Annual Report 2007

WORKERS' COMPENSATION BOARD
Northwest Territories and Nunavut

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Northwest Territories and Nunavut

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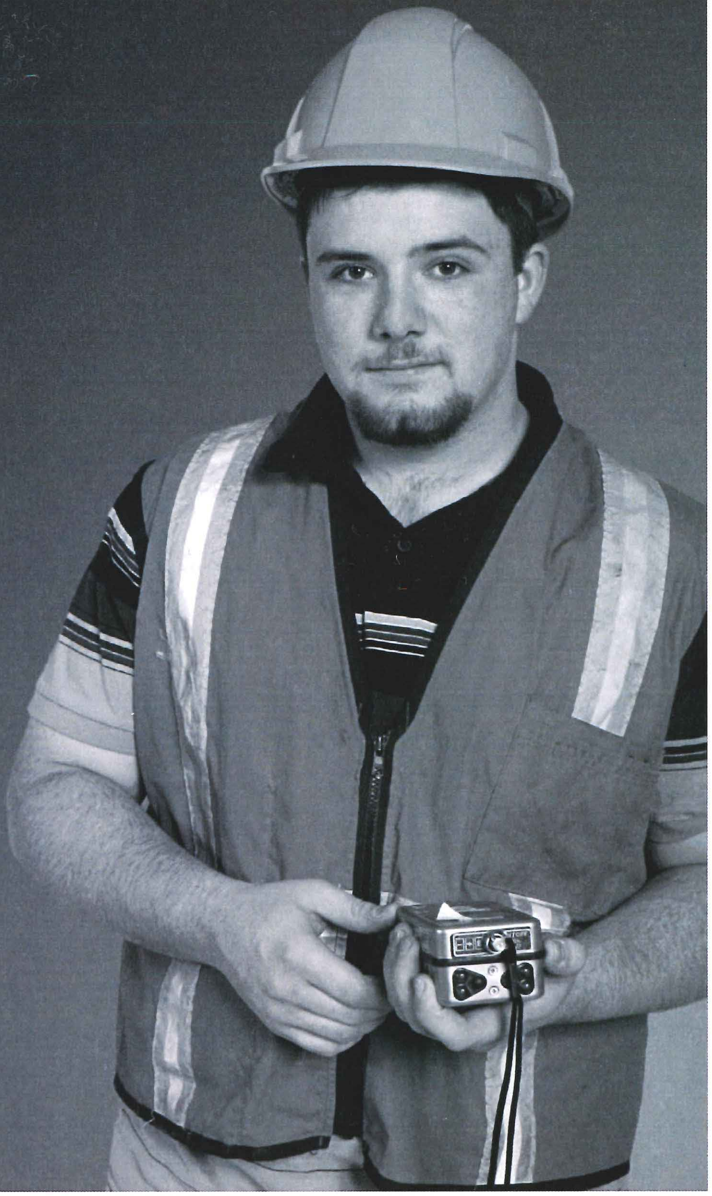


Mission

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 conduct of the business and affairs of the Commission and the Governance Council

To fulfill the obligation to provide effective oversight, the Governance Council provides overall direction 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

July 16, 2008

The Honourable Anthony Whitford
Commissioner of the Northwest Territories

The Honourable Ann M. Hanson
Commissioner of Nunavut

The Honourable Bob McLeod
Northwest Territories Minister Responsible for the Workers' Compensation Board

The Honourable Levi Barnabas
Nunavut Minister Responsible for the Workers' Compensation Board

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' Compensation Board for the year ending December 31, 2007, which includes audited financial statements.

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

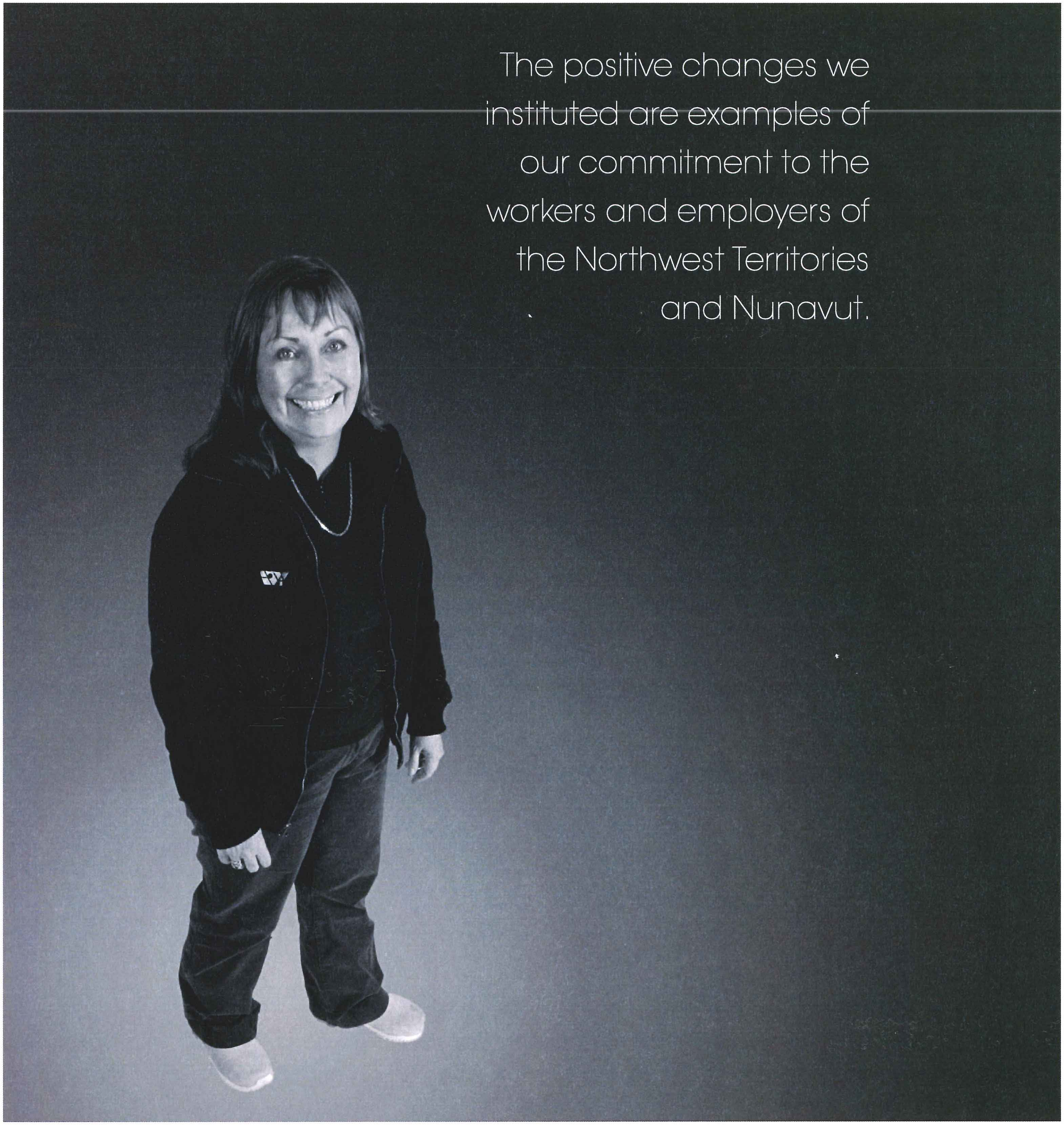
The 2007 Annual Report goes beyond our responsibility for financial reporting. It connects our priorities directly to our results. Our activities and results explain our progress and success in regards to specific goals, performance measures, and targets.

We are committed to openness and transparency. By including our Balanced Scorecard results within our annual report, we provide stakeholders with the means to evaluate our performance. It also provides us with the opportunity to connect the past year's results and project our goals into the future.

I congratulate the Governance Council, staff, and management of the Workers' Compensation Board on their dedication and hard work. Their commitment to northern stakeholders is greatly appreciated.

Sincerely,

Denny Rodgers



The positive changes we instituted are examples of our commitment to the workers and employers of the Northwest Territories and Nunavut.

From the Office of the President

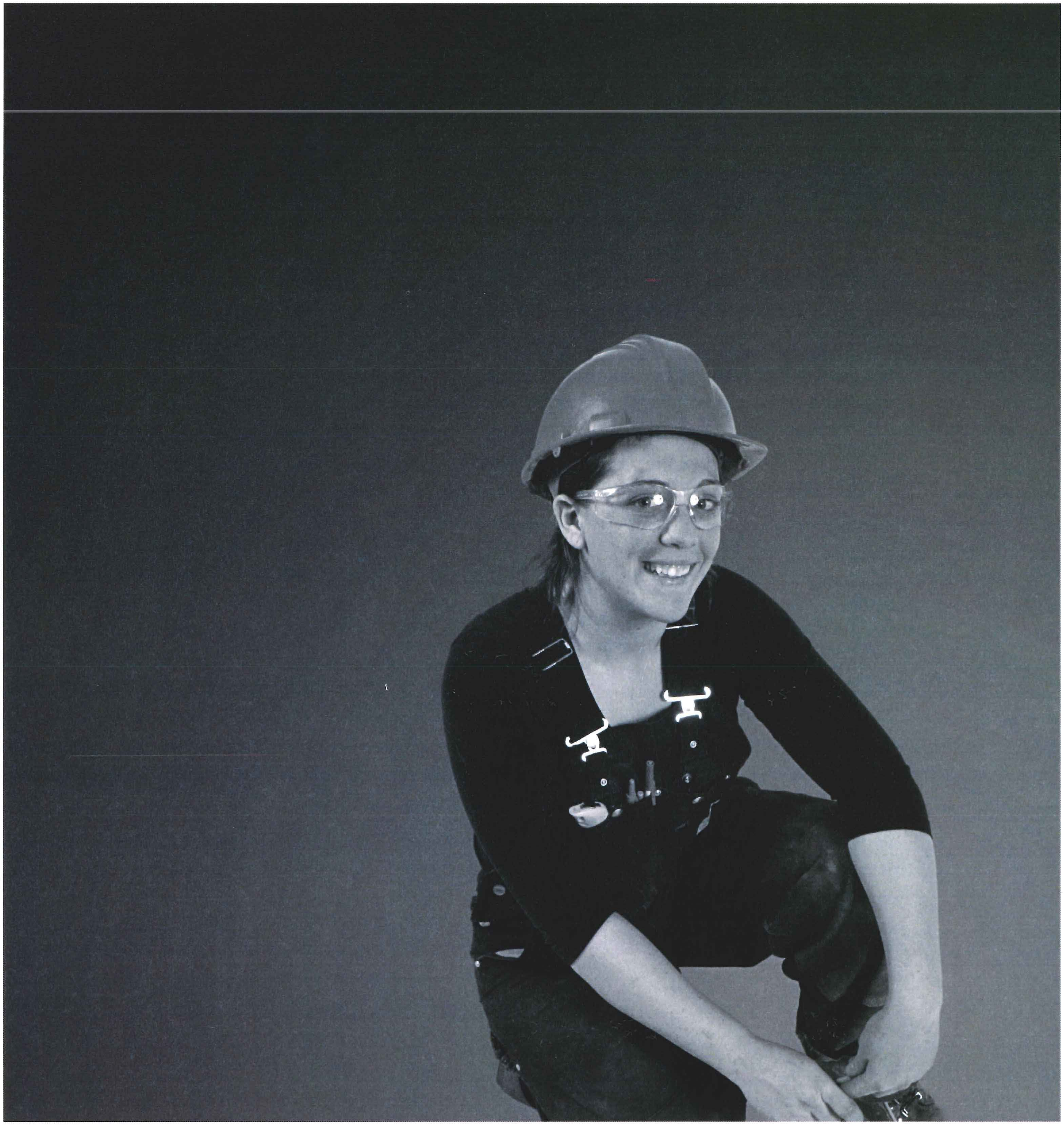
In 2007, the new *Workers' Compensation Acts* were passed in both territories. To highlight the importance of safety in the new *Acts*, our name, the Workers' Compensation Board (WCB), was changed to the Workers' Safety and Compensation Commission (WSCC). This name defines us as both a care taker of injured workers and a safety resource. Our legislation was also wholly rewritten in clearer language and in a more user-friendly sequence. These changes model our commitment to our stakeholders through safety, and customer service excellence.

The 2007 Annual Report is a momentous publication. It is the last corporate reporting tool published under our previous legal name; the Workers' Compensation Board. The 2007 Annual Report also goes beyond our commitment to report our Balanced Scorecard and financial results. This year it combines results from all facets of the workers' compensation system; the Workers' Safety and Compensation Commission, the Workers' Advisor Office, and the Workers' Compensation Appeals Tribunal. Customer service is a top priority for each of these organizations. We are working together to ensure you, our stakeholders, are put first.

The WCB underwent many positive changes in 2007. One of these changes included recommitting the organization to safety and prevention through the formation of a new division, Prevention Services. Safety and prevention are important parts of our mandate. Our 2007 awareness campaign, safety programs, and education opportunities were examples of this commitment. The role they played in our service delivery and overall importance is evident in the number of workers who return home safe every day.

I am proud to present the 2007 Annual Report. We continue to improve the way we do business. The positive changes we instituted are examples of our commitment to the workers and employers of the Northwest Territories and Nunavut. I look forward to working with you in 2008 to build partnerships in safety and prevention.

Anne S. Clark



Year at a Glance

Territorial Demographics

	Northwest Territories	Nunavut	Total
Population	42,425	31,127	73,552
Labour Force	23,200	10,100*	
Number Employed	23,360	10,638	33,998
Average weekly earnings	$ 1,004.41	$ 948.24	$ 986.80

*Limited to the 10 largest communities in Nunavut (about 70% of the working-age population)

Claimants

	2005	2006	2007
Number of claims reported	3,321	3,290	3,512
Number of claims established	2,817	2,862	2,977
Number of lost time compensated claims	950	908	927
Number of work related fatalities	10	8	9
Number of new pensions	119	87	95
Average composite duration of time loss claims	43.6 days	30.6 days	39.0 days

Employers

	2005	2006	2007
Total Number of assessable employers	3,727	3,649	3,736
Number of industry classes	8	8	8
Number of rate groups	29	25	25
Number of employers requesting additional optional coverage	570	523	623

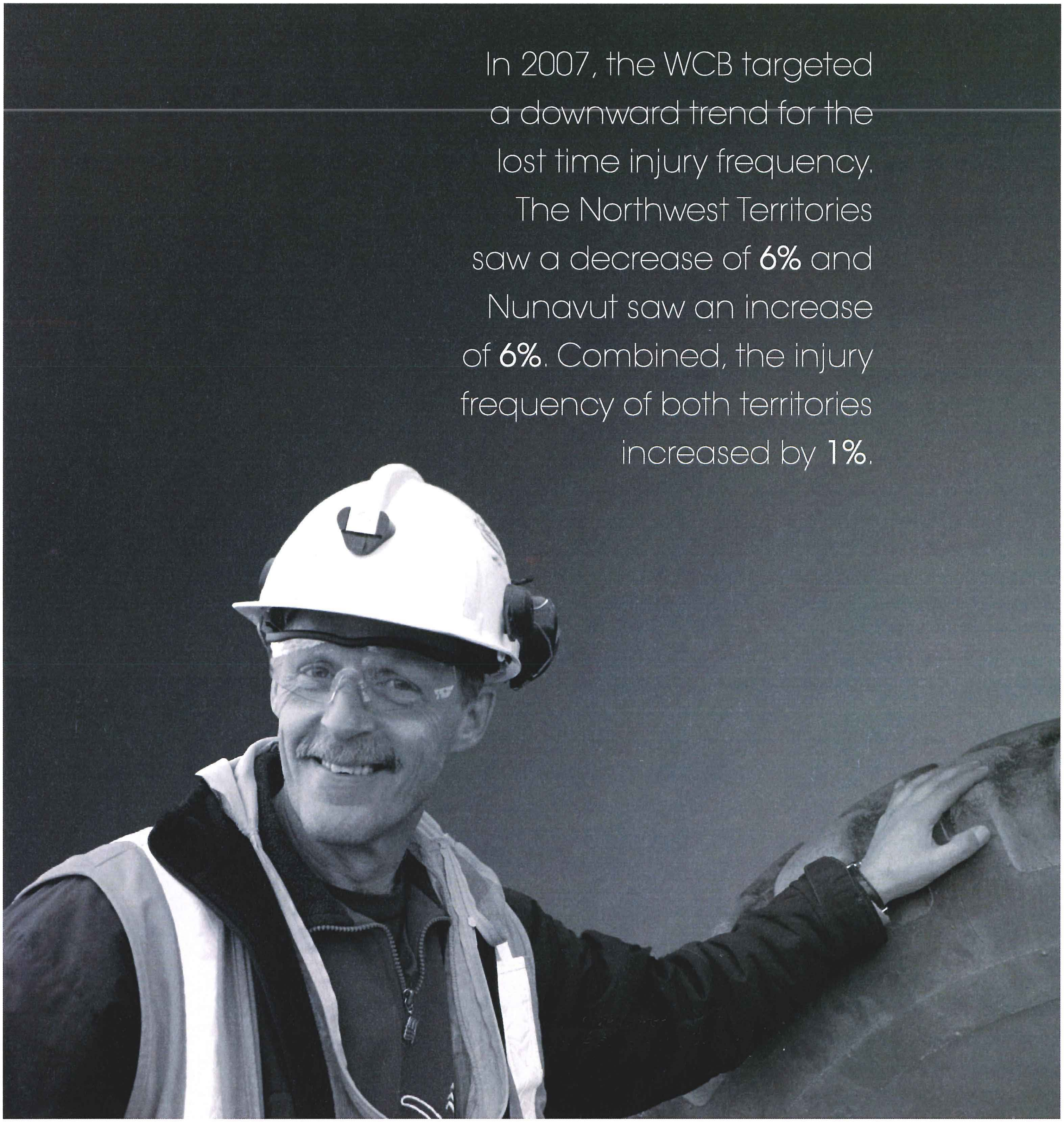
Lost Time Injury Rate

	2005	2006	2007
Lost Time Injury Frequency*	2.74	2.71	2.73

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

Financial Indicators

	2005	2006	2007
Maximum annual insurable earnings (YMIR)	$ 66,500	$ 67,500	$ 69,200
Assessable payroll (in millions)	$ 1, 741	$ 1,830	$ 2,036
Average provisional undiscounted assessment rate per $100 assessable payroll	$ 2.06	$ 1.87	$ 1.75
Average provisional discounted assessment rate per $100 assessable payroll	$ 1.87	$ 1.87	$ 1.71
Actual average assessment rate per $100 assessable payroll	$ 1.96	$ 2.00	$ 1.76
Percentage funded (including reserves)	128%	132%	123%


In 2007, the WCB targeted a downward trend for the lost time injury frequency. The Northwest Territories saw a decrease of **6%** and Nunavut saw an increase of **6%**. Combined, the injury frequency of both territories increased by **1%**.

Customer

Reduce workplace injuries and occupational disease in the Northwest Territories and Nunavut.

- Well-trained safety conscious workers through an injury prevention culture.
- Healthy and safe workplaces in the Northwest Territories and Nunavut.

Our customers are our stakeholders. As workers and employers, your safety is our first priority. Prevention and safety awareness are key components that will reduce workplace injuries and incidents. Our staff is committed to provide northern workers and employers with the tools they need to work safe every day.

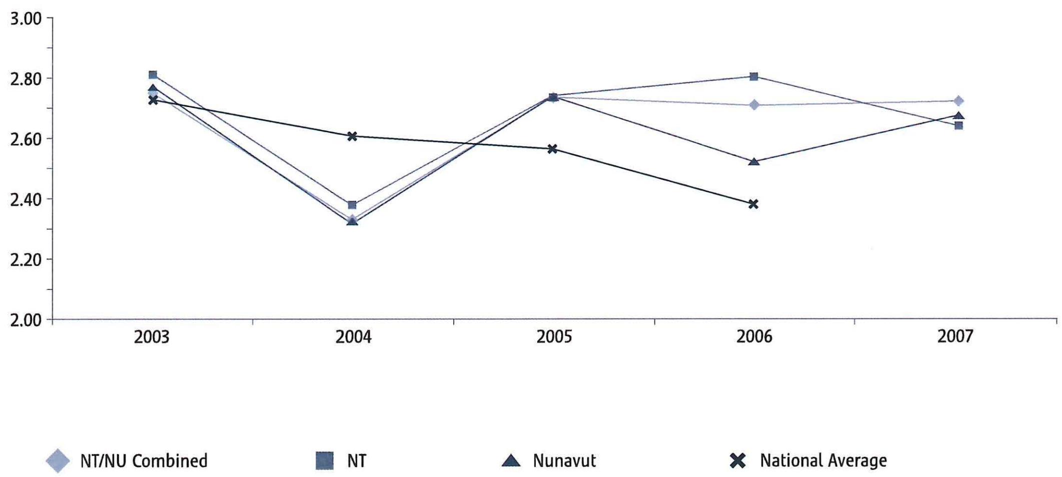
In 2007, the WCB strengthened its commitment to workplace safety and to you through the creation of the Prevention Services division. The new division combined the Mine and Industrial Safety units that were housed separately under Northwest Territories and Nunavut Operations.

To achieve our goals and to enhance safety awareness in the workplace, the WCB focused on its *Go Safe* and *Safe Advantage* programs.

Go Safe is a safety program geared towards improving workplace health and safety. The program provides employers with the support and resources needed to prevent serious illnesses, incidents, and injuries in the workplace. In 2007, several northern companies helped pilot this program. 2008 will see the full implementation of *Go Safe* throughout the North.

Safe Advantage is a financial incentive program that targets employers with average assessments above $40,000 over the last three years. It rewards companies with good claims experience costs and proven safety and return-to-work practices. *Safe Advantage* was launched in the fall of 2007. Employers who qualified for the program were required to complete a management practices questionnaire, focused on prevention and return-to-work, and underwent a claims

Lost Time Injury Frequency [1]



In 2007, the WCB targeted **80%** stable or decreasing five-year time loss trend by industry class. Results show 6 out of the 8 industry classifications had a stable or decreasing claims volume. The most significant increase in time loss claims volume occurred in the Mining industry classification.

experience costs analysis. The first refund payments and penalties will be issued in 2008.

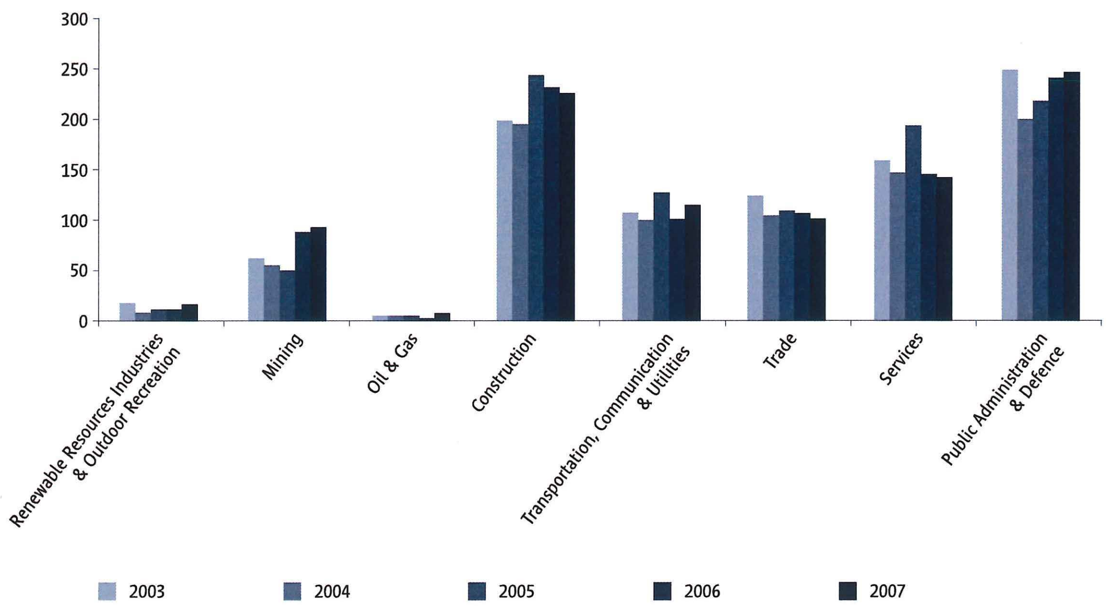
The WCB also launched a new safety awareness campaign. Last year, one in four time loss injuries were caused by overexertion. To reduce this type of injury, the awareness campaign focused on educating workers about overexertion and what they can do to prevent it. This awareness campaign continues in 2008 with the release of three new TV commercials.

To achieve our goal of healthy and safe workplaces in the Northwest Territories and Nunavut, the WCB monitors the lost time injury frequency from year to year. It measures risk of workplace injury for workers in terms of the proportion of workers who suffer a lost time injury. It represents the number of new lost time injury claims per 100 workers. Analysis of this performance indicator is crucial to understand injury prevention. [1]

As a performance measure, time loss claims volume by industry class helps the WCB monitor injury trends. If necessary, this measure is used to create prevention tools and programs to address any injury trends within a specific industry class. [2]

Committed to safety and service delivery, the WCB also partnered with the Northwest Territories Construction Association to form the Northern Construction Safety Association (NCSA) in 2007. The WCB and NCSA are united in their goals to make northern workplaces safer. The NCSA offers programs and courses founded on the Certificate of Recognition (COR) program. Although this newly formed organization focuses on the construction industry, it hopes to branch out in the future. The WCB is excited about this new safety partnership.

Time Loss Claims by Industry Classification (2003-2007) [2]



The 2007 average provisional assessment rate was reduced to **$1.71** per **$100** assessable payroll from **$1.87** in 2006.

Financial Results

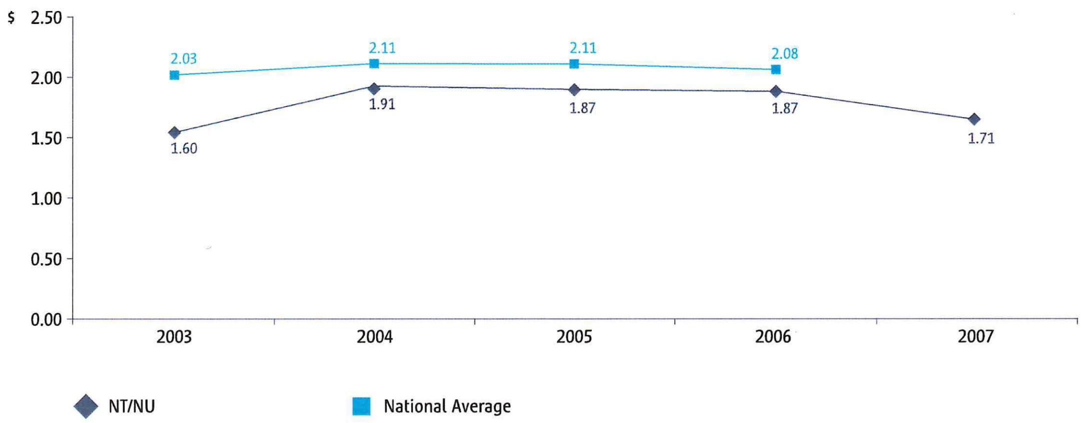
Needs of workers and employers are met without compromising WCB financial sustainability.

- Stewardship of the Accident Fund and accountability for revenues.
- Benefits provided are fair to workers and affordable to employers.

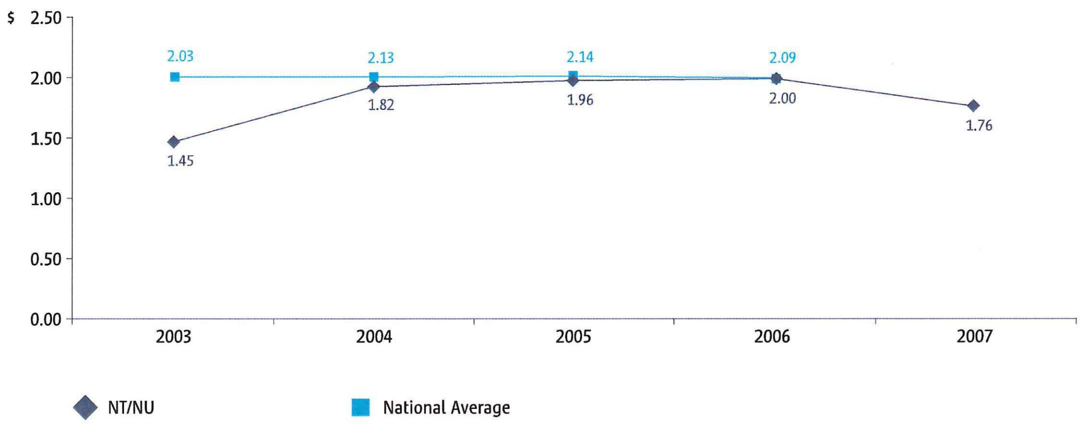
The WCB is fully funded by employers' assessment premiums and investment returns. Year after year, our funds are carefully budgeted to ensure sustainable service delivery.

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.

Provisional Average Assessment Rate [3]



Actual Average Assessment Rate (2003-2007) [3]
The average actual assessment rate was reduced to $1.76 in 2007 from $2.00 in 2006.



Through strong stewardship and sound investment returns, we met our 2007 target to have no increase in the average assessment rate over two years. [3]

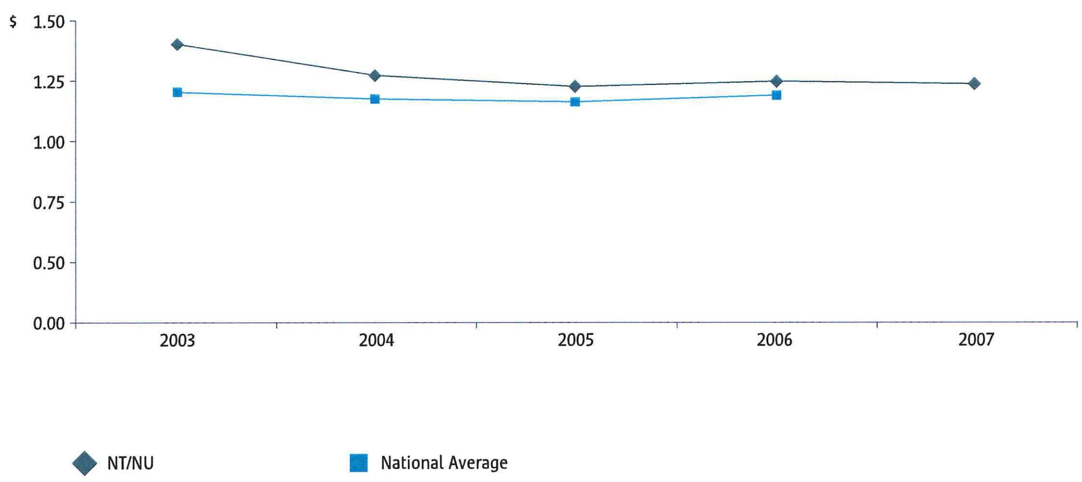
In 2007, the WCB continued to provide some of the highest benefits in Canada. The current year benefits costs are used to measure the fully funded cost of claims occurring in the current year. It provides an indication of what assessment rate is needed to finance these costs. In 2007, the WCB set a target of no increase over two years 2006-2007. The WCB met its target with a 3% decrease in the current year benefits costs per $100 assessable payroll. [4]

The Year's Maximum Insurable Remuneration (YMIR) establishes a ceiling used to calculate benefits and employers' assessable payroll. The 2008 YMIR was set in September 2007. It reflects the performance of work done in 2007. The target set for YMIR is the full replacement of compensation for 70-80% of the northern workforce. The 2008 YMIR increased to $70,600 from $69,200 in 2007 and covers full replacement of compensation to 78% of workers. The 2008 YMIR is the fourth highest in Canada, behind Manitoba, Yukon, and Ontario. [5]

The WCB conducts investigations to target abuses of the workers' compensation system and maintain accountability of the Accident Fund. A total of 20 claimant cases were investigated in 2007.

In late 2007, the WCB began developing a comprehensive fraud strategy that includes a review of employers who are eligible for refunds under the *Safe Advantage* Program.

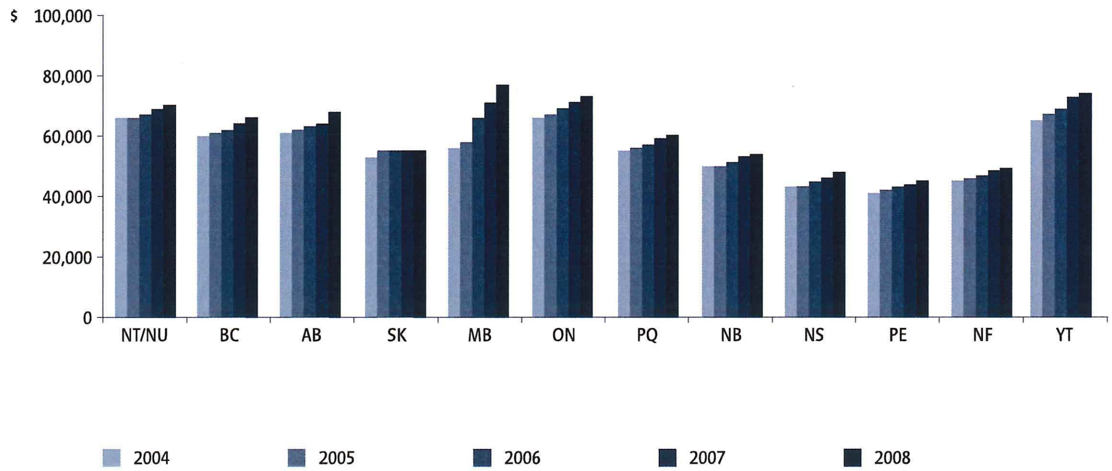
Current Year Benefits Costs Incurred per $100 of Assessable Payroll (2003-2007) [4]

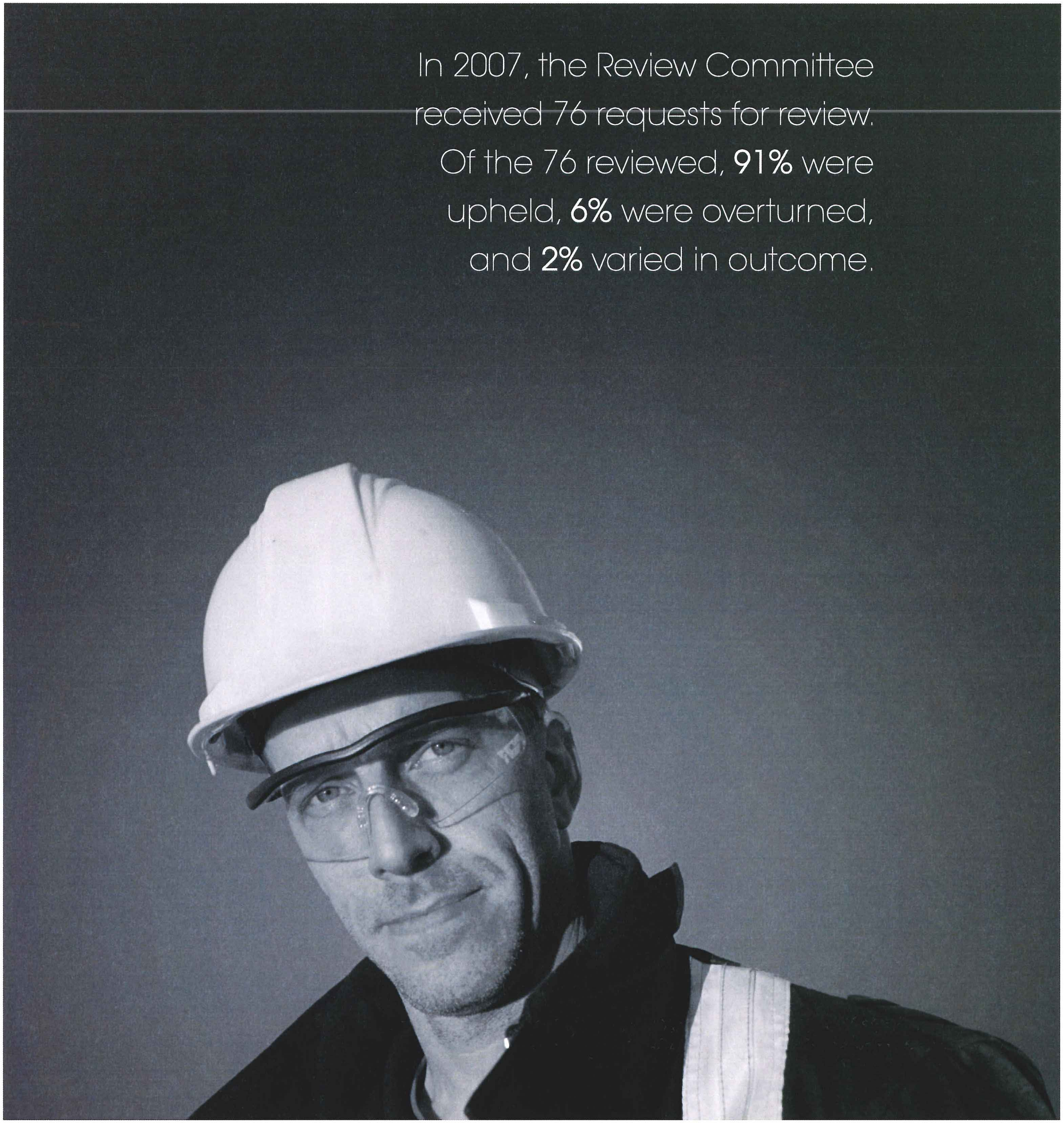


Year Maximum Insurable Remuneration (YMIR)[5]

	NT/NU	BC	AB	SK	MB	ON	PQ	NB	NS	PE	NF	YT
2004	$ 66,500	$ 60,700	$ 61,200	$ 53,000	$ 56,310	$ 66,800	$ 55,000	$ 50,000	$ 43,200	$ 41,200	$ 45,500	$ 65,800
2005	66,500	61,300	62,600	55,000	58,260	67,700	56,000	50,900	43,800	42,300	46,275	67,000
2006	67,500	61,300	63,300	55,000	66,500	69,400	57,000	51,900	45,100	43,300	47,245	69,500
2007	69,200	62,400	64,600	55,000	71,000	71,800	59,000	53,200	46,700	44,700	48,425	73,200
2008	70,600	68,500	67,500	55,000	77,000	73,300	60,500	54,200	48,400	45,400	45,400	74,100

Year's Maximum Insurable Remuneration (2004 - 2008)[5]




In 2007, the Review Committee
received 76 requests for review.
Of the 76 reviewed, **91%** were
upheld, **6%** were overturned,
and **2%** varied in outcome.

Organizational Excellence

An efficient and adaptive organization.

- Timely, professional, and client-focused services delivered by competent and capable people.
- Modern, effective, and comprehensive legislation and related policies.
- Positive WCB reputation and brand recognition.

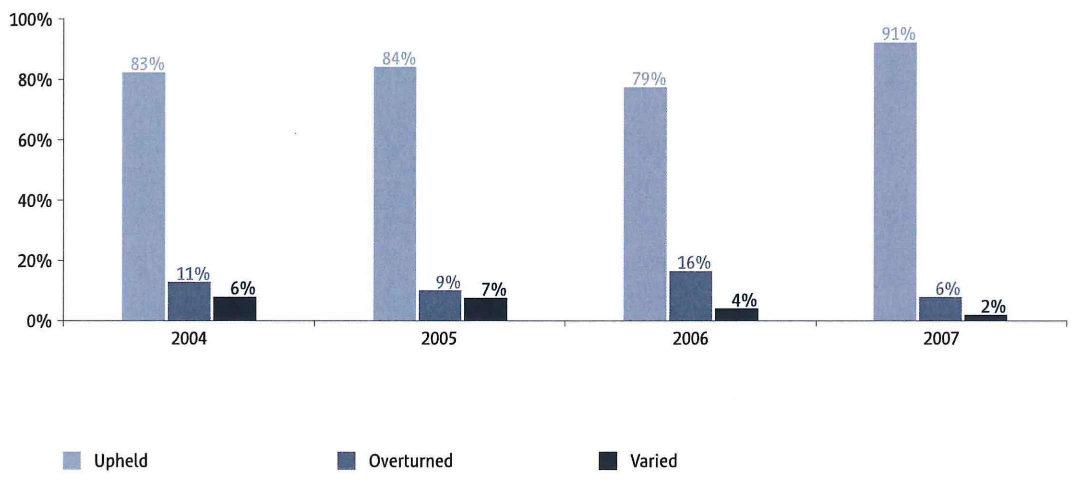
Our organization is committed to service excellence. Our staff strives to provide quality customer service and ensure our policies and programs meet the needs of our stakeholders.

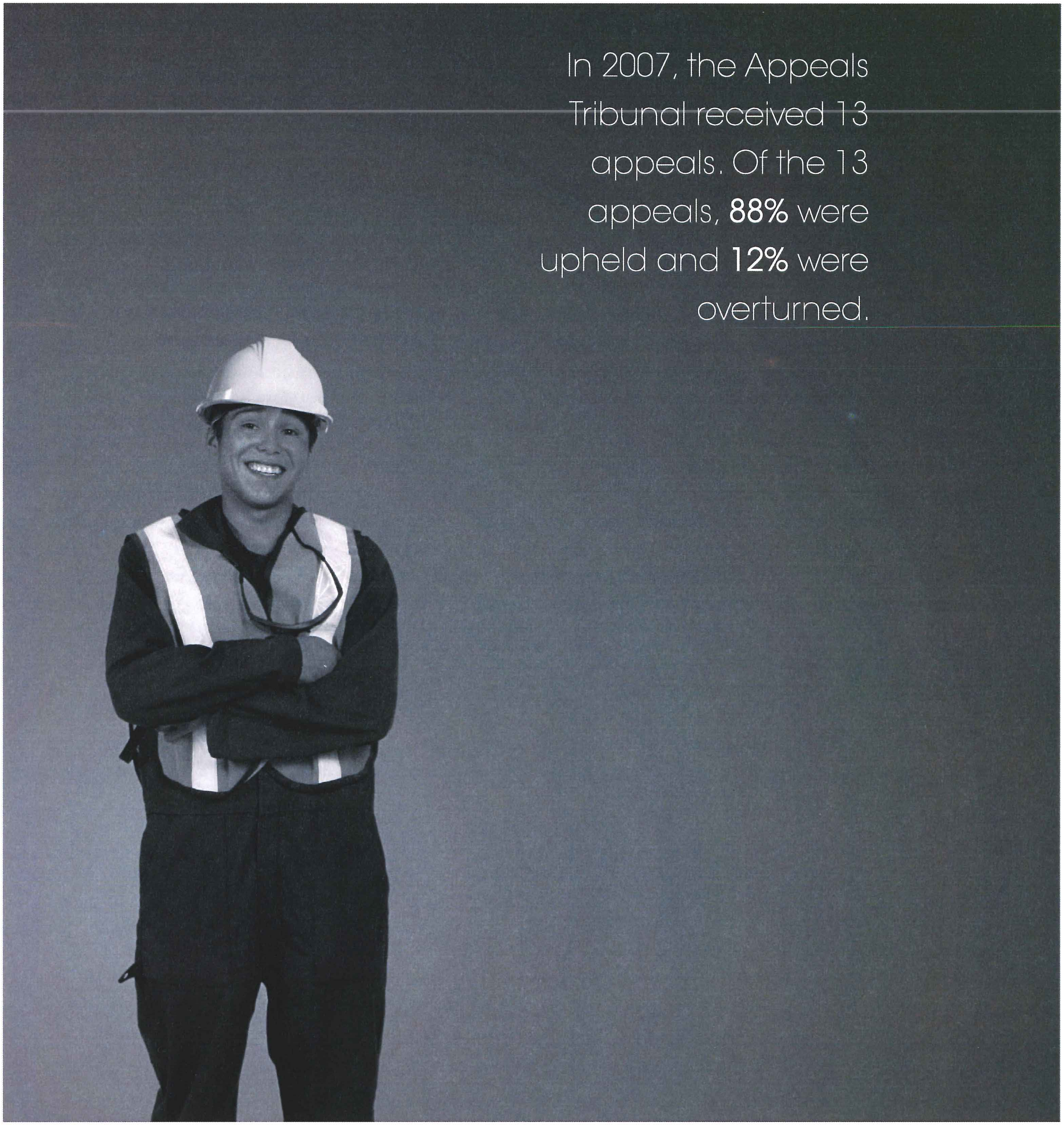
To achieve the goals for service delivery, the WCB measures the percentage of claims upheld or overturned through the appeals process. The goal is to arrive at the "right" decision, weigh evidence in a consistent manner, and ensure compliance with the *Workers' Compensation Acts* and WCB policies.[6] The WCB met its 2007 target, and saw a decrease in appeals overturned. [7]

In 2007, the Legislative Assemblies of the Northwest Territories and Nunavut passed new workers' compensation legislation. Bill 6 was passed on August 23, 2007 in the Northwest Territories, and Bill 4 was passed on November 8, 2007 in Nunavut.

The new workers' compensation legislation was completely rewritten and organized in an easy to understand user friendly format. The adoption of this legislation concludes a legislative review process that began in 2001 with the release of the *Act Now* report.

Review Committee Outcome of Decisions [6]




In 2007, the Appeals Tribunal received 13 appeals. Of the 13 appeals, **88%** were upheld and **12%** were overturned.

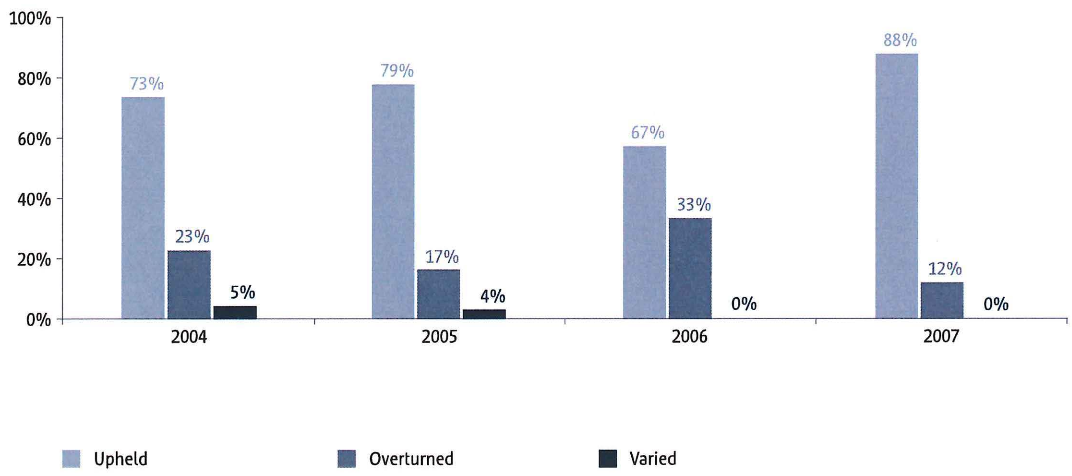
The new *Acts* came into force on April 1, 2008. Major substantive changes include:

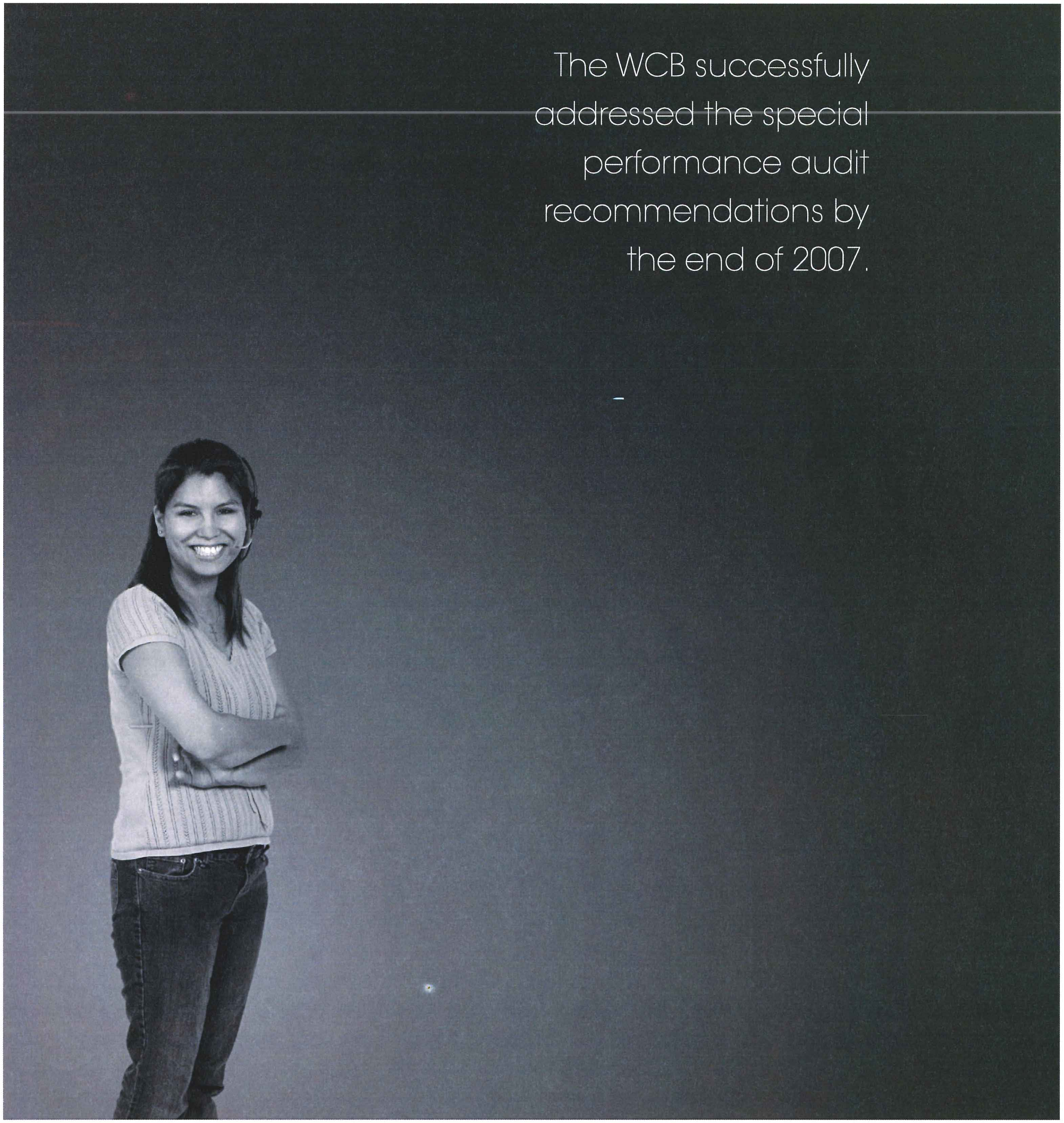
- The new name – Workers' Safety and Compensation Commission
- A purpose statement
- Structural changes to the Appeals Tribunal
- Deadlines for Appeals Tribunal decisions
- Discretion to provide partial lump sum payments for pensions
- Greater flexibility to award benefits to workers with unusual circumstances
- Changing the definition of common law spouse
- Increased benefits for surviving spouses

In 2007, Policy 03.10 Pain Disorders was revised. The new policy provides for a permanent partial disability pension for injured workers who suffer from a diagnosed pain disorder resulting from a workplace injury.

The WCB recognizes the importance, and value gained, from consulting with its stakeholders. In 2007, the Governance Council determined the WCB would consult on the *Safe Advantage* Policy – Return to Work. Stakeholders were asked to provide input during consultation meetings held in Yellowknife and Iqaluit. Policy 02.10 *Safe Advantage*: Return to Work came into effect June 13, 2007. As recommended by the Auditor General of Canada, in the fall of 2007, the Governance Council also sought stakeholder input for the development of its 2008 goals, priorities, and strategies.

Appeals Tribunal Outcome of Decisions [7]





The WCB successfully addressed the special performance audit recommendations by the end of 2007.

Governance

A proactive, efficient, and responsible Governance Council that is diverse in its representation and aggressive in its policy-making decisions, monitoring, and accountability.

- Highly capable and informed directors.
- Meet Governance Council transparency requirements.

The Governance Council provides efficient and accountable leadership. It is a governing body committed to transparency and openness. The Council clearly communicates with clients about how and why decisions are made.

The Auditor General of Canada submitted her report on the WCB to each respective legislature in June 2006. The report made 26 recommendations. The WCB successfully addressed the special performance audit recommendations by the end of 2007.

Included within these recommendations was a Communications Protocol. It was finalized on January 18, 2007, and is the first of its kind in the Northwest Territories and Nunavut. The Communications Protocol is a reference tool. It was developed to ensure standards for information sharing are upheld.

Workers' Compensation Board of the Northwest Territories & Nunavut
Financial Statements
December 31, 2007

Management's Responsibilities for Financial Reporting

The accompanying financial statements of the Workers' Compensation Board of the Northwest Territories and Nunavut and all information in this annual report are the responsibility of the Board'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 judgement. Financial information contained elsewhere in the annual report is consistent with that contained in the financial statements.

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

The Governance Council is responsible to ensure that 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' Compensation Board. 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 the specified legislation.

Morneau Sobeco, an independent firm of consulting actuaries, is engaged to perform an actuarial valuation and provide an opinion on the adequacy and appropriateness of the benefits liability of the Workers' Compensation Board.

Anne S. Clark

Anne Clark
President

John Doyle
Chief Financial Officer

May 24, 2008

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Ministers of the Workers' Compensation Board
of the Northwest Territories and Nunavut

I have audited the balance sheet of the Workers' Compensation Board of the Northwest Territories and Nunavut as at December 31, 2007 and the statements of operations and comprehensive income, reserves, and cash flow for the year then ended. These financial statements are the responsibility of the Board'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 Board as at December 31, 2007 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 Board and the financial statements are in agreement therewith. In addition, the transactions of the Board 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

Ottawa, Canada
March 28, 2008 (except as to note 10 a) which is as of May 24, 2008)

Balance Sheet

As at December 31, 2007 (in thousands of dollars)

	2007	2006
Assets		
Cash and cash equivalents (Note 3)	2,798	3,900
Assessments receivable	3,480	4,972
Other receivables and prepaid expenses	365	230
Fixed income investments (Note 4a)	139,585	129,759
Equity investments (Note 4b)	140,721	196,579
Real estate portfolio investments (Note 4c)	31,554	-
Buildings and equipment (Note 5)	7,520	6,877
	$ 326,023	$ 342,317

	2007	2006
Liabilities and Reserves		
Liabilities		
Accounts payable and accrued liabilities (Note 10a)	19,436	2,060
Assessments refundable	1,094	537
Benefits liability (Note 6)	223,140	218,957
Deferred proceeds from Giant Mine litigation (Note 10a)	-	15,932
Employee future benefits (Note 7b)	758	977
	$ 244,428	$ 238,463
Reserves (Note 8)		
Operating reserve	8,900	11,951
Investment fluctuation reserve	13,795	33,488
Rate stability reserve	38,000	38,000
Safety reserve	140	165
Catastrophe reserve	20,760	20,250
	81,595	103,854
	$ 326,023	$ 342,317

The accompanying notes form an integral part of these financial statements

Approved by the Governance Council:

Commitments (Note 9)

Contingencies (Note 10)

Denny Rodgers
Chairperson, Governance Council

Statements of Operations and Comprehensive Income

For the year ended December 31, 2007 (in thousands of dollars)

	2007	2006
Revenue		
Assessments	35,867	36,651
Less: 2006 Assessment Rebate (Note 14)	(10,250)	-
Net Assessments	25,617	36,651
Investments		
Interest and dividends	14,200	13,742
Investment gains / (losses) – net (Note 4d)	(11,276)	21,874
Investment fees	(1,102)	(1,145)
	$ 27,439	$ 71,122
Expenses		
Claims costs		
Claims costs, current year (Note 6)	30,972	29,197
Claims costs, prior years (Note 6)	239	8,202
Claims costs, prior years' cost of living payments	-	151
Interest expense on Giant Mine Litigation (Note 10a)	1,503	-
Recoveries for hunters and trappers (Note 12)	(576)	(873)
Third party legal claim recoveries (Note10)	(335)	(51)
	31,803	36,626
Administration and general expenses (Note 11)	17,895	16,430
	$ 49,698	$ 53,056
Net Income / (Loss) from Operations and Comprehensive Income	**$ (22,259)**	**$ 18,066**

The accompanying notes form an integral part of these financial statements

Statement of Reserves

For the year ended December 31, 2007 (in thousands of dollars)

	2007	2006
Operating reserve		
Balance, beginning of year	11,951	15,074
Net income (loss) from operations and comprehensive income	(22,259)	18,066
Transfer to Rate stability reserve	-	(10,000)
Transfer from / (to) Investment fluctuation reserve – current year's (gains) / losses	9,021	(17,499)
Transfer from Investment fluctuation reserve – prior year's gains	10,672	6,297
Transfer from Safety reserve	25	13
Transfer to Catastrophe reserve	(510)	-
Balance, end of year	$ 8,900	$ 11,951

	2007	2006
Investment fluctuation reserve		
Balance, beginning of year	33,488	22,286
Transfer from / (to) Operating reserve – current year's gains / (losses)	(9,021)	17,499
Transfer to Operating reserve – prior year's gains	(10,672)	(6,297)
Balance, end of year	$ 13,795	$ 33,488

	2007	2006
Rate stability reserve		
Balance, beginning of year	38,000	28,000
Transfer from Operating reserve	-	10,000
Balance, end of year	$ 38,000	$ 38,000

	2007	2006
Safety reserve		
Balance, beginning of year	165	178
Transfer to Operating reserve	(25)	(13)
Balance, end of year	$ 140	$ 165

	2007	2006
Catastrophe reserve		
Balance, beginning of year	20,250	20,250
Transfer from Operating reserve	510	-
Balance, end of year	$ 20,760	$ 20,250

The accompanying notes form an integral part of these financial statements

Statement of Cash Flow

For the year ended December 31, 2007 (in thousands of dollars)

	2007	2006
Operating Activities		
Cash received from:		
Assessments from employers	37,916	35,648
Interest	398	553
Deferred proceeds from Giant Mine litigation (Note 10a)	-	15,932
Cash paid to:		
Payments to claimants or third parties on their behalf	(26,373)	(23,740)
Purchases of goods and services	(17,881)	(14,793)
2006 Assessment Rebate	(10,250)	-
Cash provided by (used in) operating activities	**$ (16,190)**	**$ 13,600**
Investing Activities		
Net transfer (to) / from investment managers' accounts	17,004	(16,500)
Purchase of capital assets	(1,916)	(1,373)
Cash (used) / provided by investing activities	15,088	(17,873)
Decrease in cash and cash equivalents	(1,102)	(4,273)
Cash and cash equivalents, beginning of year	3,900	8,173
Cash and cash equivalents, end of year (Note 3)	**$ 2,798**	**$ 3,900**

The accompanying notes form an integral part of these financial statements

1. Authority, mandate and shared operations.

The Workers' Compensation Board (the Board) operates under the authority of the Northwest Territories and Nunavut *Workers' Compensation Acts*. In addition, the Board 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 Board is exempt from income tax and the goods and services tax.

The mandate of the Board is to provide benefits to injured workers and to levy assessments against employers to cover the current and future costs of existing claims. The Board is also responsible for developing safety awareness programs and for monitoring 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' Compensation Board to allow the Board to remain as a single entity serving both territories. Cancellation of this agreement by either party requires one full fiscal year's notice.

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

2. Significant accounting policies.

The financial statements have been 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, 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 the 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 Board 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 as assessment revenue and recorded as a receivable.

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

d) Investments. Canadian generally accepted accounting principles require financial assets to be designated as held for trading, held-to-maturity, or available-for-sale. Held for trading generally refers to financial assets that are acquired with the objective of generating a profit in the near term. However, a financial asset may be designated as held for trading even if an entity does not intend to sell or repurchase it in the near term. Once an entity designates a financial asset as held for trading, the designation is irrevocable.

The Board has chosen to designate all of its investments as held for trading. Consequently, investments are recorded at fair value. The fair value for publicly traded investments is based on quoted market prices. The fair value of privately held investments is determined using a yield to maturity method. When classifying investments as held for trading, realized and unrealized gains or losses arising from a change in the fair value of the investments during the year, are recognized in income in the period in which the change occurred.

Interest and dividends are recognized in income in the period earned. 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.

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.

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 Public Service Pension Plan (the PSPP) administered by the Government of Canada. The Board'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 Board's contributions are charged to operations on a current basis as employees render services and represent the total pension obligations. The Board 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), over the term of the lease
- Computer software, customized, 8 years

i) Other financial instruments. The Board's other financial assets include cash and cash equivalents, classified as held-for-trading and accounts receivable which are classified as "Loans and receivables," while its financial liabilities include accounts payable, accrued liabilities, and assessments refundable and are classified as "other financial liabilities."

December 31, 2007 (in thousands of dollars)

3. Cash and cash equivalents.

The Board invests in the short-term money market. The market yield of this portfolio for the year was 4.64% (2006 – 4.05%). 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.

	2007	2006
Cash	1,662	1,558
Short-term investments	1,225	2,432
	2,887	3,990
Less: bank overdraft	(89)	(90)
	$ 2,798	$ 3,900

December 31, 2007 (in thousands of dollars)

4. Investments.

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

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

a) Fixed income. The fair value and cost of the fixed income investments are as follows:

		2007		2006
	Fair Value	Cost	Fair Value	Cost
Mortgage Fund	30,688	30,000	-	-
Indexed bond funds	66,965	66,938	82,187	81,112
Other fixed income investments	41,932	40,312	47,572	45,866
	$ 139,585	137,250	$ 129,759	$ 126,978

Included in the above amounts are investments in privately held related party bonds, as disclosed in Note 12. The amount taken into net assets as a result of the estimation of fair value of the privately held investments is $684 (2006 - $833) and the amount taken out of net income in 2007 is $242 (2006 - $225).

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

	2007	2006
Fixed income – cost	137,250	126,978
Cumulative unrealized gains	2,335	2,781
Fixed income – fair value	$ 139,585	$ 129,759

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 2007
Cash, short term investments and net payable in investment manager accounts	2,716	-	-	-	-	2,716
Government bonds	-	-	8,194	2,456	10,795	21,445
Indexed bond funds	-	2,802	5,160	2,381	6,808	17,151
Other fixed income investments	-	-	-	-	620	620
	$ 2,716	$ 2,802	$ 13,354	$ 4,837	$ 18,223	$ 41,932

b) **Equity.** The fair value and cost of the fixed income investments are as follows:

		2007		2006
	Fair Value	Cost	Fair Value	Cost
Canadian equities	58,381	35,582	90,240	49,171
U.S. equities	42,793	50,508	50,913	47,865
International equities	39,547	39,708	55,426	45,885
	$ 140,721	$ 125,798	$ 196,579	$ 142,921

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

	2007	2006
Equity investments – cost	125,798	142,921
Cumulative unrealized gains	22,799	57,682
Cumulative unrealized losses	(7,876)	(4,024)
Equity investments – fair value	$ 140,721	$ 196,579

c) **Real Estate.** The fair value and cost of the real estate portfolio investments are as follows:

		2007		2006
	Fair Value	Cost	Fair Value	Cost
Canadian equities	31,554	30,163	-	-
	$ 31,554	$ 30,163	-	-

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

	2007	2006
Canadian properties - cost	30,163	-
Cumulative unrealized gains	1,391	-
Canadian properties – fair value	$ 31,554	-

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

	2007	2006
Realized gains on investments	26,514	6,186
Change in unrealized gains and losses on investments during the period	(37,790)	15,688
	$ (11,276)	$ 21,874

e) Investment performance. Investments are managed by six independent investment managers. The market yield of the portfolio for the year is as follows:

	2007	2006
Fixed income investments	3.76	4.09
Canadian equities	7.76	15.97
U.S. equities	-15.97	16.46
International equities	-5.73	23.28
Cash and cash equivalent	4.73	2.63
Real estate	3.53	-
Mortgages	% 1.96	% -

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

f) Credit risk. Credit risk on financial instruments arises from the possibility that the issuer of a fixed income investment will fail to meet its obligations. In order to manage this risk, the Board's investment policy is that 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-1 or its equivalent. These ratings are performed by an independent rating service.

g) Market risk. The Board invests in publicly traded fixed income and equity investments available on domestic and foreign exchanges and in privately held investments. These investments are affected by market changes and fluctuations. 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 10.12% of the total fund. This fund is diversified by investment type and geographic location.

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

		Target		Actual
	Maximum	Minimum	2007	2006
Fixed income investments	35	25	34.92	39.76
Canadian equities	23	13	18.72	27.65
U.S. equities	21	11	13.72	15.61
International equities	16	6	12.68	16.98
Mortgages	15	10	9.84	-
Real Estate	15	10	10.12	-
	% -	% -	% 100.00	% 100.00

h) Interest rate risk. 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 4a).

h) Foreign exchange risk. The Board 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. There were no forward foreign exchange contracts outstanding at December 31, 2007 (2006 - nil).

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

Foreign country currency	Fixed Income	Equity	Real Estate	Total Investments Fair Value 2007
U.S.	-	42,793	-	42,793
Europe	-	14,155	-	14,155
United Kingdom	-	8,201	-	8,201
Japan	-	7,097	-	7,097
Switzerland	-	4,495	-	4,495
Hong Kong	-	1,459	-	1,459
Brazil	-	1,262	-	1,262
Australia	-	907	-	907
Taiwan	-	315	-	315
Mexico	-	276	-	276
South Korea	-	198	-	198
Egypt	-	118	-	118
Subtotal	-	81,276	-	81,276
Investments not subject to foreign currency risk:				
Canada	139,585	59,445	31,554	230,584
	$ 139,585	$ 140,721	$ 31,554	$ 311,860

Included in assets designated as international equity investments are $7 in U.S. dollars and $1,063 in Canadian assets.

j) Real estate risk. Changes in real estate values related to local markets and vacancy rates expose the real estate portfolio to risk. Risk in the real estate portfolio is managed through diversification across real estate types and locations. Adverse impacts in any one segment of the market or geographic location are minimized by having holdings diversified across residential, commercial, industrial, and developmental markets.

December 31, 2007 (in thousands of dollars)

5. Buildings and equipment.

	Cost	Accumulated Amortization	2007 Net Book Value	2006 Net Book Value
Building	3,251	271	2,980	3,043
Leasehold improvements	803	217	586	284
Equipment	3,333	2,765	568	837
Computer software, customized	4,875	1,718	3,157	2,477
Furnishings	654	425	229	236
	$ 12,916	$ 5,396	$ 7,520	$ 6,877

December 31, 2007 (in thousands of dollars)

6. Benefits liability.

	Medical Aid	Compensation	Future Capitalizations	Pension Awards	Total 2007	Total 2006
Balance, beginning of year	27,285	20,388	38,485	132,799	218,957	206,544
Add: Claims costs						
Current year	7,831	10,514	10,653	1,974	30,972	29,197
Prior years	967	(1,118)	(7,183)	7,573	239	8,202
Liability transfer, capitalizations	-	-	(3,695)	3,695	-	-
	8,798	9,396	(225)	13,242	31,211	37,399
Less: Claims payments						
Current year injuries						
Claims payments	1,624	2,493	121	211	4,449	3,369
Claims management	568	873	11	19	1,471	1,162
Prior years' injuries						
Claims payments	3,685	3,316	1,829	8,866	17,696	17,336
Claims management	1,290	1,160	164	798	3,412	3,119
	7,167	7,842	2,125	9,894	27,028	24,986
Balance, end of year	$ 28,916	$ 21,942	$ 36,135	$ 136,147	$ 223,140	$ 218,957

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

	2007	2006
Balance, beginning of year	218,957	206,544
Add		
Provision for current year's claims	25,052	24,666
Interest allocated	14,861	14,128
	39,913	38,794
Deduct:		
Payments for prior years' claims	(21,108)	(20,455)
Experience gain	(14,622)	(5,926)
	(35,730)	(26,381)
Balance, end of year	223,140	218,957

The principal sources of the experience gain are as follows:

- $7,347 from lower than expected pension awards for prior years' claims. The number of pensions awarded was lower than expected.
- $1,470 because the average cost per pension award was lower than expected.
- $4,255 because payments for short term income benefits and hospital and medical services were lower than expected, and for other factors affecting the Future Claims Liability.
- $1,550 affecting the Future Pension Liability, mostly due to the inflation assumption. The WCB uses an assumption of 3.5% inflation for long term pensions, and the experience for 2008 pension increases was 2.42%.

Expectations of costs of awarded pensions and the ongoing cost of compensation and medical aid payments are based on the experience of prior years.

Major actuarial assumptions. The claims 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 which 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.

A provision for expected future claims costs for Hunters & Trappers have been included 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% (2006 - 7.125%), inflation – i) future capitalizations: 2.42% in 2008 and 3.5% per annum thereafter (2006 - 2.48% and 3.5%) and ii) compensation and medical aid: 3.5% per annum (2006 -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% (2006 - 7.125%), inflation 2.42% in 2008, and 3.5% thereafter (2006 – 2.48% and 3.5%).

December 31, 2007 (in thousands of dollars)

7. Employee future benefits.

a) Pension plan. The Board and all eligible employees contribute to the Public Service Pension Plan. 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 Public Service Pension Plan were as follows:

	2007	2006
Board's contributions	1,379	1,220
Employees' contributions	$ 614	$ 557

a) Other benefits. The Board 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 removal out benefits measured at the balance sheet date is as follows:

	2007	2006
Accrued benefit obligation, beginning of year	977	857
Cost for the year	46	152
Benefits paid during the year	(265)	(32)
Accrued benefit obligation, end of year	$ 758	$ 977

8. Funding policy and reserves.

The funding policy of the Board is to maintain the benefits liability at a fully funded level at each year end. The percentage funded is calculated as the ratio of total assets divided by the sum of total liabilities plus the catastrophe reserve. Fully funded status is maintained when this ratio is equal to, or greater than, one. The Board is fully funded at year end to meet its obligations and maintain an appropriate catastrophe reserve.

Reserves are the portion of the Board's net assets which are in excess of the amount required to fund the Board's liabilities. These reserves are established for specific purposes and have prescribed levels.

a) Operating reserve. The operating reserve was established in accordance with the *Workers' Compensation Acts* and is intended to protect the Board 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 range of tolerance for the operating reserve is plus or minus 50% of the target level. The target range at year end was $5,487 to $16,460 (2006 - $5,184 to $15,553).

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 have been established. The rate stability reserve will be used to stabilize employer assessments as the investment market changes and there are fluctuations in the Accident Fund.

d) Safety reserve. The safety reserve was established to fund safety programs and will be used to implement the Board's safety strategy.

e) Catastrophe reserve. The catastrophe reserve is intended to protect the Board against a catastrophic event that results in a substantial increase in the Board's benefits liability. The Board has established specific criteria for determining whether an accident or event meets the definition of a catastrophic claim. The target level for the catastrophe reserve has been set at 300 times the Year's Maximum Insurable Remuneration (YMIR) of $69,200 (2006 - $67,500). The target level for the catastrophe reserve provides for the cost of a disaster.

December 31, 2007 (in thousands of dollars)

9. 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:

	2007
2008	1,294
2009	898
2010	851
2011	830
2012	547
Thereafter	574
	$ 4,994

10. Contingencies.

a) Giant Mine Litigation. In 2006, the Supreme Court of the Northwest Territories awarded the Board $11,825 plus costs of $4,107, including pre-judgement interest, for the Giant Mine litigation. The Board 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 Board'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 Board must reimburse the $15,932 plus interest from the original date of payment. Interest payable from the original date of payment to December 31, 2007 of $1,503 has been accrued and the amount of $15,932 has been reclassified to accounts payable and accrued liabilities on the Board's balance sheet for 2007.

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 has been recognized in the Board's financial statements for 2007. The total costs awarded in favour of the plaintiffs in the original decision were more than $3.7 million.

The Board is currently considering whether to seek leave to appeal the decision to the Supreme Court of Canada. The likelihood of the application for leave being granted and the outcome of the appeal are 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 $335 (2006 - $51).

The Board has reviewed an appeal made with regard to an overpayment of assessments by an employer. The Board estimates that it will not owe any amount related to this appeal. While this liability is not recorded in the financial statements, due to its uncertain nature, the amount of potential loss has been estimated at a maximum of $978.

December 31, 2007 (in thousands of dollars)

11. Administration and general expenses.

	2007	2006
Salaries, wages and allowances	12,104	11,993
Professional services	4,228	2,850
Office lease and renovations (non-capital)	1,803	1,699
Amortization	1,273	1,054
Travel	1,199	1,195
Advertising and public information	824	462
Communications	536	424
Office services and supplies	338	341
Office furnishings and equipment (non-capital)	228	266
Training and development	207	436
Grants	169	107
Honoraria and retainers	138	159
Miscellaneous	20	-
Recoveries	(290)	(275)
	22,777	20,711
Less: Allocation to claims management costs	(4,882)	(4,281)
	$ 17,895	$ 16,430

December 31, 2007 (in thousands of dollars)

12. Related party transactions.

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

Balances due from related parties:

	2007	2006
Government of the Northwest Territories	388	111
Government of Nunavut	188	762
Territorial public agencies	(29)	6
	$ 547	$ 879

Through memoranda of understanding with the Governments of the Northwest Territories and Nunavut, the Board 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 Board to either government. 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 $388 (2006 - $111), and $188 (2006 - $762), respectively.

Balances payable to related parties:

	2007	2006
Territorial public agencies	85	124
Government of the Northwest Territories	69	62
	$ 154	$ 186

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

	2007	2006
Government of the Northwest Territories	1,455	1,810
Government of Nunavut	1,104	1,366
Territorial public agencies	620	397
	$ 3,179	$ 3,573

Expenses to related parties:

	2007	2006
Territorial public agencies	877	697
Government of Nunavut	57	203
	$ 934	$ 900

Investments in bonds of related parties at fair value:

	2007	2006
Northwest Territories Power Corporation		
11.00% maturing March 9, 2009	534	558
11.125% maturing June 6, 2011	1,179	1,220
6.42% maturing December 18, 2032	1,887	1,990
5.95% maturing December 15, 2034	1,149	1,163
	4,749	4,931
Northwest Territories Legislative Assembly Building Society		
13.00% Series A, maturing August 31, 2013	321	382
	$ 5,070	$ 5,313

The Board 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 Board follows government administrative policies and employment contracts. These services include training services, records management, and human resources support.

13. Fair value of other financial instruments.

Accounts payable and accrued liabilities, and other amounts receivable and refundable are valued 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.

14. Assessment rebate.

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

15. Future accounting changes

In December 2006, the Canadian Institute of Chartered Accountants issued two new accounting standards: Section 3862, *Financial Instruments – Disclosures*, and Section 3863, *Financial Instruments – Presentation*, which will become effective for us beginning January 1, 2008. Section 3862 and Section 3863 will replace Section 3861, *Financial Instruments – Disclosures and Presentations* which we adopted on January 1, 2007. The presentation requirements prescribed by Section 3863 are consistent with requirements of Section 3861. The adoption of Section 3862 will result in enhanced disclosures with respect to risk management policies as well as the nature and extent of risk arising from financial instruments. These risks typically include credit risk, liquidity risk, and market risk. Sensitivity analysis will be provided for each type of risk to which the entity is exposed.

In December 2006, the CICA also issued accounting standard Section 1535, *Capital Disclosures*, which will become effective for us beginning January 1, 2008. Section 1535 will result in both quantitative and qualitative disclosures, and will enable users to evaluate an entity's objectives, policies and processes for managing capital.

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 for publicly accountable entities. In early 2008, the AcSB announced that the changeover date for full adoption of IFRS will be January 1, 2011. We will be required to have comparative figures for 2010 and an opening balance sheet at the beginning of 2010 to comply with IFRS standards. We will be assessing the impact to our financial statements of adopting IFRS.

16. Actuarial Certification

With respect to the Workers' Compensation Board of the Northwest Territories and Nunavut, I state that in my opinion:

1. The total actuarial liability as at December 31, 2007 for benefit payments of all types expected to be made after December 31, 2007 in respect of accidents of 2007 and prior years amounts to $223,140,000. This liability includes the Hunters & Trappers group and future administrative expenses for all benefits. It does not include any self-insured employers. A provision for future claims arising from latent occupational diseases was not included in this valuation.

2. That data on which the valuation is based were provided by the Board in accordance with specifications provided by us. We applied such checks of reasonableness of the data we considered appropriate, and have concluded that the data are sufficient and reliable to permit a realistic valuation of the liabilities of the Board as described above.

3. The actuarial assumptions adopted in computing the foregoing liabilities are adequate and appropriate for Workers' Compensation organizations in Canada. The methods employed are in accordance with accepted actuarial practice for Workers' Compensation organizations in Canada. The economic assumptions adopted for purpose of computing the above-noted liabilities are consistent with the funding and investment policies of the Board.

4. The valuation report has been prepared and my opinion has been given in accordance with accepted actuarial practice for Workers' Compensation organizations in Canada.

Thane MacKay, F.S.A., F.C.I.A
Senior Consultant, Morneau Sobeco

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

22/49

NORTHWEST TERRITORIES AND NUNAVUT
Workers' Compensation Appeals Tribunal

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Appeals Tribunal 2007 Administrative Report

2007 Administrative Report

Due to administrative and legislative changes to the Workers' Compensation Appeals Tribunal following the reporting period of 2007, this report provides an abbreviated summary of activities for that time period.

During 2007, 12 appeals were received. The number of actual issues appealed was 13 and can be described as being:

Claim issues	9
Pension issues	1
Rehabilitation issues	2
Revenue issues	1
Total	13

During 2007, 15 appeals were scheduled for hearing. Of these:

Hearings were held	10
Deferred by parties	5
Total	15

Of the 10 hearings completed, there were 18 issues addressed stemming from Review Committee decisions. The Tribunal's decisions were:

Decisions upheld	15
Decisions reversed	2
Decisions varied	1
Total	18

Appeals Tribunal hearings were conducted by one of four methods:

In person	1
Telephone conference	4
Video conference	3
Documentary	3
Total	11

The number of days an appeal was with the Tribunal from the date of filing to the date a decision was rendered averaged 302.

Of the 12 appeals received in 2007, five stem from claims of injury in Nunavut and seven from the Northwest Territories.

Appeals were received from several jurisdictions.

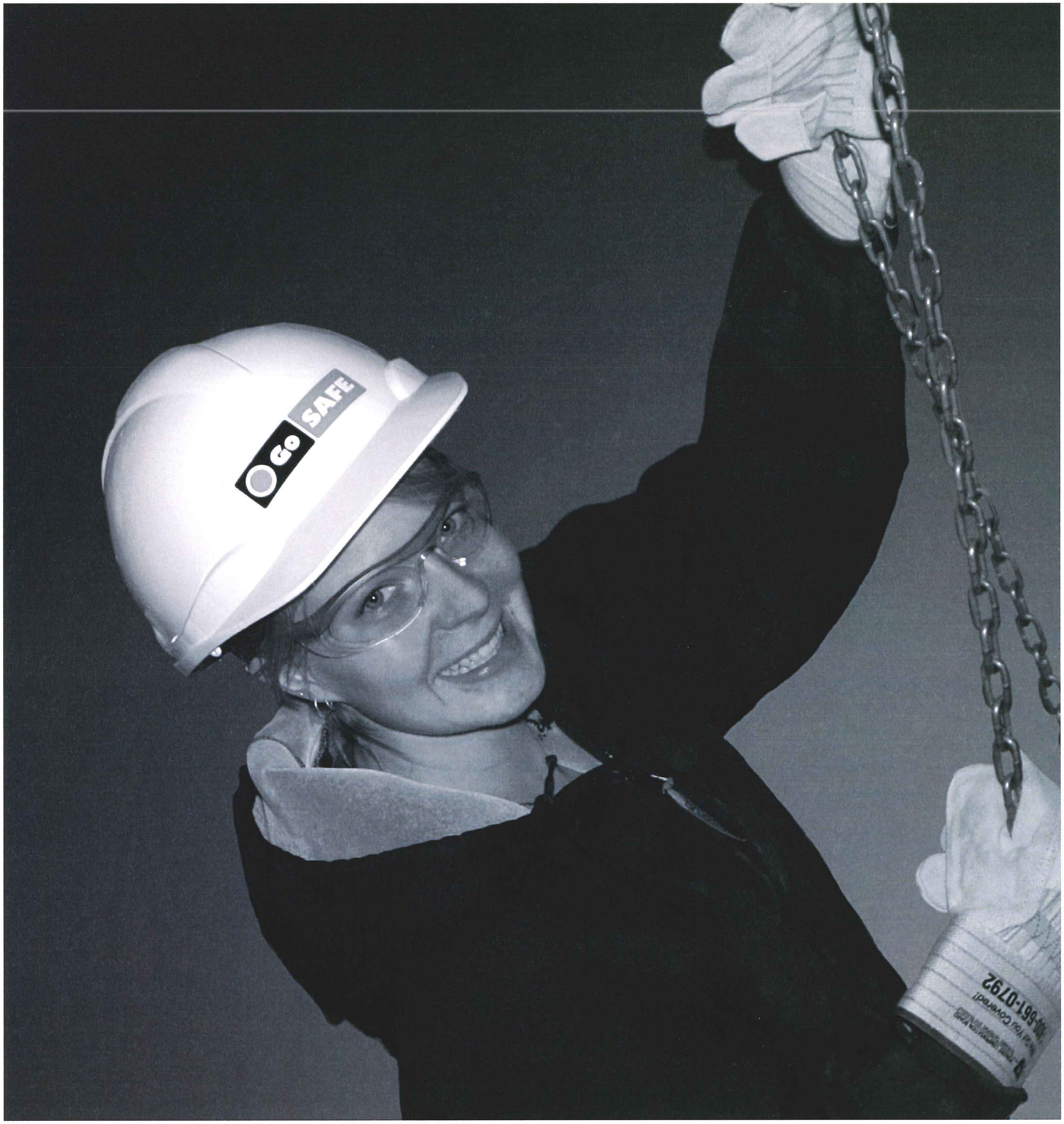
AB	2
BC	1
MB	2
NB	1
NF	1
NS	1
NT	1
NU	2
ON	0
PE	0
PQ	1
SK	0
YK	0
Other	0
Total	12

The number of Appeals Tribunal decisions for which judicial review is being sought: 2

The number of requests for rehearing by the Tribunal: 0

Workers' Advisor Office
for the Northwest Territories & Nunavut

Workers' Advisor 2007 Annual Report


Go SAFE

Message from the Workers' Advisor

This year has been a pivotal time in the Northwest Territories and Nunavut for the workers' compensation system. During 2007, both Territorial Legislative Assemblies reviewed the *Workers' Compensation Acts* and made substantive changes to the legislation. The Workers' Advisor Office contributed to the changes by appearing before the Standing Committees with recommendations to the draft statutes.

The relationship between the Workers' Advisor Office and both the Board's Administration and Governance Council improved greatly during 2007. These collaborative relationships provided for systemic issues to be addressed in a meaningful way.

I greatly valued the opportunity to have assisted this Office's clients with their WCB claims. This Office will continue to assist injured workers and their family members in pursuing the most equitable benefits to which they are entitled.

Colin Baile
Workers' Advisor

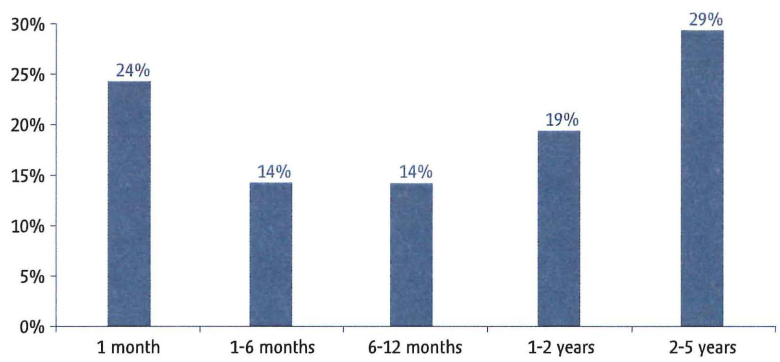
Workers' Advisor Office Activity Statistics

Total contacts – 2579. During 2007, the Workers' Advisor Office (WAO) had contact with various individuals and organizations. Understandably, the majority of contacts were with clients or WCB staff regarding claim issues. Additionally, the WAO had contact with labour groups, employers, healthcare providers, the media, MLAs, and other stakeholder groups.

	Cases Opened	Cases Closed	Cases Active
NT	19	16	43
NU	6	5	16
Total	25	21	59

Time Files Open. The following graph reflects the length of time WAO files remained open. This graph represents the number of files closed during the reporting period.[8]

Time Files Open [8]



Issues Addressed - 218. For each client file, there may be several individual issues for which the WAO provided assistance. An example is that of a client for whom the WAO assisted with acceptance of the claim, vocational rehabilitation, and the level of Permanent Medical Impairment awarded. This example represents three issues.

Appeals. During 2007, the WAO represented clients at both levels of appeal, they being: the Review Committee and the Appeals Tribunal.

Review Committee	12
Appeals Tribunal	5
Total	17

Client Base

The following information is reflective of WAO clients during 2006:

Place of Residence. As is indicative of the Nunavut and Northwest Territories workforce, many WAO clients reside outside of the two northern jurisdictions. A breakdown of clients' place of residence is as follows:

AB	9%
BC	8%
MB	0%
NB	3%
NF	17%
NS	3%
NT	30%
NU	4%
ON	7%
PQ	2%
SK	11%
YK	4%
Other	2%

Place of Injury	
Northwest Territories	74%
Nunavut	26%

Client work environment	
Mining	4%
Drilling	8%
Health Care	4%
Construction	11%
Fisheries	8%
Auto Body Repair	4%
Transportation	19%
Education	8%
Retail	4%
Government	26%
Hotel	4%

Trends in Client Base. For the second year in a row, the percentage of clients who are employees of the government or a government agency increased.

The most common issue for which clients seek assistance from the WAO is that of continuation of benefits. Generally, this group of clients feel their benefits had been prematurely terminated.