial reporting. It connects our strategic priorities to our results. This report reflects on the activities of the past year, and explains how they impacted our performance and progress in achieving our goals.

As an organization, we are committed to openness and transparency. We provide our stakeholders with the means to evaluate our performance not only on a quarterly basis, but annually with the inclusion of our Balanced Scorecard results within this report. This type of reporting also provides our organization with the opportunity to connect past year's results and carry our goals into the future.

I congratulate the Governance Council, staff, and management of the Workers' Safety and Compensation Commission on their dedication and hard work in 2008.

William Aho, Chairperson

From the Office of the President

In 2008 the new Workers' Compensation Acts came into force, and we became the Workers' Safety and Compensation Commission (WSCC). Although our name and legislation changed, we remain the same; strongly committed to promote workplace safety and care for injured workers.

With every change comes challenges and opportunities. Our organization welcomed these changes and embraced the opportunity they provided to better communicate with and serve our stakeholders. Over the last year, we worked with you to find solutions, build awareness, and create partnerships in workplace safety.

Customer service is an important part of a workers' compensation system. It is our goal to provide our stakeholders with the tools, information, and resources they need to return home safe everyday. In 2008, to ensure our customers received the services they need, we provided training, improved internal communication tools, and recommitted ourselves to service excellence.

This report describes this commitment. Throughout the report you will find examples of customer service efforts and results.

I am proud to present the 2008 Annual Report. I look forward to working with northern workers and employers over the next year to continue to improve our customer services efforts, and build strong relationships in safety and prevention.

Anne S. Clark

Anne S. Clark

Year at a Glance

Territorial Demographics:

(Source: Statistics Canada)	NWT	Nunavut	Total
Population	43,306	31,384	74,690
Number Employed	26,172	10,468	33,998
Average weekly earnings **Limited to the 10 largest communities in Nunavut (about 70% of the working-age population)*	$1,079.81	$908.15	$1,030.96

Claimants:	2006	2007	2008
Number of claims reported	3290	3512	3706
Number of lost time compensated claims	908	927	937
Number of work related fatalities	8	9	6
Number of new pensions	87	95	114

Employers:	2006	2007	2008
Number of industry classes	8	8	8
Number of rate groups	25	25	25

Lost Time Injury Rate:

The lost time injury frequency is defined as the number of lost time compensated injuries per 100 workers.

	2006	2007	2008
Lost Time Injury Frequency	2.71	2.73	2.60

Financial Indicators:	2006	2007	2008
Maximum annual insurable earnings (YMIR)	$67,500	$69,200	$70,600
Assessable Payroll (in millions)	$1,830.6	$2,036.3	$2,162.4
Average provisional undiscounted assessment (including reserves)	$1.87	$1.71	$1.71
Percentage funded (including reserves)	132%	124%	108%

Stakeholder Focus

Healthy and safe workplaces in the Northwest Territories and Nunavut.

Our Goals:

- Reduce workplace injuries and occupational disease through an injury prevention culture.
- Develop partnerships in safety, prevention, and return-to-work.
- In 2008, we made the commitment to northern workers and employers to support them with the right tools, training, and our strong commitment to safety and prevention.

To achieve our goals we:

- offered free safety training to workers and employers;
- provided safety programming and incentives;
- worked closely with workers and employers to create safety partnerships; and
- focused on return-to-work.

In total, we delivered over 100 safety education courses: 72 courses in the Northwest Territories, with a total of 706 participants, and 41 courses in Nunavut, with a total of 466 participants. Courses included: Workplace Hazardous Materials Information Systems (WHMIS), WHMIS Train the Trainer, Safety Awareness, Internal Responsibility System and Due Diligence, Occupational Safety and Health Committees, Mould Awareness, and Incident and Accident Investigations.

Our Go Safe program saw huge success with the completion and promotion of Go Safe: The Safety Game. The game won first place in the Audio Visual Productions category at the annual American Association of State Compensation Insurance Funds (AASCIF) Communication Awards. In addition to this interactive safety tool, our Go Safe program continues to support northern employers in developing and maintaining their workplace safety programs.

The Safe Advantage program reflects accountability and fairness and encourages employers to improve and maintain excellent levels of safety and care for workers. 2008 marked the completion of the first year of our Safe Advantage program. Of the 116 Safe Advantage employers identified in this cycle, 111 (96%) were visited in 2008.

Young and new workers are an important part of our northern workforce. In 2008, we worked with and consulted workers and employers across the Northwest Territories and Nunavut to create a safety education program for new and young workers, Go Safe: Work Smart. This program will replace our current Workplace Safety: Safety and the Young Worker program in 2009.

In addition to drafting new curriculum for our new and young workers, we strongly promoted workplace safety as part of our annual awareness campaign. A poster series, information brochure, and radio ads shared statistics on young worker rights, common injuries, and industries. The Don't be a Number tour traveled across the North, and featured the real-life story of a young worker severely injured at work. He shared his story and promoted workplace rights and safety.

As part of our consultation and during visits with Safe Advantage companies, employers highlighted the need for more information and assistance on return-to-work programs. Over the course of 2008, we worked diligently to provide employers with a resource they need to ensure workers can return to work as soon and as safely as possible. In late 2008, we finalized components of our Return-to-Work Toolkit. We will share it with northern employers in 2009.

Highlights:

- Processed a total of 1,805 mining certificates in 2008.
- Completed 750 industrial safety inspections.
- Completed 99 mining and exploration inspections.
- Held 18 specialty clinics; Permanent Medical Impairment, Physical Medicine and Rehabilitation, and Orthopaedic Surgery clinics.

Financial Sustainability

Meet the needs of workers and employers without compromising WSCC financial sustainability.

Our Goals:

- Maintain accountability for revenues and expenses through proper stewardship of the Workers' Protection Fund.
- Provide fair and affordable benefits.
- Our organization carefully budgets and monitors our funds to ensure finances can support and protect injured workers now and in the future. We take pride in meeting our commitment to you - to maintain fair and affordable benefits.

To achieve our goals we:

- monitored our investments;
- managed finances and budgets effectively;
- maintained stable assessment rates;
- investigated fraud; and
- managed claims and incentives.

WSCC benefits are calculated using the worker's actual annual income up to a maximum, called the Year's Maximum Insurable Remuneration (YMIR). In 2008, YMIR increased to $70,600 from $69,200.

Assessment rates are calculated by subclass. We determine the expected cost of claims based on past experience, project these costs into the future, and calculate the costs to administer these claims. In 2008, we maintained the average provisional employer assessment rate of $1.71 per $100 of assessable payroll.

Organizational Excellence

Maintain an efficient and adaptive organization, and improve the accountability of the services we deliver.

Our Goals:

- Deliver timely, professional and client focused services.
- Develop modern, effective, and comprehensive legislation and related policies.
- Attract, retain, engage, and develop a skilled workforce.

Our employees believe in service excellence. We are committed to ensure our service, staff, policies, and programs reflect the needs of our customers. To meet these needs, we work closely with each other to identify areas of improvement and operational efficiencies.

To achieve our goals we:

- updated our policies to reflect changes to our legislation;
- adhered to our policy review plan;
- consulted stakeholders on policy development; and
- trained staff.

On April 1, 2008, new Workers' Compensation Acts came into force, and the Workers' Safety and Compensation Commission became our new legal name. During this time, new Northwest Territories General Regulations also came into force. This legislation represents several years of hard work, research, and extensive consultation. When the new Acts were drafted, care was taken to make the language as clear and plain as possible. The Acts were also reorganized for better flow of information.

As part of our policy review plan, and to reflect changes to our legislation, we revised 55 policies and implemented three new policies.

Staff training and development were priorities in 2008. To ensure we meet the needs of our customers, we offered customer service and plain language training. These courses are examples of our commitment to communicate clearly, openly, and honestly with our customers.

To demonstrate our commitment to and model workplace safety, our organization made a long term commitment to train staff in basic first aid, and Automated External Defibrillators (AEDs). By the end of 2008, 26% of WSCC employees were trained in basic first aid, and 12% on AEDs. To support our community and model our commitment to safety, we also provided a volunteer team of 14 Medical First Responders for the 2008 Arctic Winter Games in Yellowknife.

Effective Governance

Provide efficient, accountable leadership and governance that represents the interests of the northern workforce.

Our Goals:

- Meet transparency requirements and raise public confidence.
- Educate, engage, and communicate with our stakeholders.
- Our organization is accountable to you. We want to ensure our stakeholders are: informed about our operations, given the opportunity to provide feedback, and satisfied with our service delivery. To do so we rely on strong leadership and communication.

To achieve our goals we:

- consulted with stakeholders about our strategic priorities and goals;
- produced informative and helpful publications;
- reported on our activities and operations; and
- maintained open communication.

Every year we consult with key stakeholders, and request their input on our strategic priorities and goals. Their feedback helps our Governance Council and leadership team review our current strategic plan, and evaluate our future direction. In 2008, key stakeholders were asked for feedback during the development of our 2009-2011 Corporate Plan.

Our organization takes pride in the publications and resources we offer to our stakeholders. We produce Reflections magazine on a semi-annual basis. It provides employers with information on WSCC policies, programs, and initiatives, as well as information and insight into safety and prevention tools, topics, and trends.

We also produce an e-newsletter – Insight: A Look at Safety and Service which is sent electronically every other month to subscribers. It highlights upcoming WSCC news, events, and activities, as well as safety education opportunities and tips.

In 2008, we committed to provide our stakeholders with regular updates on our operations and activities. Our Activities Report provides a quarterly overview of what we do to achieve our goals. This report links our activities to our balanced scorecard. It allows stakeholders to track our progress and performance throughout the year.

In addition to reporting to stakeholders, we wanted to ensure our stakeholders had a means of communicating openly with us about the quality of our service delivery. In 2008, we adopted two quality assurance roles within our organization. Both internal and external stakeholders can contact our offices to share feedback or concerns about the service they receive. This demonstrates our commitment to improve the service we deliver and relationships with our customers.

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

FINANCIAL STATEMENTS DECEMBER 31, 2008

Auditor General of Canada
Vérificatrice générale du Canada

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

I have audited the balance sheet of the Workers' Safety and Compensation Commission of the Northwest Territories and Nunavut as at December 31, 2008 and the statements of operations and comprehensive income, reserves, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Northwest Territories and Nunavut Financial Administration Acts, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

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

Sheila Fraser

Sheila Fraser, FCA
Auditor General of Canada

Edmonton, Canada
April 3, 2009

240 rue Sparks Street, Ottawa, Ontario K1A 0G6

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Workers' Safety and Compensation Commission of the Northwest Territories and Nunavut, 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 Canadian generally accepted accounting principles and include some amounts, such as the benefits liability, that are necessarily based on management's best estimates and judgment. Financial information contained elsewhere in the annual report is consistent with that contained in the financial statements.

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

The Governance Council is responsible to ensure management fulfills its responsibilities for financial reporting and internal control. The Governance Council exercises this responsibility and is composed of Directors who are not employees of the Workers' Safety and Compensation 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 provides an independent, objective audit of the financial statements for the purpose of expressing her opinion on these financial statements. She also considers whether the transactions that come to her notice in the course of this audit are, in all material respects, in accordance with specified legislation.

Morneau Sobeco, 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 Workers' Safety and Compensation Commission.

Anne S. Clark
President & CEO

John Doyle
Chief Financial Officer

April 3, 2009

BALANCE SHEET

	2008	2007
ASSETS		
Cash and cash equivalents (Note 4)	$ **6,146**	$ 2,798
Assessments receivable (Note 5)	**3,155**	3,480
Other receivables (Note 5)	**445**	96
Prepaid expenses	**196**	269
Investments (Note 6)	**260,526**	311,860
Buildings and equipment (Note 7)	**7,535**	7,520
	$278,002	$326,023
LIABILITIES AND RESERVES		
Liabilities		
Accounts payable and accrued liabilities	$ **2,759**	$ 19,436
Assessments refundable	**990**	1,094
Benefits liability (Note 8)	**232,190**	223,140
Employee future benefits (Note 9b)	**844**	758
	$236,783	$244,428
Reserves (Note 10)		
Operating reserve	$ **5,315**	$ 8,900
Investment fluctuation reserve	**-**	13,795
Rate stability reserve	**14,619**	38,000
Safety reserve	**105**	140
Catastrophe reserve	**21,180**	20,760
	$ 41,219	$ 81,595
	$278,002	$326,023

Commitments (Note 11)
Contingencies (Note 12)

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

Approved by the Governance Council:

William Aho
Chairperson, Governance Council

STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME

	2008	2007
REVENUE		
Assessments	$ **38,964**	$ 35,867
Less: 2006 Assessment rebate (Note 17)	-	(10,250)
Add: Safe Advantage penalties (Note 17)	**349**	-
Less: Safe Advantage refunds (Note 17)	**(742)**	-
Net Assessments	**38,571**	25,617
Investments		
Interest and dividends	**9,186**	14,200
Investment losses – net (Note 6d)	**(31,206)**	(11,276)
Investment fees	**(821)**	(1,102)
Prevention Services Fines	**90**	-
	$ **15,820**	$ 27,439
EXPENSES		
Claims costs		
Claims costs, current year (Note 8)	$ **33,549**	$ 30,972
Claims costs, prior years (Note 8)	**6,541**	239
Interest expense on Giant Mine litigation (Note 12a)	**397**	1,503
Third party legal claim recoveries (Note 12b)	**(1,174)**	(335)
Recoveries for hunters and trappers (Note 15)	**(1,042)**	(576)
	$ **38,271**	$ 31,803
Administration and general expenses (Note 14)	**17,925**	17,895
	$ **56,196**	$ 49,698
NET LOSS FROM OPERATIONS AND COMPREHENSIVE INCOME (LOSS)	$ **(40,376)**	$ (22,259)

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

STATEMENT OF RESERVES

	2008	2007
Reserves beginning of year	**$ 81,595**	$ 103,854
Net loss from operations and comprehensive income	**(40,376)**	$ (22,259)
Reserves, end of year	**$ 41,219**	$ 81,595
Allocated to:		
Operating reserve		
Balance, beginning of year	**$ 8,900**	$ 11,951
Net loss from operations and comprehensive income	**(40,376)**	(22,259)
Transfer from Rate stability reserve	**23,381**	-
Transfer to Investment fluctuation reserve – current year's losses	**5,378**	9,021
Transfer from Investment fluctuation reserve – prior years' gains	**8,417**	10,672
Transfer from Safety reserve	**35**	25
Transfer to Catastrophe reserve	**(420)**	(510)
Balance, end of year	**$ 5,315**	$ 8,900
Investment fluctuation reserve		
Balance, beginning of year	**$ 13,795**	$ 33,488
Transfer from Operating reserve – current year's losses	**(5,378)**	(9,021)
Transfer to Operating reserve – prior years' gains	**(8,417)**	(10,672)
Balance, end of year	-	$ 13,795
Rate stability reserve		
Balance, beginning of year	**$ 38,000**	$ 38,000
Transfer to Operating reserve	**(23,381)**	-
Balance, end of year	**$ 14,619**	$ 38,000
Safety reserve		
Balance, beginning of year	**$ 140**	$ 165
Transfer to Operating reserve	**(35)**	(25)
Balance, end of year	**$ 105**	$ 140
Catastrophe reserve		
Balance, beginning of year	**$ 20,760**	$ 20,250
Transfer from Operating reserve	**420**	510
Balance, end of year	**$ 21,180**	$ 20,760
Reserves, end of year	**$ 41,219**	**$ 81,595**

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

STATEMENT OF CASH FLOWS

	2008	2007
OPERATING ACTIVITIES		
Cash received from:		
Assessments from employers	$ **38,882**	$ 37,916
Interest	**310**	398
Cash paid to:		
Payments to claimants or third parties on their behalf	**(29,597)**	(26,373)
Purchases of goods and services	**(16,147)**	(17,881)
Return of Giant Mine Proceeds (Note 12)	**(17,576)**	-
2006 Assessment Rebate	**-**	(10,250)
Cash used in operating activities	$ **(24,488)**	$ (16,190)
INVESTING ACTIVITIES		
Sale and maturity of investments	$ **45,438**	$ 143,383
Purchase of investments	**(16,435)**	(126,379)
Purchase of capital assets	**(1,527)**	(1,916)
Cash provided /(used) by investing activities	$ **27,476**	$ (15,088)
Increase/(Decrease) in cash and cash equivalents	$ **3,348**	$ (1,102)
Cash and cash equivalents, beginning of year	**2,798**	3,900
Cash and cash equivalents, end of year (Note 5)	$ **6,146**	$ 2,798

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

1. Authority, mandate and shared operations

The Workers' Safety and Compensation Commission (the Commission) operates under the authority of the Northwest Territories and Nunavut Workers' Compensation Acts. In addition, the Commission is also responsible for the administration of the Northwest Territories and Nunavut Safety Acts, Mine Health and Safety Acts, and the Explosives Use Acts. The Commission is exempt from income tax and the goods and services tax.

The Commission's mandate is to provide benefits to injured workers and to levy assessments against employers to cover the current and future costs of existing claims. The Commission is also responsible to develop safety awareness programs and monitor 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 notice of one full fiscal year.

Both the Northwest Territories and Nunavut legislatures passed new workers' compensation legislation. The Northwest Territories *Workers' Compensation Act* and the Nunavut *Workers' Compensation Act* came into force on April 1, 2008. As of that date, the Workers' Compensation Board of the Northwest Territories and Nunavut changed its legal name to the Workers' Safety and Compensation Commission of the Northwest Territories and Nunavut.

2. Financial Reporting – Disclosure Changes

Effective January 1, 2008, the Commission adopted the new provisions of the CICA Handbook Section 3862 *Financial Instruments – Disclosure* and 3863, "*Financial Instruments – Presentation*", released in July 2006 and effective for fiscal periods beginning on or after October 1, 2007. These revised provisions enhance the standards on financial instruments issued in January 2005 and expand on their disclosure requirements, placing an increased emphasis on disclosures about the risks and exposures relating to financial instruments and how those risks are managed. The adoption of Sections 3862 and 3863 has no material impact on the Commission's operating results or financial position. The required disclosures are in Note 13.

Effective January 1, 2008, the Commission also adopted the new provisions in accounting standard Section 1535, *Capital Disclosures*, which require both quantitative and qualitative disclosures about how the Commission manages its capital. These changes have no impact on the Commission's operating results or financial position, and the required disclosures are in Note 10.

Effective January 1, 2008 the Commission adopted the amended provisions of the CICA Handbook Section 1400 *General Standards of Financial Presentation,* which requires the Commission to assess and disclose the Commission's ability to continue as a going concern. The adoption of this new section has not had an effect on the Commission's financial statements as the Commission is a going concern.

3. Significant accounting policies

The financial statements were prepared in accordance with Canadian generally accepted accounting principles. The following is a summary of the significant accounting policies:

a) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ significantly from those estimates. The more significant management estimates relate to the determination of the benefits liability, assessments receivable, employee future benefits and fair value of investments.

b) Cash and cash equivalents

Cash and cash equivalents are cash and money market instruments with initial maturities up to three months, less any bank overdraft. Cash and short-term investments held by investment managers for investment purposes are excluded from cash and cash equivalents reported on the balance sheet.

c) Assessments

At the beginning of each year, the Commission levies assessments on employers by applying their industry assessment rate to their estimated payrolls for the year. The assessment levy is payable by instalments during the year. At year-end, an estimate of the amount of adjustments to assessments based on the expected difference between estimated payroll and actual payroll is recognized either as assessment revenue and recorded as a receivable, or as reduction in assessment revenue and recorded as assessment refundable.

An allowance for doubtful accounts is recorded for assessments receivable based on management's best judgment. The Governance Council must approve all assessments receivable write-offs.

d) Investments

Interest and dividends are recognized as income in the period earned. Transaction costs are recognized as 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 recorded in investment gains/(losses).

e) Benefits liability

The benefits liability represents the present value of future payments in respect of medical aid benefits, compensation payments, and pensions in respect of claims arising from accidents occurring prior to the end of the fiscal year. The benefits liability also includes an allowance for future claims management costs.

Many assumptions are required to calculate the benefits liability, including estimates of future inflation, interest rates, and mortality rates. The benefits liability is determined annually by an independent actuarial valuation. The independent actuary's opinion on the adequacy and appropriateness of the benefits liability is attached to these financial statements.

The benefits liability includes provision for all benefits provided by current legislation, policies, and administrative practices. A provision for future claims arising from latent occupational diseases was not included in this valuation as it cannot be reliably measured.

f) Administration and general expenses

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.

g) Employee future benefits

Pension benefits

All eligible employees participate in the Public Service Pension Plan (PSPP) administered by the Government of Canada. The Commission's contributions to the PSPP are based on a percentage of employees' contributions. The percentage may change from year to year depending on the experience of the PSPP. The Commission's contributions are charged to operations on a current basis as employees render services and represent the total pension obligations. The Commission is not required to make contributions with respect to actuarial deficiencies of the PSPP.

Other benefits

Under the terms and conditions of employment, employees may earn non-pension benefits for resignation, retirement, and removal out based on years of service and final salary. The cost of these non-pension benefits is determined based on management's best estimates and recognized as an expense and liability as employees render services.

h) Buildings and equipment

Buildings and equipment are recorded at cost and amortized over their estimated useful lives using the straight-line method as follows:

Building	25 years
Furnishings	10 years
Equipment, including application software	5 years
Leasehold improvements and office space (leased)	lesser of useful life or lease term
Computer software, customized	8 years

i) Financial Instruments – Recognition and Measurement

CICA Handbook Section 3855 requires that all financial assets and financial liabilities be measured at fair value on initial recognition except for certain related third party transactions. Measurement in subsequent periods depends on whether the financial asset or liability has been classified as held-for-trading, available for sale, held to maturity, loans and receivables or other liabilities.

Financial instruments classified as held-for-trading are subsequently measured at fair value and realized and unrealized gains and losses are included in net income in the period in which they arise. The Commission classifies cash and cash equivalents as held-for-trading. The Commission also classifies their fixed income investments, equity investments and real estate portfolio investments as held-for-trading. The fair value for publicly traded investments is based on quoted market prices and privately held investments are measured using a yield to maturity method.

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as held-for-trading, held-to-maturity, or loans and receivables. Available for sale assets are subsequently measured at fair value with unrealized gains and losses recorded in other comprehensive income until realized, at which time they are recognized in net income. The Commission has not classified any of its financial instruments as available-for-sale.

Held-to-maturity assets are those non-derivative financial assets with fixed or determinable payments and fixed maturity that the company has an intention and ability to hold until maturity, excluding those assets that have been classified as held-for-trading, available-for-sale, or loans and receivables. They are subsequently measured at amortized cost using the effective interest method. The Commission has not classified any financial instruments as held-to-maturity.

Financial instruments classified as loans and receivables are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand, usually with interest. These assets do not include debt securities or assets classified as held-for-trading. They are subsequently measured at amortized cost using the effective interest method. The Commission classifies assessments receivable and other receivables, which are current financial instruments, as loans and receivables.

All other financial liabilities not classified as held-for-trading are subsequently measured at cost or amortized cost. The Commission classified accounts payable and accrued liabilities, and assessments refundable as other financial liabilities.

Financial Instruments – Disclosure and Presentation

Section 3863 of the CICA Handbook establishes standards for presentation of financial instruments and non-financial derivatives and identifies the information that should be disclosed about them. Under the new standards, policies followed for periods prior to the effective date generally are not reversed, and, therefore, the comparative figures have not been restated.

j) Future Accounting Changes

Goodwill and intangible assets

In February 2008, the CICA issued Handbook Section 3064 *Goodwill and Intangible Assets*, which requires adoption for fiscal years beginning on or after October 1, 2008. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition, and of intangible assets The Commission does not expect the adoption of this new section to have an impact on its financial statements.

International Financial Reporting Standards (IFRS)

In 2006, the Accounting Standards Board (AcSB) of Canada announced its intention to adopt International Financial Reporting Standards (IFRS) as Canadian generally accepted accounting principles (GAAP) for publicly accountable entities. In early 2008, the AcSB announced the changeover date for full adoption of IFRS is January 1, 2011. The standards will require the Commission to have comparative figures for 2010 and an opening balance sheet at the beginning of 2010 to comply with IFRS standards. We are currently assessing the impact to our financial statements of adopting IFRS.

4. Cash and cash equivalents

The Commission invests in the short-term money market. The market yield of this portfolio for the year was 3.44% (2007 – 4.64%). All instruments held in cash and cash equivalents are readily convertible to cash and are held in high quality debt obligations issued or guaranteed by Canadian, provincial, or territorial governments, Canadian chartered banks, or loan or trust companies registered in Canada.

	2008	2007
Cash	**$ 2,038**	$ 1,662
Short-term investments	**4,201**	1,225
	6,239	2,887
Less: bank overdraft	**(93)**	(89)
	$ 6,146	$ 2,798

5. Assessments and other receivables

a) Assessments receivable

	2008	2007
Current assessments receivable	**$ 1,998**	$ 2,997
Overdue assessments receivable	**1,248**	628
Less: allowance for doubtful accounts	**(91)**	(145)
Net assessments receivable	**$ 3,155**	$ 3,480

The Commission collected $285 of interest income during the current year on the receivables. Interest is charged at the rate of 2% per month on the outstanding balance, including assessment interest receivable. None of the above, except for those included in the allowance, are considered to be impaired.

b) Other Receivables

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

6. Investments

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

	2008		2007	
	Fair Value	**Cost**	Fair Value	Cost
Fixed income investments	**$ 132,444**	**$128,793**	$ 139,585	$137,250
Real estate	**$ 32,412**	**$ 31,486**	$ 31,554	$ 30,163
Equities	**$ 95,670**	**$121,373**	$ 140,721	$125,798
Total	**$ 260,526**	**$ 281,652**	$ 311,860	$ 293,211

This is a change in presentation from the previous year.

a) Fixed income investments

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

	2008		2007	
	Fair Value	**Cost**	Fair Value	Cost
Fixed income securities	**$ 40,175**	**$ 39,136**	$ 41,932	$ 40,312
Add pooled funds				
Indexed bond funds	**60,150**	**59,657**	66,965	66,938
Mortgage fund	**32,119**	**30,000**	30,688	30,000
	$ 132,444	**$ 128,793**	$ 139,585	$ 137,250

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

Included in the above amounts are investments in privately held related party bonds, as disclosed in Note 15. The cumulative unrealized gains in 2008 on the privately held investments are $386 (2007 - $684). The change in market values for the year ended 31 December 2008 charged to net income is $390 (2007 - $242).

The cumulative unrealized gains on fixed income investments at the end of the year are:

	2008	2007
Fixed income – cost	**$ 128,793**	$ 137,250
Cumulative unrealized gains	**3,651**	2,335
Fixed income – fair value	**$ 132,444**	$ 139,585

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

	Within 1 Year	1 to 2 Years	2 to 5 Years	5 to 10 Years	Over 10 Years	**Fair Value 2008**	Fair Value 2007
Cash, short term investments and net payable in investment manager accounts	$ 4,249					**$ 4,249**	$ 2,716
Government bonds			$ 9,172	$ 2,807	$ 4,760	**16,739**	21,445
Corporate bonds	2,912	$ 309	4,123	1,202	10,011	**18,557**	17,151
Mortgage backed bonds					630	**630**	620
	$ 7,161	$ 309	$13,295	$ 4,009	$ 15,401	**$ 40,175**	$ 41,932

b) Real Estate

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

	2008		2007	
	Fair Value	**Cost**	Fair Value	Cost
Canadian properties (pooled fund)	**$ 32,412**	**$ 31,486**	$ 31,554	$ 30,163
	$ 32,412	**$ 31,486**	$ 31,554	$ 30,163

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

The cumulative unrealized gains on the real estate portfolio investments at the end of the year are as follows:

	2008	2007
Canadian properties - cost	**$ 31,486**	$ 30,163
Cumulative unrealized gains	**926**	1,391
Canadian properties – fair value	**$ 32,412**	$ 31,554

c) Equity

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

	2008		2007	
	Fair Value	**Cost**	Fair Value	Cost
Total equities	**$ 220,351**	**$ 242,516**	$ 269,928	$ 252,899
Less: pooled funds				
Indexed bond funds	**(60,150)**	**(59,657)**	(66,965)	(66,938)
Mortgage fund	**(32,119)**	**(30,000)**	(30,688)	(30,000)
Canadian properties	**(32,412)**	**(31,486)**	(31,554)	(30,163)
	$ 95,670	**$ 121,373**	$ 140,721	$ 125,798
Canadian equities	**$ 34,800**	**$ 32,719**	$ 58,381	$ 35,582
U.S. equities	**33,900**	**50,502**	42,793	50,508
International equities	**26,970**	**38,152**	39,547	39,708
	$ 95,670	**$121,373**	$ 140,721	$ 125,798

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

The cumulative unrealized gains and losses on the equity investments at the end of the year are as follows:

	2008	2007
Equity investments – cost	**$ 121,373**	$ 125,798
Cumulative unrealized gains	**2,080**	22,799
Cumulative unrealized losses	**(27,783)**	(7,876)
Equity investments – fair value	**$ 95,670**	$ 140,721

d) Investment gains / (losses) - net

The investment gains / (losses) - net recorded in income can be broken down as follows:

	2008	2007
Realized gains on investments	**$ 8,560**	$ 26,514
Change in unrealized gains and losses on investments during the period	**(39,766)**	(37,790)
	($ 31,206)	($11,276)

e) Investment performance

Investments are managed by six independent investment managers. The market return of the portfolio for the year is as follows:

	2008	2007
Fixed income investments	**6.09%**	3.76%
Canadian equities	**-24.38%**	7.76%
U.S. equities	**-20.76%**	-15.97%
International equities	**-26.81%**	-5.73%
Cash and cash equivalents	**2.84%**	4.73%
Real Estate	**2.69%**	3.53%
Mortgages	**4.66%**	1.96%

Note that returns for Real Estate and Mortgages for 2007 are for a four month period since inception of the portfolio.

7. Buildings and equipment

	2008			2007
	Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
Building	$ 3,268	$ 402	**$ 2,866**	$ 2,980
Leasehold improvements	1,063	349	**714**	586
Equipment	3,593	2,943	**650**	568
Computer software, customized	5,394	2,373	**3,021**	3,157
Furnishings	754	470	**284**	229
	$ 14,072	$ 6,537	**$ 7,535**	$ 7,520

8. Benefits liability

	Medical Aid	Compensation	Future Capitalizations	Pension Awards	**Total 2008**	Total 2007
Balance, beginning of year	$ 28,916	$ 21,942	$ 36,135	$ 136,147	**$ 223,140**	$ 218,957
Add: Claims costs						
Current year	7,644	13,175	10,084	2,646	**33,549**	30,972
Prior years	2,291	(789)	(3,112)	8,151	**6,541**	239
Liability transfer, capitalizations			(6,335)	6,335		-
	9,935	12,386	637	17,132	**40,090**	31,211
Less: Claims payments						
Current year injuries						
Claims payments	1,702	3,136		342	**5,180**	4,449
Claims management	596	1,098		31	**1,725**	1,471
Prior years' injuries						
Claims payments	3,726	3,514	3,524	9,651	**20,414**	17,696
Claims management	1,304	1,230	317	869	**3,720**	3,412
	7,383	8,978	3,841	14,690	**31,040**	27,028
Balance, end of year	$ 31,523	$ 25,350	$ 32,931	$ 142,386	**$ 232,190**	$ 223,140

The following is an actuarial reconciliation of the changes in the benefits liability:

	2008	2007
Balance, beginning of year	**$ 223,140**	$ 218,957
Add:		
Provision for current year's claims	**26,644**	25,052
Interest allocated	**15,054**	14,861
	41,698	39,913
Deduct:		
Payments for prior years' claims	**(24,134)**	(21,108)
Experience gain	**(8,514)**	(14,622)
	(32,648)	(35,730)
Balance, end of year	**$ 232,190**	$ 223,140

The principal sources of the experience gain are as follows:

- $ 2,564 from lower than expected pension awards for prior years' claims. The number of pensions awarded was lower than expected.
- $ (555) from higher than expected Medical Aid payments.
- $2,339 from lower than expected payments for short term income benefits and for other factors affecting the Future Claims Liability.

- $2,993 from a change in assumption about Lump Sum elections on pensions.
- $1,183 affecting the Future Pension Liability, mostly due to the inflation assumption. The WSCC uses an assumption of 3.5% inflation for long term pensions, and the experience for 2009 pension increases was 2.17%.

The Commission bases expectations of costs of awarded pensions and the ongoing cost of compensation and medical aid payments on the experience of prior years.

Major actuarial assumptions

The benefits liability is composed of two parts:

Future claims liability

This liability represents the present value of the expected future claim 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 ("Compensation"), pension benefits for future capitalizations ("Future Capitalizations"), and related administrative expenses. "Future Capitalizations" represents that portion of the future claims liability that is an estimate of the liability for expected pension benefit awards that relates to injuries that have already occurred.

The Commission includes a provision for expected future claims costs for Hunters & Trappers in the Future Claims Liability in accordance with the Memorandum of Understanding on Renewable Resources Harvesters (May 1994).

The liabilities for the medical aid and compensation benefits were developed using the loss development method. This method is also commonly known as the "claims run-off" approach. The liability for future capitalizations was developed using a modified version of the loss development method.

The following economic assumptions are used in the valuation of the Future Claims Liability: discount rate 7.125% (2007 - 7.125%), inflation – i) future capitalizations: 2.17% in 2009 and 3.5% per annum thereafter (2007 - 2.42% and 3.5%), and ii) compensation and medical aid: 3.5% per annum (2007 - 3.5%).

Approved pension liability

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

The following economic assumptions are used in the valuation of the approved pension liability: discount rate 7.125% (2007 - 7.125%), inflation 2.17% in 2009 and 3.5% thereafter (2007 – 2.42% and 3.5%).

9. Employee future benefits

a) Pension plan

The Commission and all eligible employees contribute to the Public Service Pension Plan (PSPP). This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the Consumer Price Index. Contributions to the PSPP were as follows:

	2008	2007
Commission's contributions	$**1,403**	$1,379
Employees' contributions	**660**	614

b) Other benefits

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

	2008	2007
Accrued benefit obligation, beginning of year	$ **758**	$ 977
Cost for the year	**105**	46
Benefits paid during the year	**(19)**	(265)
Accrued benefit obligation, end of year	$ **844**	$ 758

10. Reserves

The Act stipulates the creation of a Workers' Protection Fund (the Fund) for the payment of present and future compensation. 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 Fund is fully funded when the total fund assets equal or exceed total liabilities plus the Catastrophe Reserve. This Funded Position (or net assets) represents the current funding status of the Fund. The Governance Council's long term goal is to maintain the Funded Position at 108%-120% of fully funded.

At December 31, 2008, the Funded Position is 108% (2007 – 123%). The decline in the Funded Position is a result of the decrease in the investments portfolio caused by the sharp downturn in the global equity markets during 2008.

The Commission maintains five reserves within the Workers' Protection Fund. All of these reserves are established by the Governance Council, and none are externally restricted. The Commission made no changes to the management of capital during the year.

In accordance with Section 83 of the Workers' Compensation 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 Workers' Safety and Compensation

Commission, while maintaining stability of assessment rates and benefits to injured workers.

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 established in accordance with the Workers' Compensation Acts is intended to protect the Commission against adverse fluctuations in claims costs and investment results. The target level for the operating reserve is established after the target level for the catastrophe reserve has been determined. Assessment rates are adjusted to bring the operating reserve to its target level over a period of between two years and ten years, depending on the margin by which the operating reserve is above or below the target level. The tolerance range for the operating reserve is plus or minus 50% of the target level. The target range at year end was $5,315 to $15,946 (2007 - $5,487 to $16,460).

b) Investment fluctuation reserve

The purpose of the investment fluctuation reserve is to recognize the annual gains and losses on investments on an even basis in the operating reserve over a period of five years.

c) Rate stability reserve

The rate stability reserve was established to fund the provision of a rate discount to employers on their assessments. The target level for the rate stability reserve is determined after the target levels for the catastrophe reserve and operating reserve are established. The rate stability reserve will be used to stabilize employer assessments as the investment market changes and there are fluctuations in the Workers' Protection Fund.

d) Safety reserve

The safety reserve was established to fund safety programs and will be used to implement the Commission's safety strategy.

e) Catastrophe reserve

The catastrophe reserve is intended to protect the Commission against a catastrophic event that results in a substantial increase in the Commission's benefits liability. 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 300 times the 2008 Year's Maximum Insurable Remuneration (YMIR) of $70.60 (2007 - $69.20). The target level for the catastrophe reserve provides for the cost of a disaster.

11. Commitments

Future minimum lease payments on operating leases for office premises, staff accommodations and equipment over the next five years, and in aggregate, are as follows:

	2008
2009	**$ 967**
2010	**928**
2011	**914**
2012	**771**
2013	**778**
Thereafter	**717**
	$ 5,075

12. Contingencies

a) Giant Mine Litigation

In 2006, the Supreme Court of the Northwest Territories awarded the Commission $11,825 plus costs of $4,107, including pre-judgement interest, for the Giant Mine litigation. The Commission received payment of $15,932 in 2006 from the Government of the Northwest Territories insurer, one of eight defendants in the litigation. The payment of $15,932 was recorded as a deferred credit on the Commission's balance sheet pending the outcome of the appeal of the court's decision by some of the defendants.

On May 22, 2008, the Court of Appeal of the Northwest Territories ruled in favour of the appellants. As such, the Commission must reimburse $15,676 plus interest from the original date of payment. Interest payable from the original date of payment to December 31, 2007 of $1,503 was accrued and the amount of $15,676 was reclassified to accounts payable and accrued liabilities on the Commission's balance sheet for 2007. These amounts were repaid to the Government of the Northwest Territories, including 2008 interest expense of $397.

The decision by the Court of Appeal of the NWT also allows the appellants to seek costs. The amount of the costs the appellants may be awarded cannot be reasonably estimated and therefore, no amount was recognized in the Commission's financial statements for 2008.

The Commission sought leave to appeal the decision to the Supreme Court of Canada. On November 27, 2008, the Supreme Court granted leave to appeal, with costs awarded in any event of the cause. The outcome of the appeal is not determinable at this time. The effects of the litigation will be recognized in the year in which they become known.

b) Other litigation

There are a number of other third party legal claims outstanding for recovery of claims expenses from third parties. Third party legal claim recoveries, net of legal expenses, recognized in income during the year were $1,174 (2007 - $335).

13. Financial risk management

The Governance Council is responsible to review and approve 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 speaking, 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:

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

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

a) Credit risk

Credit risk on financial instruments arises from the possibility that the customer or counterparty to an instrument fails to meet its obligations. In order to manage this risk, the Commission's investment policy requires that short-term investments at the time of purchase have a minimum credit rating of R-1(low) or its equivalent and that 90% or more of other fixed income investments have a minimum credit rating of A- or its equivalent. An independent rating service determined these ratings.

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

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

i. The employer base is dispersed across various industries, with government comprising a significant concentration. The non government based employers may be affected by any downturns due to prevailing economic conditions.

ii. As at December 31, 2008, the majority of accounts receivable 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.

iii. The Commission has the power and remedies to enforce payment owing.

All of the Commission's accounts receivable and assessments receivable are reviewed for indicators of impairment.

The following table outlines the credit risk exposure for the Commission at the balance sheet date for each major class of fixed income investments:

December 31, 2008	R-1(high)	R-1 (middle)	R-1 (low)	**Total**
Short-term investments	$ 3,823	$ 378	-	**$ 4,201**

December 31, 2008	AAA	AA	A	BBB	**Total**
Fixed income investments	18,481	10,657	10,482	555	**40,175**
Indexed bond funds	31,272	15,880	10,057	2,941	**60,150**
Total	$ 49,753	$ 26,537	$ 20,539	$ 3,496	**$ 100,325**

b) Market risk

Market risk is the risk that the fair value or future cash flows of the Commission's investments 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, Westpen Properties Ltd, at 12.44% of the total fund. This fund is diversified by investment type and geographic location. The Governance Council is aware of the actual fixed income investment exceeding the maximum target.

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

	Target		Actual	
	Maximum	Minimum	**2008**	2007
Fixed income investments	35%	25%	**38.51%**	34.92%
Canadian equities and cash equivalents	23%	13%	**13.36%**	18.72%
U.S. equities	21%	11%	**13.01%**	13.72%
International equities	16%	6%	**10.35%**	12.68%
Mortgages	15%	10%	**12.33%**	9.84%
Real Estate	15%	10%	**12.44%**	10.12%
			100.00%	100.00%

Equity investments are particularly sensitive to market risk. Because equities are recorded as held for trading in our financial statements, changes in value from the movements in the markets have a significant impact on the net income and reserve values. Here we show the impact of a change that can be reasonably expected, given the variability of the portfolio in 2008. Following is a sensitivity analysis that shows the impact of a change of 15-16%, on the average market values of each portfolio which equates to one standard deviation of the portfolio in the stock market index. Exposure to a 10% change in the real estate and mortgages portfolios is not significant and is not included.

Portfolio	Index	Exposure Dec 31 2008	Change one standard deviation	Change to Net Income 2008
Canadian Equities	TSX 300	$ 34,799	+16%	$ 5,568
US Equities	Russell 3000	33,900	+15%	5,085
International Equities	MSCI EAFE	26,970	+16%	4,315

c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate in the future because of interest rate changes. The Commission is exposed to interest rate risk primarily through its investments in fixed income investments. Fluctuations in interest rates can affect the fair value of the fixed income investments, as well as shift investor preferences among asset classes. Interest rate risk is minimized by actively managing the duration of the fixed income investments as detailed in note 6a).

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

	Movement in Interest rates	Change to Net Income 2008
+/- change in	+1%	$ 6,074
Nominal interest rates	-1%	(6,074)

d) Foreign exchange risk

Foreign exchange risk is the risk that the value of financial assets and liabilities denominated in foreign currencies will fluctuate due to changes in their respective exchange rates. The Commission has investments denominated in foreign currencies which are exposed to currency risk. To mitigate this risk, investment managers are authorized to enter into forward foreign exchange contracts, which represent commitments to exchange two currencies at a specified future date based on a rate agreed to by both parties at the inception of the contract, for the sole purpose of hedging foreign currency transactions. The investment managers do not do this as a rule. There were no forward foreign exchange contracts outstanding at December 31, 2008 (2007 - nil).

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

Foreign country currency	Fixed Income	Equity	**Total Investments Fair Value 2008**	Total Investments Fair Value 2007
U.S.	-	$ 33,900	**$ 33,900**	$ 42,793
Europe	-	10,626	**10,626**	14,155
United Kingdom	-	4,369	**4,369**	8,201
Japan	-	5,097	**5,097**	7,097
Switzerland	-	3,317	**3,317**	4,495
Hong Kong	-	1,214	**1,214**	1,459
Australia	-	512	**512**	907
Brazil	-	432	**432**	1,262
Taiwan	-	216	**216**	315
Mexico	-	270	**270**	276
Israel	-	324	**324**	-
South Korea	-	161	**161**	198
Egypt				118
Subtotal	-	60,438	**60,438**	81,276
Canada	$ 40,175	159,913	**200,088**	230,584
	$ 40,175	$ 220,351	**$ 260,526**	$ 311,860

Included in assets designated as international equity investments are $0 in U.S. dollars and $432 in Canadian assets.

The table provides a sensitivity analysis that illustrates the impact of a 10% appreciation in the Canadian dollar relative to the four largest currencies we are exposed to. This analysis assumes that all other variables remain constant.

Currency	Exposure Dec 31 2008	Change	Change to Net Income 2008
US	$ 33,900	+10%	($ 3,390)
Europe	10,626	+10%	(1,062)
United Kingdom	4,369	+10%	(436)
Japan	5,097	+10%	(509)

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 one segment of the market or geographic location are reduced by having holdings diversified across residential, commercial, industrial, and developmental markets.

14. Administration and general expenses

	2008	2007
Salaries, wages and allowances	**$ 12,682**	$ 12,104
Professional services	**3,476**	4,228
Office lease and renovations (non-capital)	**2,003**	1,803
Amortization	**1,289**	1,273
Travel	**1,076**	1,199
Advertising and public information	**828**	824
Communications	**559**	536
Office services and supplies	**480**	338
Contributions to other organizations	**459**	-
Office furnishings and equipment (non-capital)	**259**	228
Training and development	**246**	207
Honoraria and retainers	**108**	138
Grants	**79**	169
Miscellaneous	**71**	20
Recoveries	**(245)**	(290)
	23,370	22,777
Less: Allocation to claims management costs (note 8)	**(5,445)**	(4,882)
	$ 17,925	$ 17,895

15. 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:

	2008	2007
Government of the Northwest Territories	**$ 528**	$ 388
Government of Nunavut	**631**	188
Territorial public agencies	**12**	(29)
	$ 1,171	$ 547

Through memoranda of understanding with the Governments of the Northwest Territories and Nunavut, the Commission charges the governments for the costs of administering benefits relating to hunters and trappers claims. These costs include the increase or decrease in the future benefits liability related to hunters and trappers claims; therefore, a significant decrease in the future benefits liability can result in a refund by the Commission to either Government. The amount due from related parties includes reimbursements from the Governments of the Northwest Territories and Nunavut for hunters and trappers claims for the year in the amount of $480 (2007 - $388), and $562 (2007 - $188), respectively.

Balances payable to related parties:

	2008	2007
Government of the Northwest Territories	**$ 35**	$ 69
Territorial Public Agencies	**16**	85
Government of Nunavut	**5**	-
	$ 56	$ 154

Assessments revenue, at rates determined using the same method as with others, from related parties:

	2008	2007
Government of the Northwest Territories	**$ 1,502**	$ 1,455
Government of Nunavut	**1,337**	1,104
Territorial public agencies	**220**	620
	$ 3,059	$ 3,179

Expenses to related parties:

	2008	2007
Territorial public agencies	**$ 420**	$ 877
Government of the Northwest Territories	**365**	
Government of Nunavut	**219**	57
	$ 1,004	$ 934

Investments in bonds of related parties at fair value:

	2008	2007
Northwest Territories Power Corporation		
11.00% maturing March 9, 2009	**$ 508**	$ 534
11.125% maturing June 6, 2011	**1,196**	1,179
6.42% maturing December 18, 2032	**1,686**	1,887
5.95% maturing December 15, 2034	**1,022**	1,149
	4,412	4,749
Northwest Territories Legislative Assembly Building Society		
13.00% Series A, maturing August 31, 2013	**268**	321
	$ 4,680	$ 5,070

The Commission does not record the value of other services provided 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.

16. Fair value of other financial instruments

Accounts payable, accrued liabilities, and other amounts receivable and refundable are recorded at their carrying values on the balance sheet, which are reasonable estimates of fair value due to the relatively short period to maturity of the financial instruments.

17. Assessment penalties and rebates

In June 2007, the Governance Council approved a one–time 30% rebate on all 2006 paid assessments. The total amount of the rebate was $10,250, paid in December 2007.

The Commission implemented the Safe Advantage Program in 2008, which assesses penalties and pays refunds to large employers based on claims expenses, safety practices, and return to work programs. In 2008, this resulted in penalties of $349 and refunds of $742.

18. Comparative Information

Certain comparative figures were reclassified to conform to the current year's presentation.

Actuarial Statement of Opinion

I have completed the actuarial valuation of the benefit liabilities of the Worker's Safety and Compensation Commission (the "Commission") as at December 31, 2008 (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 estimate of the actuarial liabilities as at the valuation date is $232,190,000. This includes provisions for benefits and future administration expenses expected to be paid after the valuation date for claims that occurred on or before the valuation date. This liability includes the Hunters & Trappers group. It does not include any self-insured employers. A provision for future claims arising from long latency occupational diseases is not included in this valuation.

2. 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.

3. 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.

4. The actuarial assumptions adopted in computing the liabilities are adequate and appropriate, and the methods used are in accordance with accepted actuarial practice for Workers' Compensation organizations in Canada. The economic assumptions are consistent with the funding and investment policies of the Commission.

Thane MacKay, F.S.A, F.C.I.A
Principal, Morneau Sobeco

March 5, 2009

This report has been peer reviewed by Howard Slaney, F.S.A., F.C.I.A.

Workers' Advisor Office
for the Northwest Territories & Nunavut

Workers' Advisor Office 2008 Annual Report

Message from the Workers' Advisor

This year has been one of growth and change in the Office of the Workers' Advisor of the Northwest Territories and Nunavut. In addition to working diligently with injured workers from the NWT and Nunavut, I have also been chosen to serve as the treasurer of the Canadian Association of Workers' Advisors and Advocates (CAWAA). I have also worked closely with the Deputy Workers' Advisor in Cambridge Bay. The WAO website (www.waonorth.ca) has been updated and redesigned. I have had the opportunity this year to travel to some of the communities in the NWT and Nunavut to visit injured workers and their families.

The Workers' Advisor has developed an excellent working relationship with the WSCC staff and administration, the Governance Council and the Ministers' offices. These collaborative relationships have contributed in a positive way to working through the issues that present themselves when working with injured workers.

I have greatly valued the opportunity to have assisted this Office's clients with their WSCC claims. I will continue to work as hard as I can to assist injured workers and their family members in their efforts to obtain fair and equitable treatment.

Debora Simpson

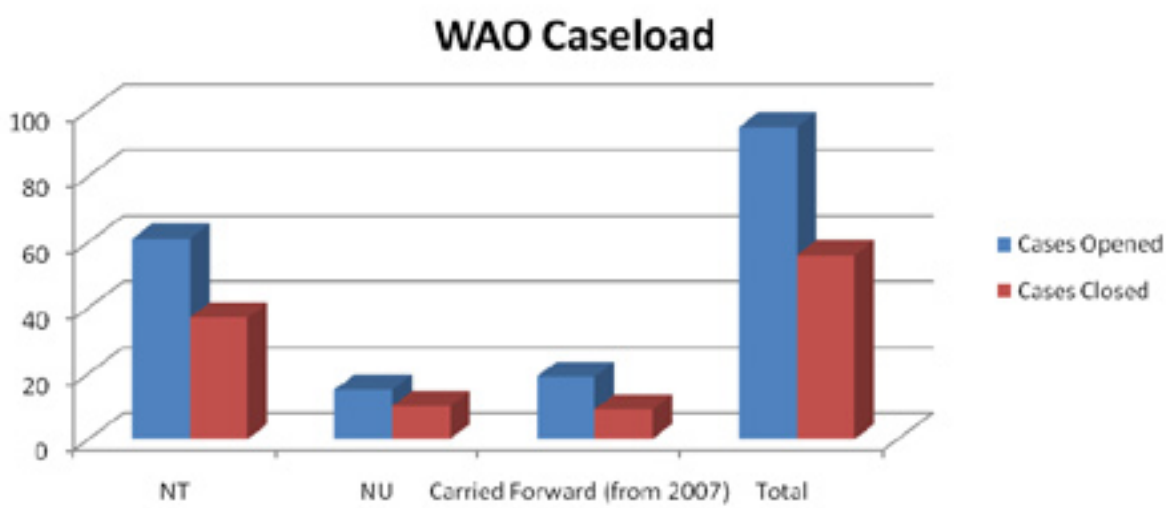
Workers' Advisor

WAO Activity Statistics

Total contacts – 3,609

Contact with this office is made either in-person, by telephone, email, fax or letter. Approximately 42% of the clients who contact this office live in the NWT or Nunavut. The remainder have either relocated or returned to southern Canada, Europe and Mexico.

During 2008/2009, the WAO had contact with numerous individuals and organizations. The majority of contacts were with clients or WSCC staff regarding claim issues. Additionally, the WAO had contact with workers' families, labour groups, employers, healthcare providers, the media, the Ministers, and other stakeholder groups. At the end of March 2009 there were 50 active cases.



Issues Addressed

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

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

Appeals

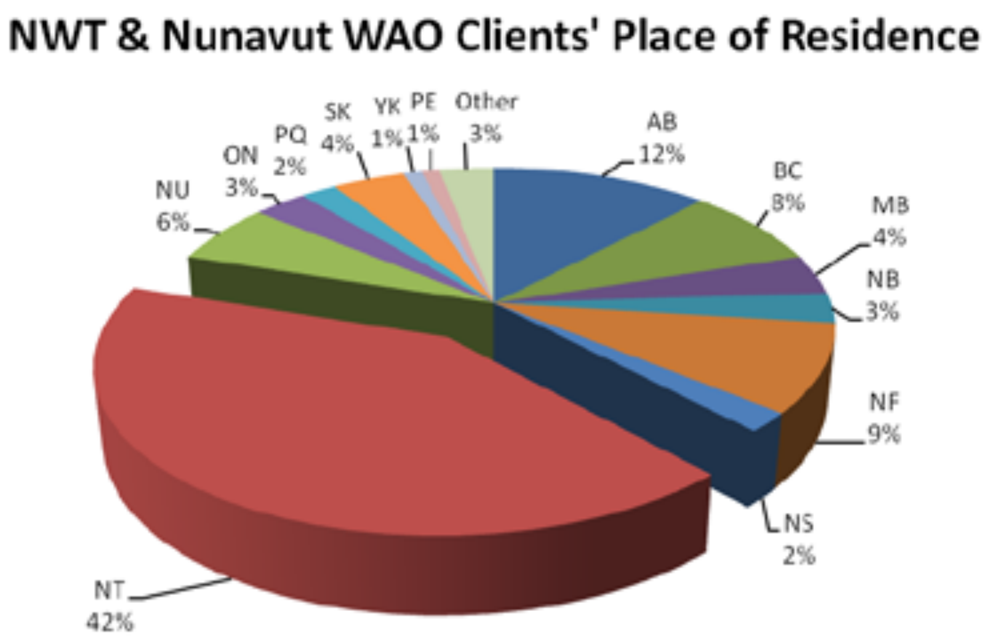
During 2008, the WAO represented 16 clients at the Review Committee level and 5 clients at the Appeals Tribunal. One client has moved to judicial review.

Client Base

The following information is reflective of WAO clients during 2008/2009.

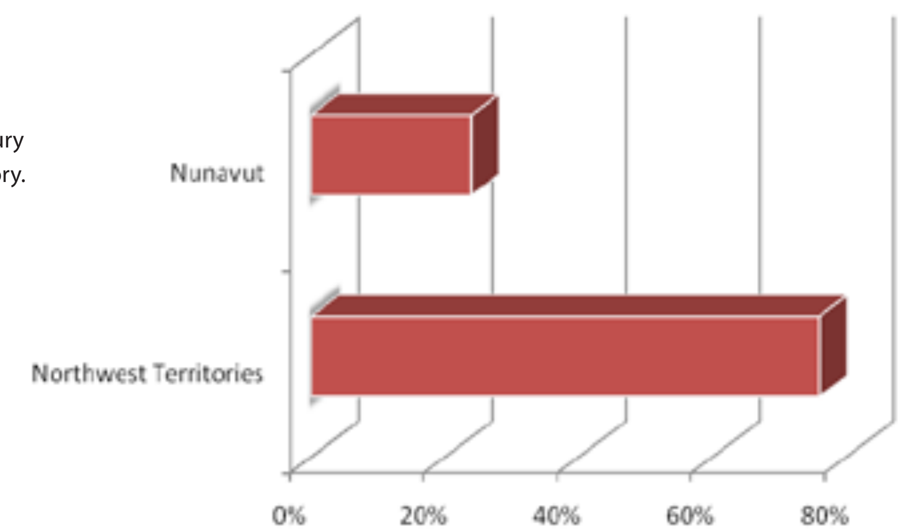
Place of Residence

Many WAO clients reside outside of the NWT and Nunavut. The graph below shows a breakdown of WAO clients' place of residence.



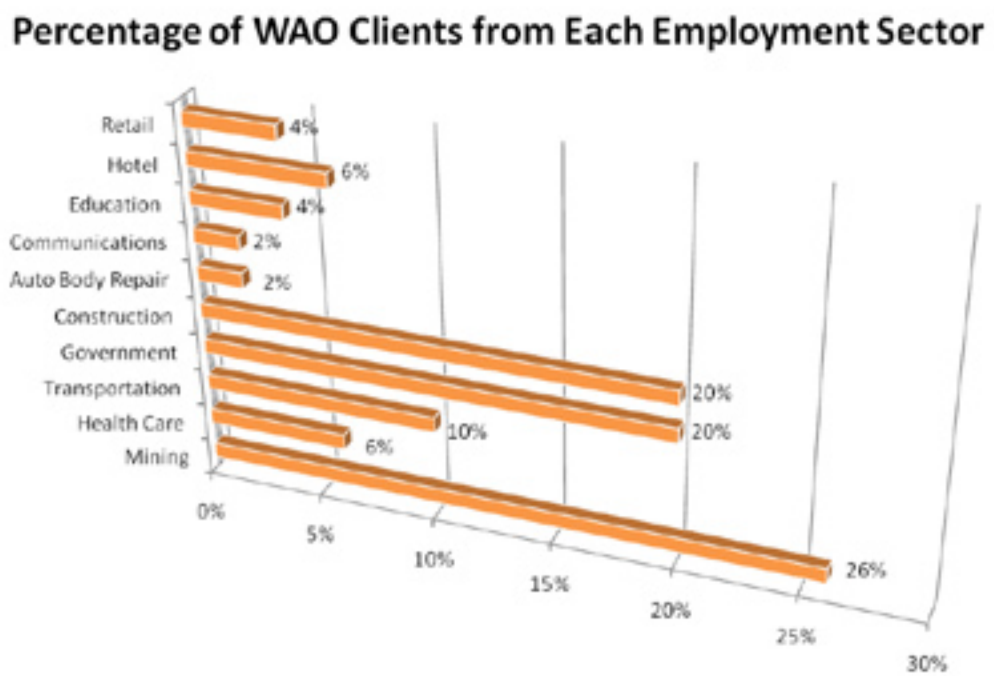
Place of Injury

The graph below shows the territory of injury and the percentage of injury in each territory.



Employment Sector

The graph below shows the percentage of WAO clients from each employment sector.



Trends in Client Base

The percentage of clients (injured workers) who are employees in the mining sector has increased dramatically from previous years.

The most common issue for which clients seek assistance from the WAO is "acceptance of claim." Generally, this group of clients feels that their claim should be accepted.

Following the adoption of the new Pain Disorder legislation, more clients are coming forward to inquire about Chronic Pain (Policy 3.10 – Pain Disorders).

75% of the clients who come through this office were injured in the NWT.

Looking Forward

The Workers' Advisor Office looks forward to 2009/10 with great anticipation. Upcoming policy and legislative amendments, collaborative Governance Council processes, and continued cooperation with the Deputy Workers' Advisor in Nunavut to better serve the residents of that territory are all positive indicators. As a member of the Canadian Association of Worker Advisors and Advocates (CAWAA), the Workers' Advisor Office participates in discussions and activities that impact all injured workers in Canada. I look forward to representing not only individuals who are impacted by a workplace injury, but also all injured workers by making representations to the Commission, Governance Council, Ministers, and Legislative Assemblies.

Contact Us

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X1A 1N5

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info@waonorth.ca

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(867) 873-4349

Call:
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Phone: (867) 873-4345
Fax: (867) 873-4349
Toll-free: (877) 816-0166

NUNAVUT
Phone: (867) 979-5303
Toll free: 1-866-727-3830

Web:
www.waonorth.ca

NORTHWEST TERRITORIES AND NUNAVUT

Workers' Compensation Appeals Tribunal

Workers' Compensation Appeals Tribunal 2008 Annual Report

NORTH-WEST TERRITORIES AND NUNAVUT
Workers' Compensation Appeals Tribunal

Suite 1002
10th Floor Precambrian Building
4920 – 52nd Street
Yellowknife, NT X1A 3T1
Phone: 867.669.4420
Toll Free: 888.777.8167
Fax: 867.766.4226

May 13, 2009

The Honourable Robert McLeod
Northwest Territories Minister
Responsible for the Workers' Safety and Compensation Commission

The Honourable Tagak Curley
Nunavut Minister
Responsible for the Workers' Safety and Compensation Commission

Dear Honourable Ministers:

I am pleased to present our 2008 Annual Report in accordance with the provisions of the Workers' Compensation Act. This report covers the 2008 calendar year.

Respectfully submitted,

Colin Baile
Chairperson

Introduction

The Northwest Territories and Nunavut Workers' Compensation Appeals Tribunal (the Tribunal) hears appeals of the Workers' Safety & Compensation Commission's Review Committee. The Tribunal also determines whether a person is immune from action under the Act.

The Tribunal is separate from the Commission and ensures an independent and impartial review of Review Committee decisions.

The Minister responsible for the Workers' Safety & Compensation Commission appoints the Tribunal Members.

Message from the Chair

I am pleased to submit the Appeals Tribunal's Annual Report for 2008.

There have been significant changes to the legislative and administrative framework of the Tribunal this year. With the coming into force of the new Workers' Compensation Acts in April 2008, the Tribunal began an exciting chapter in providing stakeholders with an independent, accessible, and timely process for adjudication of appeals.

The work of developing appropriate rules, procedures, forms, and Member training was started with the aim of creating a fair and accessible process. The Tribunal Members were appointed as of April 1, 2008. Before hearing any appeals, the Members took part in a training and orientation session in May 2008. It was only after this session that hearings were scheduled.

I have been most impressed by the diligent and conscientious manner in which the Tribunal Members and Staff have administered and heard every appeal. The Members and Staff consistently demonstrate their understanding of the often-profound impact their decisions have on individuals and businesses.

I look forward to continued improvements in how the Tribunal serves the people of both Territories.

Colin Baile

Members appointed as of April 1, 2008

Colin Baile – Chairperson (Yellowknife)

Susan Cooper – Vice Chair (Iqaluit)

Louis Sebert – Member (Fort Smith)

Cayley Thomas – Member (Yellowknife)

Karen Snowshoe – Member (Inuvik)

Donald Kindt – Member (Yellowknife)

Maria Jobse – Registrar/General Manager (Yellowknife)

Statistics

APPEALS	
Appeals Received	14
Request for Rehearing	1
Total Received	15

ISSUES APPEALED	
Claims	13
Pension	2
Vocational Rehabilitation	2
Total Received	17

TYPE OF HEARING	
In-person	4
Video-conference	3
Telephone	2
Documentary	4
Total Hearings	13

DECISIONS ISSUED/OUTCOME	
Reversed	4
Upheld	4
Varied	1
Total Received	9

TYPE OF APPELLANT	
Workers	13
Employers	1
Dependant	1

AVERAGE DAYS FROM FILING TO DECISION
380 days

APPEALS BY TERRITORY	
NWT	11
NU	13
JUDICIAL REVIEW OF DECISIONS	0

OUTSTANDING APPEALS
14 appeals

New Legislation

The new Workers' Compensation Acts that came into force April 1st, 2008 was the catalyst for several changes at the Appeals Tribunal.

For the first time, a full-time Chairperson was appointed to the Tribunal.

The Act provided for appeals to be heard by single adjudicators rather than a panel of three. These changes were intended to reduce the waiting time for appeals to be heard. Member appointments are now merit-based with the requirement of legal or prior Administrative Tribunal experience.

The new Act also requests, for the first time, the Tribunal to prepare an annual report.

One of the most significant changes for the Tribunal is the hearing of section 63 applications. Any party to an action may apply to the Appeals tribunal for a determination of whether a person is immune from action under the Act. Previously this task fell to the Commission's Governance Council.

Independence

The independence of the Appeals Tribunal is an important element of the Workers' Compensation system. To better achieve this goal, the Tribunal established its own offices this year. Prior to this year, the Tribunal's offices were housed within the Commission.

The Tribunal's revised Appeal Rules were developed this year and are now undergoing the process to become Regulation. Similarly, the Tribunal began work on the development of a website that will allow stakeholders to access Tribunal forms and other information about filing and presenting appeals.

Administrative Activities

- Tribunal Members took part in a training/orientation session in May 2008.
- The Chairperson attended meetings with the Alberta Appeals Commission in April 2008.
- The Chairperson attended the Canadian Council of Administrative Tribunals Conference held in Ottawa.
- The Tribunal continues to share a collaborative and open relationship with the Commission's President and Governance Council on Administrative matters.