2015 Annual Report

zero is possible

Yukon Workers' Compensation Health and Safety Board

New and Revised Policies

The Yukon Workers' Compensation Health and Safety Board is governed by a Board of Directors made up of two representatives of workers, two representatives of employers, a neutral chair and a neutral alternate chair. The President/CEO of the Yukon Workers' Compensation Health and Safety Board sits as a non-voting member.

Mark Pike, Chair
Appointed January 4, 2014 – January 3, 2017
(Earlier appointments:
November 5, 2013 – January 3, 2014
November 5, 2010 – November 4, 2013)

Vicki Hancock, Alternate Chair
Appointed October 22, 2015 – October 21, 2018
(Earlier appointments:
October 22, 2012 – October 21, 2015
August 24, 2012 – October 22, 2012
August 24, 2009 – August 23, 2012
August 15, 2006 – August 14, 2009)

Heather McIntyre, Representative of Employers
Appointed February 26, 2015 – February 25, 2018

Gary Annau, Representative of Employers
Appointed January 28, 2012 – January 27, 2015
(Earlier appointments:
November 29, 2011 – January 27, 2012
November 29, 2008 – November 28, 2011
November 29, 2005 – November 28, 2008
November 29, 2004 – November 28, 2005)

Carl Schulze, Representative of Employers
Appointed February 17, 2014 – February 16, 2017
(Earlier appointment:
February 17, 2011 – February 16, 2014)

Christie Harper, Representative of Workers
Appointed October 22, 2015 – October 21, 2018

W. Cary Gryba, Representative of Workers
Appointed October 22, 2012 – May 22, 2015

Luigi Zanasi, Representative of Workers
Appointed April 20, 2013 – April 19, 2016

Joy Waters, President/CEO

Message from the Board of Directors

zero is possible

This year, we discovered zero is possible.

While we still have plenty of workplace injuries, no Yukon worker died on the job in 2015.

This is a relief in the shadow of the grim record the territory set in 2014 with five fatalities.

While the two years sharply contrast, they are also the same – both are not normal. The territory is neither as safe, nor as dangerous as either year suggests.

As a society, we are better at wearing protective gear. We are better at locking down our equipment while we are working on it. We are getting better at identifying mental illness and PTSD. We have broader understanding of the triggers of occupational disease.

We are doing better at identifying hazards and neutralizing them.

However, complacency plays havoc with safety efforts. Focus slips, and people are injured. Sometimes they die.

Work is important to us all. An injury at work will throw your life into turmoil.

Serious workplace calamities rob us of our mothers and fathers, our brothers and sisters, our friends, neighbours, colleagues, volunteers ... the impact on families, our worksites and the community at large are profound.

So, in the wake of great years or grim, we can't get complacent – we must reflect on what we are doing to promote and expand safety in our worksites.

In March, we introduced the community to Curtis Weber, a young fellow who almost burned to death in an electrical incident on a Saskatchewan farm.

Through Weber's emotionally moving Workplace Solutions and school presentations, we learned terrible workplace injuries do not have to inhibit the afflicted. We saw, in Weber, the importance of determination, spirited optimism and good humour in the face of adversity.

And generations of Yukoners came face to face with the importance of safety in the workplace.

Safety IQ captured information about safety culture across a broad swath of the territory's youth.

The social marketing campaign was widely successful, gathering baseline information on young worker safety culture from hundreds of young people across the territory (you can read more about this initiative on pages 18 and 19).

This year, the Yukon Workers' Compensation Health and Safety Board once again saw positive operational results, continuing a seven-year trend.

We have kept operating costs and staffing at the Yukon Workers' Compensation Health and Safety Board stable since 2008.

In 2015, our 76 staff served 21,000 Yukon workers and handled more than $1 billion in assessable payroll. Contrast that with 2008, when our 76 staff served 19,000 workers and $800 million in assessable payroll.

Our investments have grown to more than $218 million from $119 million in 2008.

This operational success and sound financial management has benefitted almost every business operating in the Yukon.

In 2015, we issued a $10 million rebate, which provided a cheque to virtually every employer operating in the territory in 2014.

The responsibility to our ratepayers is matched by our commitment to Yukon workers injured on the job. The health of our Compensation Fund allows us to provide excellent care to every Yukoner ever injured at work.

Our claims staff strive to get workers back to their jobs as quickly and as safely possible, an approach that has huge benefit in preventing disability.

Our Occupational Health and Safety officers regularly fan out across the territory to work alongside employers to improve safety practices on the territory's jobsites.

Working together with our stakeholders, workers and employers, we are advancing safety and return-to-work initiatives.

We are seeing results. Across the territory, we are seeing more personal protective equipment. We are seeing more employers accommodating injured workers' return to the workplace.

This is encouraging. But to advance safety to the next level, we must recognize complacency and fight it.

This year, we discovered zero is possible.

And if we can do it once, we can do it again. And again. And again.

This abnormal year does not have to be.

Working together, we can make it the new normal.

Zero is our goal.

New and Revised Policies

NEW AND REVISED POLICIES

Six policy revisions came into effect in 2015:

- EA-06, "Coverage for Directors"
- EA-02 "Determining the Status of a Person: Employer, Worker, Sole Proprietor or Non-Working Director"
- EA-01, "Payment of Assessments"
- FA-07, "Retention of Money by Set Off, and Write Off of Debts and Obligations"
- EN-07, "Pre-Existing Conditions"
- EN-12, "Permanent Impairment"

The Yukon Workers' Compensation Health and Safety Board thanks members of the Policy Working Group, the Stakeholder Advisory Committee and others for their input and guidance in developing and honing these policies.

EA-06, "COVERAGE FOR DIRECTORS"

Effective January 1, 2015

This policy replaced the former version of EA-06, "Statement and Estimate of Earnings -- Value of Service" which applied to directors of incorporated companies. This revised policy:

- Explains how working directors will be assessed and compensated, how earnings may be verified and what happens when a director has no earnings.
- Outlines how directors can apply to be "non-working directors" with no assessments and no compensation.
- Defines affiliated companies and how assessments work for directors of two or more such companies.
- Reinforces return to work and prevention requirements for directors.

EA-02, "Determining the Status of a Person: Employer, Worker, Sole Proprietor or Non-working Director"

Amendment effective January 1, 2015

This policy was amended as a consequence of developing the new policy, EA-06, "Coverage for Directors." The two policies are linked. EA-02 was amended to clarify the conditions under which a director can apply to be exempted as a worker.

EA-01, "Payment of Assessments"

Amendment effective January 1, 2015

This policy was also amended as a consequence of developing the new policy, EA-06, "Coverage for Directors." The definition of assessment was revised to reflect that the value of service concept will no longer be used for directors' assessments.

FA-07, "RETENTION OF MONEY BY SET OFF, AND WRITE OFF OF DEBTS AND OBLIGATIONS"

Effective January 1, 2015

This revised policy:

- Clarifies the Board of Directors' role to write off debts, in compliance with the Workers' Compensation Act and the Financial Administration Act.
- Increases some YWCHSB Directors' and the President's authority to write off debts.
- Removes exclusions – the previous version of the policy did not apply to people who had agreed to a set-off. The new version removes this exclusion – it applies to everyone whether they agree to a set-off or not.
- Clarifies language and aligns terminology with the Workers' Compensation Act and financial practices.

EN-07, "PRE-EXISTING CONDITIONS"
Effective July 1, 2015

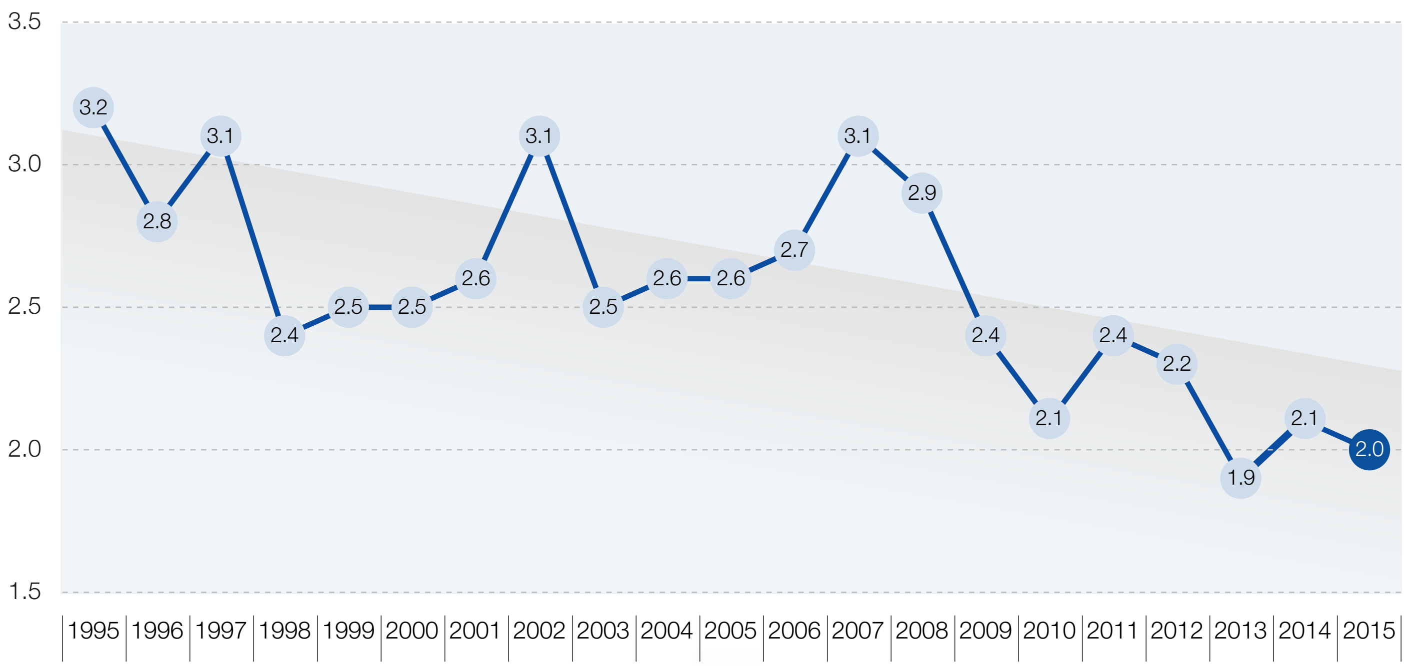
This revised policy helps decision-makers to determine injured workers' entitlement to benefits in cases where the worker has a pre-existing condition that affects the work-related injury in some way. This revised policy:

- Incorporates the definition of "injury" from the Workers' Compensation Act, which was not in the previous version.
- Is clearer and more concise than the previous version.
- Uses medical terms accepted in the medical community.
- Emphasizes the importance of thorough investigation of a worker's medical history to determine function before the work-related injury.
- Emphasizes the importance for workers to mitigate their loss by participating in appropriate treatment for their pre-existing condition and their work-related injury.

EN-12, "PERMANENT IMPAIRMENT"
Effective July 1, 2015

In the previous version of EN-07, "Pre-Existing Conditions", there was a provision addressing proportioning a permanent impairment award in cases where part of a worker's impairment was due to a pre-existing condition. Stakeholders thought this issue was more appropriately addressed in EN-12, "Permanent Impairment", so the section was removed from EN-07 and added to EN-12.

Lost-time* Injury Rate per 100 Covered Workers**



*Lost-time per Annual Report definition.**Covered Workers estimated from Assessable Payrolls and an Average Annual Employment Income (AAEI) assumption (per SAAD data). AAEI estimated for 2014 and 2015.Source: Statistics Canada (SAAD), YWCHSB

Safety Compliance

In 2015, Occupational Health and Safety officers issued 57 penalties for Occupational Health and Safety infractions on Yukon worksites, 20 more than the 37 issued in 2014.

Safety compliance reporting is important to both employers and workers because it identifies workplace safety trends in the previous year. Through it, we see what the most common safety lapses were in the community, what industries were affected and how employers, supervisors and employees fared compared to the previous year.

Safety officers issued roughly $80,000 in fines in 2015, up from about $30,000 issued in 2014.

Contributing to the $80,000 was an extraordinary event from the summer of 2014 that produced 11 fines that made up $37,500 of the total. These fines were issued to four companies for lead exposure at a mine closure and decommissioning program.

Refusal to wear appropriate personal protective equipment, or lack of policies governing the use of such gear, resulted in 28 of the 57 penalties issued in 2015. Lack of fall protection and hard hats led to most of those penalties.

The balance of the penalties stemmed from employers' and supervisors' failure to provide necessary training and supervision of employees, or to comply with orders written by safety officers.

In total, penalties were issued to 14 workers and four supervisors. Thirty-nine penalties were issued to 23 employers.

In 2015, no fines were issued to employers for failing to report serious incidents. This is an improvement over 2014, when two fines were issued.

The Yukon Workers' Compensation Health and Safety Board posts administrative penalties on its website so employers and workers can see infractions and know what they cost. This allows people to review their jobsites and work practices for similar problems before someone is injured or killed.

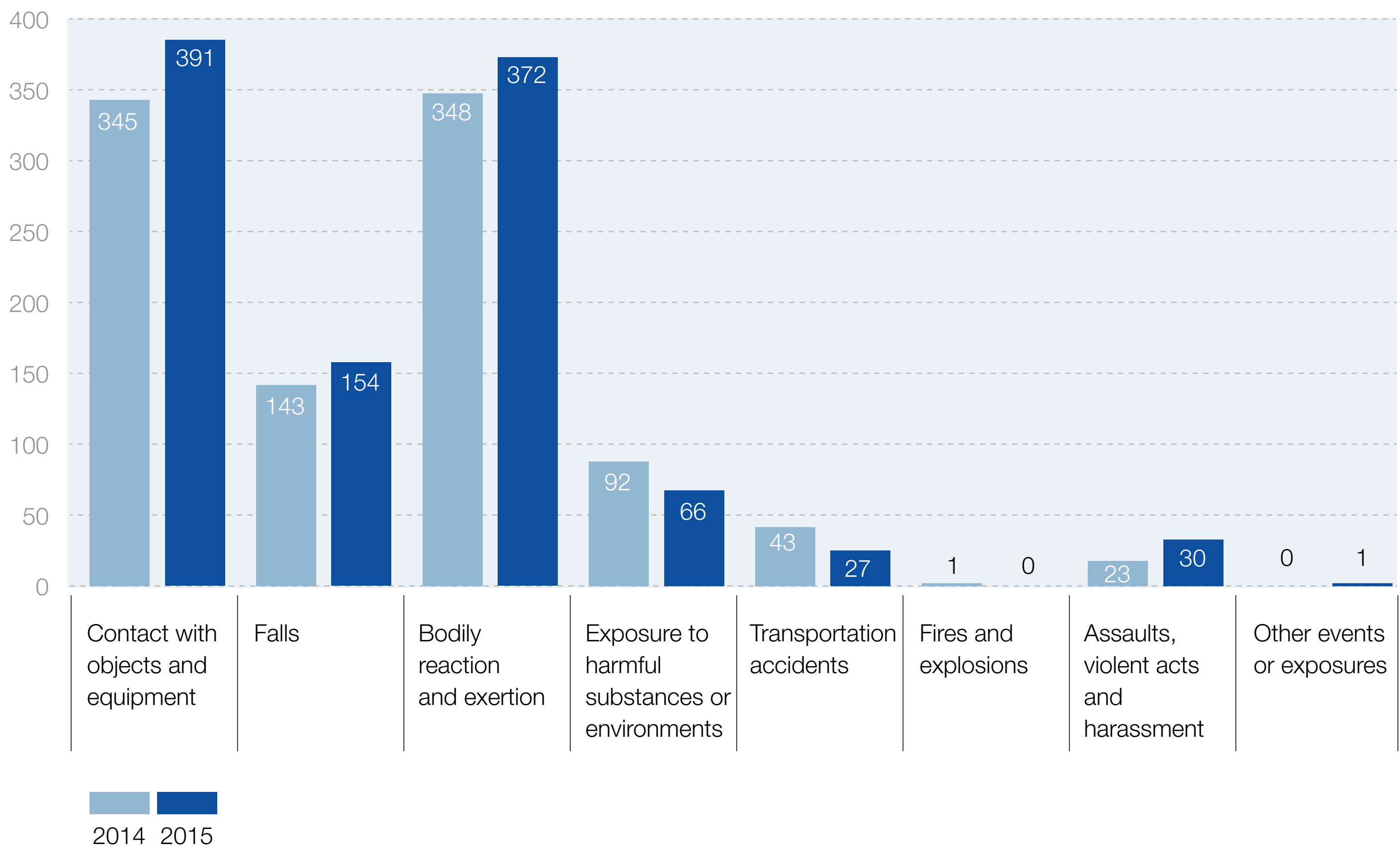
These penalties are applied to the industry group they were collected from. Those companies not following the safety regulations injure more workers and increase the cost of running the compensation system.

The Yukon Workers' Compensation Health and Safety Board opened its seasonal office in Dawson City again in 2015. This office supports employers and workers looking for information about occupational health and safety issues in the region.

The office also provides an ongoing inspection presence in the Klondike.

In 2015, the mine-rescue unit examined two basic mine-rescue courses at Yukon mines. Thirteen surface and six underground mine rescue tickets were awarded.

Accepted Claims by Event or Exposure



Return to Work

The organization continues to work with its stakeholder partners, employers, workers and health-care providers to get injured workers safely back to work as quickly as possible.

Effective return-to-work outcomes prevent long-term disability and psychological issues for workers and their families. Injured workers heal faster and better when they get back to work, even if they can't resume their previous duties right away.

In 2015, the Northern Safety Network Yukon held return-to-work classes in Whitehorse, Dawson City and Watson Lake designed to teach businesses the basics about accommodating injured workers on their jobsites. In total, 21 classes were held and 157 people took the training. The classes include four separate courses: RTW Basics/Intro, RTW Large Business Units, RTW Small Business Units, and an RTW Refresher/Overview course.

The Yukon Workers' Compensation Health and Safety Board continues to field employer questions and helps them meet their obligations under Section 40 of the Workers' Compensation Act. This section outlines both workers' and employers' obligations to cooperate in the early and safe return-to-work process.

Employers with more than 20 workers are subject to Section 41 of the Workers' Compensation Act, which lays out specific guidelines, remedies and penalties to ensure re-employment obligations to injured workers are met.

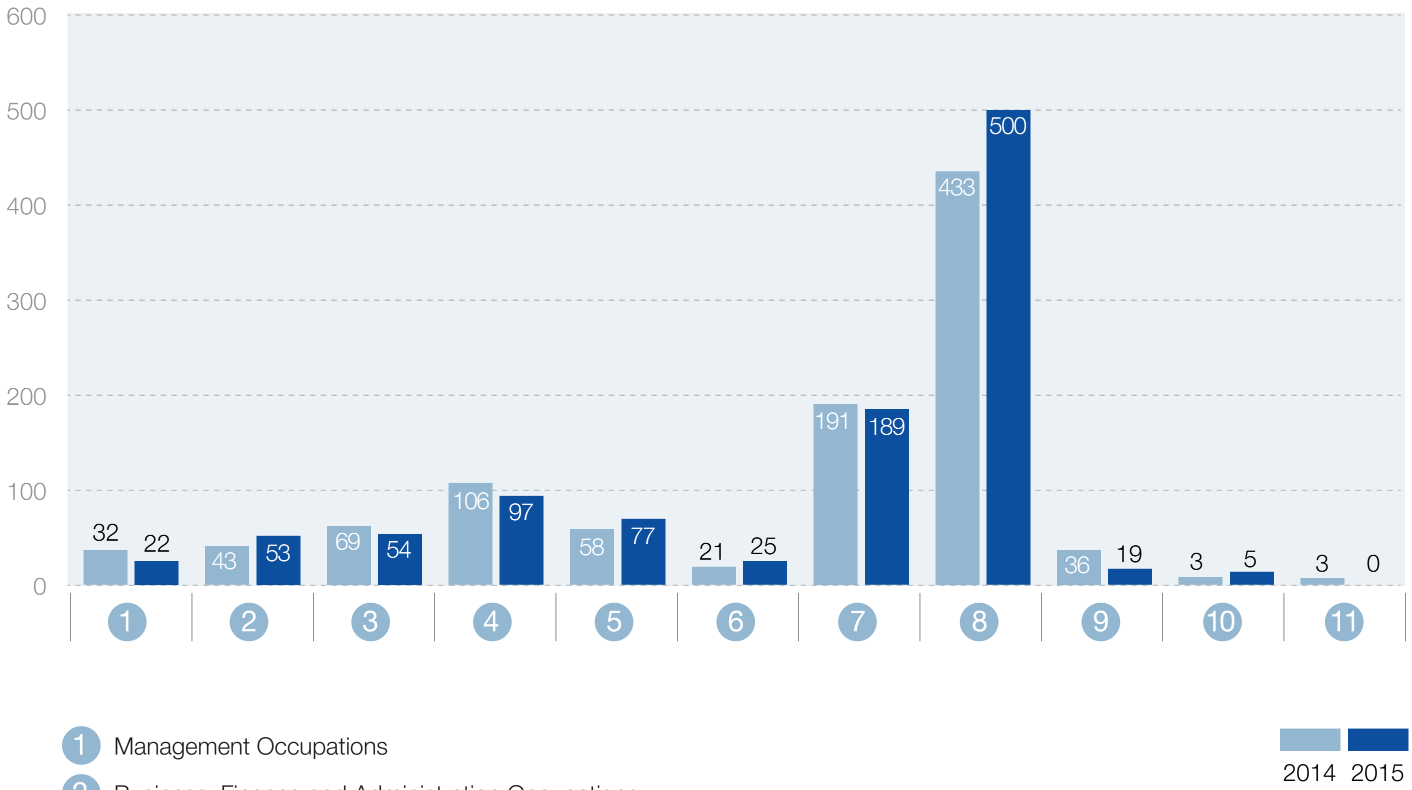
The Yukon Workers' Compensation Health and Safety Board is also working with health-care providers to get accurate, detailed information about the functional abilities of injured workers.

In 2015, we saw 434 time-loss claims, down from the 446 registered in 2014.

By the end of 2015, about 80 per cent of our claimants had recovered and moved off compensation benefits within three months. Within a year, 93 per cent of clients had recovered and moved off benefits.

All these activities help prevent disability and enables the effective management of the compensation system.

Accepted Claims by Occupation



1. Management Occupations
2. Business, Finance and Administration Occupations
3. Natural and Applied Sciences and Related Occupations
4. Health Occupations
5. Occupations in Social Science, Education, Government Service and Religion
6. Occupations in Art, Culture, Recreation and Sport
7. Sales and Service Occupations
8. Trades, Transport and Equipment Operators and Related Occupations
9. Occupations Unique to Primary Industry
10. Occupations Unique to Processing, Manufacturing and Utilities
11. Unknown or Uncoded

Young and New Worker Initiatives

The two Yukon Workers' Compensation Health and Safety Board's young worker coordinators deliver the "Work Shouldn't Hurt" program, visiting 13 Grade 10 Planning and Shop classes in Whitehorse as well as four different Yukon communities in 2015.

The program explains why the students are at a higher risk of injury and trains them to identify common workplace hazards.

We have continued our participation in the annual video contest, which aims to teach students about worker rights and workplace health and safety.

In October, the coordinators launched the next version of the video contest and started promoting it among high school students throughout the Yukon.

Also in October, the young worker coordinators ran the Rural Experiential Model (REM) social media program in Dawson City. Five students from different communities assembled an overview of each program focusing on safety and prevention. The students presented their work to all of the other students, teachers and staff on the final day.

In addition to working with high school students, the coordinators continued to support two programs for students from Kindergarten to Grade 5, attending 14 schools in six communities, and a total of 50 different classes.

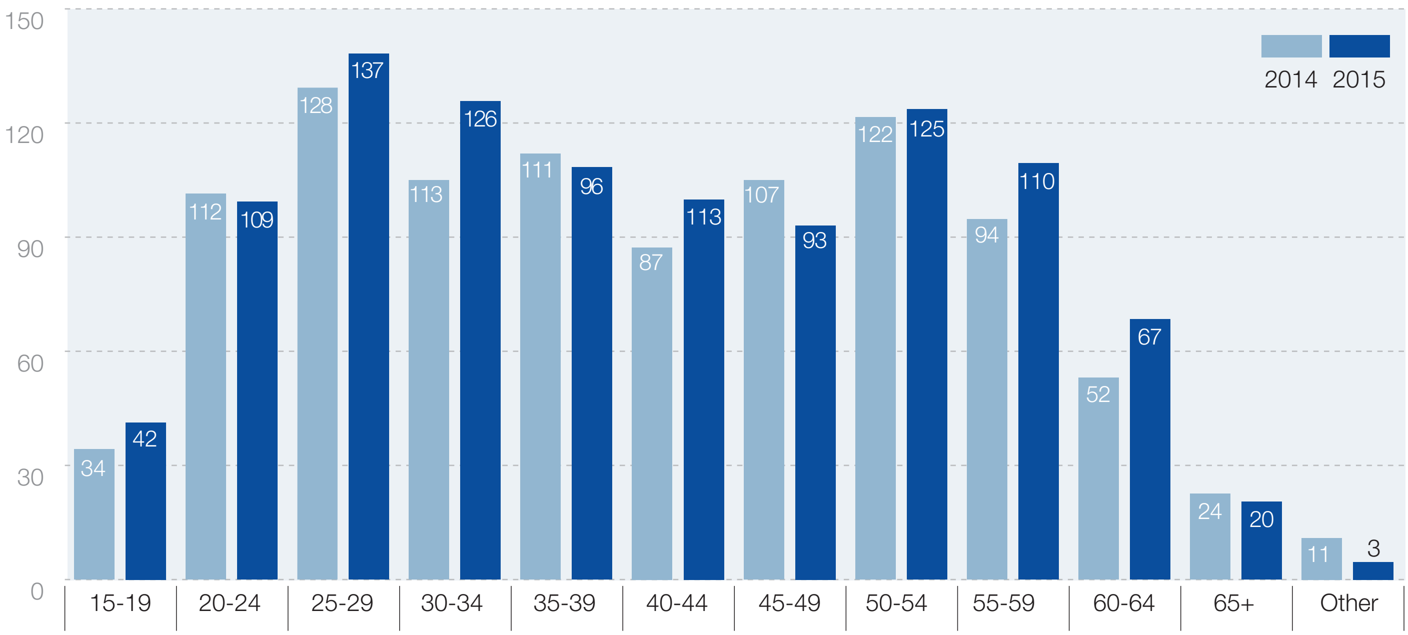
The K-2 material features a cute mascot, Susie the Squirrel. This material was presented to 522 kids across the territory, up from 316 kids in 2014. The teacher kits include a safety-related book, teacher manual, poster, sticker and, of course, Susie the Squirrel puppet. The Susie campaign has been translated to French to reach even more students.

Students in grades 3 to 5 are getting a package called "Stop, think, do!" focused on hazard identification and injury prevention. During this launch year, the material was presented to 322 kids across the territory. With the addition of this program, more students in more grades are getting age-appropriate messages to make more safe choices.

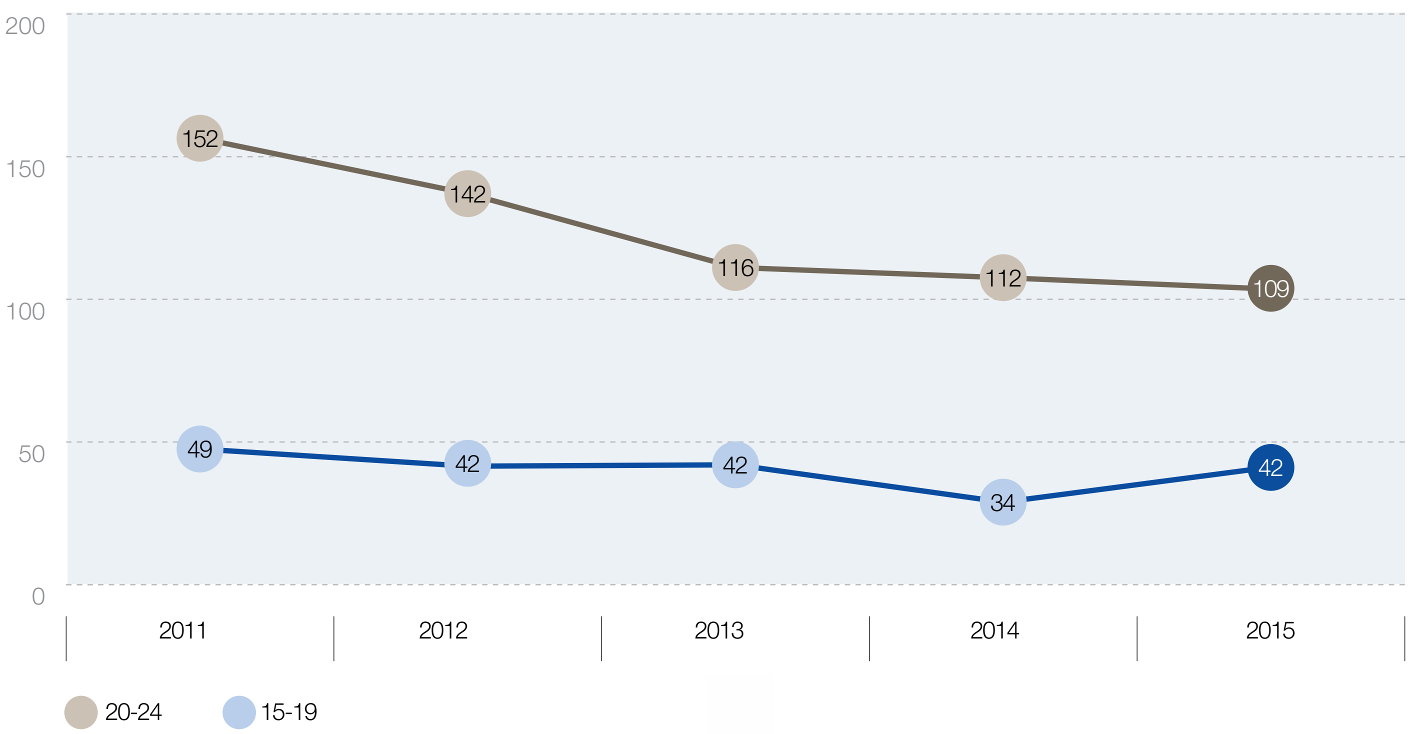
This year, we launched Safety IQ, a safety-themed scavenger hunt that targeted young adults. Through this new social media initiative, we reached hundreds of youth and started to measure their safety culture. (See related story on pages 18 and 19). The coordinators promote trades and technologies among youth under the age of 30 through Skills Canada and Skills Canada Yukon and through presentations made to Yukon College students, those working at Yukon Government and in the CHALLENGE Program and to foreign workers in the territory.

One coordinator sits on the board of Skills Canada as the territory's representative and on the National Technical Committee for the safety competition, which oversees the National Skills Canada Competitions. This position allows the coordinator to work with safety professionals from across Canada.

Accepted Claims by Age Group



Accepted Claims by Young Workers



Investigative Unit Results

In 2015, the investigator advised adjudicators and claim managers on approximately 16 claim files, protecting claimants and the Compensation Fund by ensuring the correct benefits were paid to workers.

The unit helped the Finance branch find claimants so they could be notified about their current annuity status.

The unit investigates businesses suspected of under-reporting payroll. When such cases are discovered, a reassessment of the employer's payroll is made and penalties levied.

The investigator assists the Occupational Health and Safety branch. In 2015, the investigator assisted OHS on six investigations.

The investigative unit provides security services to the Yukon Workers' Compensation Health and Safety Board, and, through attendance at national meetings of the Association of Workers' Compensation Boards of Canada, learned about developments in the field and emerging threats/trends.

Through this work, the investigative unit ensures the ethical and honest use of compensation funds and that claimants receive the benefits they are entitled to.

CHOICES Incentive Program

The CHOICES Program financially rewards employers who improve workplace safety and return-to-work practices in their businesses.

The program benefits employers, workers and the Yukon Workers' Compensation Health and Safety Board by preventing disability and promoting safety and return-to-work practices in Yukon workplaces.

Employers can register for CHOICES simply by checking a box on their annual Employer Payroll Return.

That simplified registration system, which was launched in 2011, continues to show results.

In 2015, participation in the CHOICES Program decreased one per cent, to 51 per cent of total employer payroll from 52 per cent in 2014. Participating employers saved a total of $471,000 in 2015, up from $463,500 in 2014.

Employers with a Certificate of Recognition (COR) or a Small Employer Certificate of Recognition (SECOR), or equivalency, automatically receive a rebate credit on their assessment premium accounts of 10 per cent.

In 2015, those employers participating in COR saw the biggest savings. The number of employers participating in COR rose to 83 from 75 in 2014. And those 83 businesses were rebated a total of $365,000.

There were 52 SECOR-qualified businesses in 2015, up from 44 that qualified in 2014. In total, those businesses saw rebates totalling $34,000.

Non-certified employers can show, through a third-party provider, that they have completed a specified number of safety and/or return-to-work training hours for their workers. These employers received rebates from four to six per cent of assessable payroll after finishing their training requirements.

Employer Assessments

Assessment revenues in 2015 were $21.4 million compared to $22.1 million in 2014, a decrease of $700,000.

Most of this change was expected as the Board of Directors approved a reduction in the average assessment rate.

This was the sixth consecutive year the Yukon Workers' Compensation Health and Safety Board reduced rates for most employers. In 2015, rates were lowered or kept stable to five industry groups, which had a downward impact on assessment revenue by about $3.9 million.

Rate increases/decreases

This year, 2,050 employers saw their assessment rate fall as much as four per cent.

Another 1,000 saw their assessment rates remain stable.

Roughly 500 businesses saw their rates increase as much as 7.5 per cent.

The average provisional assessment rate in 2015 was $1.90, down from $2.18 in 2014.

The rate structure in 2015 reinforces the message that industries with good safety performance will not have to support those that have poor safety performance.

It was announced in 2015 that the industries which cost the most to the system pay the highest assessment rates.

Letters of Clearance

Approximately 17,000 letters of clearance were issued by the Assessments Branch in 2015. The letters confirm contractors working for an employer are registered with the Yukon Workers' Compensation Health and Safety Board and have paid their assessment premiums. Contractors that are not in good standing with the Yukon Workers' Compensation Health and Safety Board leave employers with the potential liability of paying assessment premiums for those contractors on the labour portion of their contract.

Penalties

If employers do not meet their payment obligations to the compensation system, it adds costs to the system. To support employers who are in compliance, penalties and interest charges are levied against those who do not meet the required timelines.

In 2015, about $233,000 in penalties were handed to employers who failed to meet deadlines for registering with the Yukon Workers' Compensation Health and Safety Board, filing their Annual Payroll Return and/or for not paying their assessment premiums, compared to $334,000 in 2014.

This money is used to offset future assessment rate calculations through allocation to assessment revenues.

Number of Appeals Heard, Resolved and Pending in 2015

2015 WCAT Appeal Statistics for January 1 to December 31

Appeals at the Workers' Compensation Appeal Tribunal	**5**
Decisions	
Decisions confirmed	1
Decisions reversed	2
Decisions varied	2

2015 Board Appeal Statistics for January 1 to December 31

*Reviews by Hearing Officer	21
Decisions	
Decisions confirmed	11
Decisions reversed	11
Decisions varied	3

**A single review can result in multiple decisions.*

2015 Appeal Panel of the Board of Directors January 1 to December 31

Determination on Right of Action Appeals	0
Confirmed	0
Reversed	0
Varied	0
Occupational Health and Safety Appeals	0
Confirmed	0
Revoked	0
Decreased	0
Assessment Appeals	0
Confirmed	0
Reversed	0
Varied	0

Release of Information Statistics for 2015

	Workers' Advocate	Worker	Employer	Appeal Tribunal	Other	Total
January - March	30	9	5	2	8	54
April - June	39	21	3	4	19	86
July - September	24	10	2	0	7	43
October - December	44	7	1	3	13	68
Total	137	47	11	9	47	251

2003 - 2015 Totals

	Workers' Advocate	Worker	Employer	Appeal Tribunal	Other	Total
2015	137	47	11	9	47	251
2014	104	54	12	15	70	255
2013	141	44	14	9	52	260
2012	138	38	13	13	109	311
2011	170	57	16	28	38	309
2010	182	51	11	56	61	361
2009	173	45	23	22	24	287
2008	238	71	10	18	21	358
2007	194	69	20	66	2	351
2006	265	53	8	40	4	370
2005	408	67	6	71	10	562
2004	468	73	20	42	6	609
2003	336	80	14	44	9	483
Total	2954	749	178	433	453	4767

iQuestion Campaign

A Tough Audience

Delivering workplace safety messages to young and new workers is challenging. These people have unique experiences and are often not aware of their rights and responsibilities.

Their worries about keeping their job can often trump concerns about their safety.

With that in mind, Yukon Workers' Compensation Health and Safety Board launched an ambitious campaign to compel young and new workers to consider safety at work. Called iQuestion, it involved three phases.

The first invited Yukon secondary school students to produce a video about wearing appropriate safety gear. In the video, they had to include the phrase, "Stay protected. Get it on!" We received eight submissions into this competition. The videos were presented publicly at the Skills Yukon competition in May where they were judged by a panel of local celebrities. The winner went on to place second in a national safety video competition.

Alongside the video competition, we launched a social game called Safety IQ. Fashioned after a traditional treasure hunt, Safety IQ involved players from across Yukon. It was played through several social media platforms, including Facebook and Twitter, as well as mobile phone text messaging. Once registered, players were invited to visit real-world safety-related locations via text message. These locations included local retailers like Acklands-Grainger, an industrial equipment supplier, and Yukon Women in Trades and Technology, a not-for-profit entity that promotes young women entering the trades.

At each location, players participated in events and answered questions. These players received codes that they texted to Safety IQ game masters for points. Point tallies were posted on a mobile-phone-friendly scoreboard. The treasure hunt was organized into divisions based on secondary schools, with one division for Yukon College students.

Reception was overwhelming and, in just two weeks, more than 100 people from five different Yukon communities signed up to play.

The game's finale happened at the Skills Yukon competition, where the video competition was being judged. Half a dozen players spent the day enthusiastically competing, head-to-head, in the game's final challenge.

One of the key goals of the Safety IQ game was to establish a baseline understanding of young and new worker attitudes towards workplace safety. An eight-question survey was conducted over the course of the game by each player, and players could collect bonus points by getting other students to complete the survey. We received more than 500 responses. It delivered a boon of information to Yukon Workers' Compensation Health and Safety Board that will feed safety awareness efforts for years to come.

The final phase of iQuestion followed directly on the heels of the Safety IQ game. It featured the nationally-renowned speaker Curtis Weber, an inspiring personality who was permanently disabled and disfigured as a young worker.

Weber brought his gripping story to the Yukon and delivered seven compelling presentations over three days, most to packed gyms at Whitehorse secondary schools.

Curtis captivated his audiences. His story and presence was deeply affecting. He received coverage in local media that helped to spread his message to an incredibly wide local audience. Yukon Workers' Compensation Health and Safety Board received requests from people who missed Curtis' presentations to bring him back for an encore.

At each school presentation, Curtis announced the winners of the Safety IQ game and awarded their prizes in front of his audience. The divisional prizes were iPad minis and there was one for a winner at each school. A MacBook Air was awarded to the game's grand prize winner during a presentation at Yukon College.

Through iQuestion, Yukon Workers' Compensation Health and Safety Board gained insight into the experiences of young and new workers and established direct relationships with them. We now have a deeper understanding of their unique concerns, and we have opened up channels for ongoing communication.

That success will feed efforts to keep new and young workers safe on the job well into the future.

Management's Discussion and Analysis

This segment deals with the Compensation Fund's (the Fund) financial performance for the year ended December 31, 2015. The audited financial statements are integral to this analysis and should be read in conjunction with it. Unless otherwise indicated, all amounts are expressed in Canadian dollars and have been derived from the Fund's annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS).

Forward-Looking Statements

Any forward-looking statements in this document represent the views of management. Forward-looking information is subject to many risks and uncertainties, and may contain significant assumptions about the future. These statements are presented to assist stakeholders in understanding the Fund's financial position, priorities and anticipated financial performance.

Risks and uncertainties about future assumptions include, but are not limited to, the changing financial markets; industry mix of the Yukon workforce; general economy; legislation; accounting standards; appeals and court decisions; and other risks, which are known or unknown. The reader is cautioned about placing reliance on the forward-looking information contained herein.

Operating Results

The 2015 operating surplus (prior to the funding surplus distribution) was lower than the previous year: $5.1 million versus $13.2 million in 2014. As was the case in 2014, net investment income was the main contributor to the Fund's surplus in 2015 providing income of $13.7 million.

In 2015, a surplus distribution of $10.2 million was made to employers due to the Fund's exceptionally strong financial position, causing a net deficit for the year of $5.1 million versus a net surplus of $13.2 million in 2014.

Total comprehensive (loss) income, which is made up of operating surplus, plus funding policy surplus distributions and the actuarial gains and losses related to post employment benefits, was ($5.2) million (loss) in 2015 versus $13.1 million (income) in 2014.

Revenues

The Fund's total revenue and income in 2015 was $36 million versus $42 million in 2014. The Fund has two main sources of revenue and income: assessment revenue and net investment income. The decrease in the overall revenue was directly attributable to a decrease in net investment income.

Assessment revenue in 2015 was $21.4 million, down slightly from $22.1 million in 2014.

Net investment income in 2015 was $13.7 million versus $18.9 million in 2014 – a decrease of $5.2 million. In 2015, the Fund earned an overall return of 6.8 per cent versus the benchmark return of 7.0 per cent. The overall return for the past five years has been 9.2 per cent versus the benchmark of 8.1 per cent. This has been the seventh consecutive year of positive investment returns, and the Yukon Workers' Compensation Health and Safety Board's disciplined, structured, conservative approach to managing its investment portfolio continues to help the Fund maintain a very strong financial position.

Expenses

Total claims expenses increased to $19.4 million in 2015 from $17.7 million in 2014. In 2015, claims costs are higher due to an increase in prior year costs as actuarial gains in 2015 are lower than 2014.

Administration costs increased to $11.0 million in 2015 from $10.7 million in 2014 due to a general increase in salary costs as provided for in the collective bargaining agreement/ management payroll policies and an increase in the estimated liability for employee benefits.

Balance Sheet

At the end of each fiscal year, the Yukon Workers' Compensation Health and Safety Board's actuary calculates the benefits liability for all injuries that have occurred to date. This liability represents the actuarial present value of all future benefits and related administration costs. As at December 31, 2015, this liability was $141 million, an increase of two per cent over the previous year. The increase was lower than expected due to favourable experience gains in the 2015 claims costs.

The total assets of the Fund have remained virtually unchanged in 2015. The value of the investment portfolio at end of 2015 was $219 million (net of a surplus distribution of $10.2M) versus $215 million at the end of 2014. Also, property and equipment increased by $3.8 million reflecting the investment in the building addition that was completed in 2015.

Good financial results continue to help the Fund maintain a strong balance sheet. The funding position (including target reserves) is 125 per cent above target versus 129 per cent in 2014. The decrease is mainly attributed to the surplus distribution. This excess of assets over liabilities mitigates the impact of year-to-year income fluctuations, providing rate stabilization and assurance that benefit obligations will be met in the end. Finally, the strength of the balance sheet assures stakeholders that the Fund can address future financial commitments should financial markets and economies continue to weaken.

Outlook

The Yukon Workers' Compensation Health and Safety Board must be able to respond to new challenges and opportunities in a rapidly changing environment. A strong funding position helps the organization meet these many challenges and opportunities. Over the long run, funding reflects a balance between levels of benefits and rates charged. When financial results are different from the target - which they usually are, the funding policy dictates how the difference is addressed. Fortunately, investment returns have been positive for the last seven years and this has allowed reserves to accumulate well over the targeted range. This in turn has allowed the Yukon Workers' Compensation Health and Safety Board to rebate $22 million to employers through distributions and rate adjustments over the last four years.

We must keep our strong financial position in perspective. Strong finances are essential to meet our future commitments, especially to injured workers.

However, a better measure of success would be the elimination of all injuries and disabilities.

This year, we achieved our goal of zero workplace fatalities.

Now, the Yukon Workers' Compensation Health and Safety Board and its various partners should strive to repeat that success, and expand it to eliminating workplace injuries.

Working together, we can hope the Board of Directors' vision of zero injuries and illnesses cannot only be met, it can be sustained.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of the Yukon Workers' Compensation Health and Safety Board (the "Board") is responsible for establishing and maintaining a system of books, records, internal controls and management practices designed to provide reasonable assurance that reliable financial information is produced on a timely basis; Compensation Fund assets are safeguarded and controlled; transactions of the Compensation Fund are in accordance with relevant legislation, regulations and board policies; and that the Board's resources are managed efficiently and economically and the operations of the Board are carried out effectively.

Management is also responsible for the integrity and objectivity of the financial statements of the Compensation Fund. The accompanying financial statements as at December 31, 2015 include amounts based on management's best estimates as determined through experience and judgement, and are prepared in accordance with International Financial Reporting Standards. Other financial information included in the Annual Report is consistent with these financial statements.

Members of the Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board of Directors exercises its responsibilities through the Finance, Investment, and Audit Committee (the "Committee"). The Committee meets with management and the external auditors on a regular basis. The Committee has reviewed the financial statements and has submitted its report to the Board of Directors, which has approved these financial statements.

The Auditor General of Canada conducts an independent audit for the purpose of expressing his opinion on the financial statements. He also considers whether the transactions that come to his notice in the course of the audit are, in all significant respects, in accordance with specified legislation.

Morneau Shepell, an independent consulting actuarial firm, has completed an actuarial valuation of the benefits liability included in the financial statements of the Compensation Fund and reported thereon in accordance with accepted actuarial practice.

Joy Waters
President and Chief Executive Officer

Jim Stephens, CMA, CGA
Vice President, Operations and Chief Financial Officer

April 19, 2016

MORNEAU SHEPELL

40 Crowther Lane, Suite 300, Knowledge Park
Fredericton, New Brunswick E3C 0J1

Actuarial Statement of Opinion

I have completed the actuarial valuation of the benefits liability of the Yukon Workers' Compensation Health and Safety Board (the "board") as at December 31, 2015 (the "valuation date"). Details of the data, actuarial assumptions, valuation methods and results are included in the actuarial valuation report as at the valuation date, of which this statement of opinion forms part. In my opinion:

1. The data on which the valuation is based were supplied by the board 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 benefits liability.
2. The actuarial assumptions adopted in computing the benefits liability are adequate and appropriate for the purpose of the valuation.
3. The methods used are appropriate for the purpose of the valuation and are in accordance with accepted actuarial practice for workers' compensation organizations in Canada. The economic assumptions are consistent with the funding and investment policies of the board.
4. The estimate of the actuarial liabilities as at the valuation date is $140,958,000. This includes provisions for benefits expected to be paid after the valuation date for claims that occurred on or before the valuation date. A provision for future claims arising from long latency occupational diseases is included in this valuation. This liability includes future administrative expenses for all benefits, with the exception of the Annuity benefit. It does not include any self-insured employers.
5. The liability as at the valuation date for Annuity contributions and interest already set aside by the board up to the valuation date for purposes of providing pension benefits to injured workers was obtained from the board's finance division and is included in item 4 above.
6. The amount of the actuarial liabilities makes appropriate provision for all personal injury compensation obligations and the financial statements fairly present the results of the valuation.
7. This report has been prepared, and my opinions given, in accordance with accepted actuarial practice in Canada.
8. The valuation is based on the provisions of the Workers' Compensation Act of the Yukon Territory and on the board's policies and practices in effect on the valuation date.

Thane MacKay, F.C.I.A.
This report has been peer reviewed by Conrad Ferguson F.C.I.A.

Auditor General of Canada
Vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Compensation Fund

Report on the Financial Statements

I have audited the accompanying financial statements of the Compensation Fund, which comprise the statement of financial position as at 31 December 2015, and the statement of operations and comprehensive income, statement of changes in funded position (equity) and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Compensation Fund as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

As required by the *Workers' Compensation Act*, I report that, in my opinion, the accounting principles in International Financial Reporting Standards have been applied on a basis consistent with that of the preceding year.

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

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

19 April 2016
Vancouver, Canada

Compensation Fund | Statement of Financial Position
December 31, 2015 (in Canadian Dollars)

	Note	2015 ($000s)	2014 ($000s)
ASSETS			
Cash		$ -	$ 7,903
Accounts receivable	6	1,601	1,448
Prepaid expenses		120	201
Investments	7	218,715	214,991
Property and equipment	8	9,261	5,423
Intangible assets	9	3,707	3,688
Total assets		**$ 233,404**	**$ 233,654**
LIABILITIES			
Bank overdraft	5	$ 2,654	$ -
Accounts payable and accrued liabilities	10	3,636	5,015
Surplus distributions payable	14	372	-
Deferred portion of government grant	11	225	268
Benefits liability	12	140,958	138,119
Employee benefits	13	2,771	2,279
Total liabilities		150,616	145,681
FUNDED POSITION (EQUITY)	14		
Reserves		82,788	87,973
Total equity		82,788	87,973
Total liabilities and equity		**$ 233,404**	**$ 233,654**

Commitments and Contingencies (notes 16 and 18)

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

Approved by the Yukon Workers' Compensation Health and Safety Board

Mark Pike
Chair

Compensation Fund | Statement of Operations and Comprehensive Income
December 31, 2015 (in Canadian Dollars)

	Note	2015 ($000s)	2014 ($000s)
Revenue and Income			
Assessment revenue		$ 21,392	$ 22,143
Net investment income	7	13,699	18,945
Recoveries and other receipts		951	976
		36,042	42,064
Expenses			
Claims expenses	12	19,421	17,717
Administration	17		
General and Administration		7,855	7,403
Occupational Health and Safety		2,427	2,476
Workers' Advocate		515	495
Appeal Tribunal		125	199
Yukon Chamber		127	115
Prevention		435	443
		30,905	28,848
Operating surplus		5,137	13,216
Funding policy surplus distributions	14	(10,214)	-
Net (deficit) surplus		(5,077)	13,216
Other comprehensive loss			
All items presented in other comprehensive loss will not be reclassified to operating surplus in subsequent periods:			
Actuarial loss on post-employment benefits	13	(108)	(123)
Total comprehensive (loss) income		**$ (5,185)**	**$ 13,093**

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

Compensation Fund | Statement of Changes in Funded Position (Equity)
December 31, 2015 (in Canadian Dollars)

	Stabilization Reserve ($000s)	Adverse Events Reserve ($000s)	Prevention Fund ($000s)	Total ($000s)
Balance at January 1, 2014	**$ 52,766**	**$ 21,728**	**$ 386**	**$ 74,880**
Net surplus for 2014	13,216	-	-	13,216
Other comprehensive loss	(123)	-	-	(123)
Total comprehensive income for 2014	13,093	-	-	13,093
Transfer to / from Prevention Fund	-	386	(386)	-
Transfer to / from Adverse Events Reserve	(48)	48	-	-
Balance at December 31, 2014	**$ 65,811**	**$ 22,162**	**$ -**	**$ 87,973**
Net deficit for 2015	(5,077)	-	-	(5,077)
Other comprehensive loss	(108)	-	-	(108)
Total comprehensive loss for 2015	(5,185)	-	-	(5,185)
Transfer to / from Adverse Events Reserve	(418)	418	-	-
Balance at December 31, 2015	**$ 60,208**	**$ 22,580**	**$ -**	**$ 82,788**

Capital Management and Reserves (note 14)

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

Compensation Fund | Statement of Cash Flows
December 31, 2015 (in Canadian Dollars)

	2015 ($000s)	2014 ($000s)
Operating activities		
Cash received from:		
Employers, for assessments	$ 21,075	$ 21,882
Investment revenue - interest	2,993	2,967
Investment revenue - dividends	3,489	3,569
Recoveries and other receipts	896	1,310
	28,453	29,728
Cash paid:		
To employers, for surplus distributions	(9,842)	-
For claims	(16,608)	(14,921)
To employees and suppliers, for administration and prevention	(11,317)	(9,546)
	(37,767)	(24,467)
Total cash provided (used) by operating activities	(9,314)	5,261
Investing activities		
Net sale of investments	4,099	38
Purchases of property and equipment	(4,581)	(1,644)
Purchases of intangible assets	(761)	(673)
Total cash used in investing activities	(1,243)	(2,279)
Net increase (decrease) in cash	**(10,557)**	**2,982**
Cash, beginning of year	7,903	4,921
Cash (bank overdraft), end of year	**$ (2,654)**	**$ 7,903**

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

1. Reporting Entity

The Compensation Fund (the "Fund") was established by the *Workers' Compensation Act* of Yukon (the "Act") and is administered by the Yukon Workers' Compensation Health and Safety Board (the "Board") pursuant to the Act. In 2008, the Act was amended and received assent in the Legislative Assembly. The effective date of the new Act was July 1, 2008. The Board is exempt from income tax and the Goods and Services Tax.

The Fund, as administered by the Board, provides compensation for injury or death by accidents arising out of and in the course of employment. Annual assessments are levied upon employers by applying their industry assessment rate to their actual or estimated payrolls for the year. The assessment and investment revenue pays for all claims, administration and prevention expenses.

Since 1992, the Board has also been responsible for the administration of the *Occupational Health and Safety Act* and regulations to advance strategies for preventing workplace injuries in the territory.

The Board, a territorial entity, is domiciled in Canada and has its office at 401 Strickland Street, Whitehorse, Yukon, Canada.

2. Statement of Compliance and Basis of Preparation

These financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS").

The Board of Directors approved and authorized for issue the 2015 financial statements on April 19, 2016.

Basis of Measurement

These financial statements have been prepared on a historical cost basis, except for investments classified as held-for-trading that are measured at fair value. The Fund's functional currency is the Canadian dollar, which is the currency of the primary economic environment in which the Fund operates, which is also the presentation currency of the financial statements.

All financial information is presented in Canadian dollars and tabular financial information has been rounded to the nearest thousand dollars, unless otherwise stated.

Critical Accounting Estimates and Judgements

The Board makes estimates and judgements in respect of certain key assets and liabilities of the Fund. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The significant areas of estimation uncertainties which have a significant risk of resulting in a material adjustment within the next financial year are the following:

- Note 7 Investments – Valuation of financial instruments
- Note 12 Benefits liability – Determination of discount rates and other assumptions
- Note 12 Benefits liability – Determination of latent occupational disease provision
- Note 13 Employee benefits – Determination of discount rates and other assumptions

The major areas of judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are the following:

- Note 7 Investments – Classification of financial instruments
- Note 8 Property and equipment – The degree of componentization
- Note 9 Intangible assets – The determination of development costs eligible for capitalization

3. Application of New and Revised IFRS

(a) Amendments to IFRS effective for the current year

The Board has applied a number of amendments to IFRS that are mandatorily effective for the current year.

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*
In November 2013, the IASB issued amendments to IAS 19 which is effective retrospectively for annual periods beginning on or after July 1, 2014. The amendments apply to employee or third party contributions to a defined benefit pension plan.

Annual Improvements to IFRS 2010 – 2012 and 2011 – 2013 Cycle
In December 2013, the IASB issued the Annual Improvements 2010 – 2012 and 2011 – 2013 Cycle to make necessary but non-urgent amendments to existing IFRS. These amendments are effective for annual periods beginning on or after July 1, 2014.

The adoption of the amendments listed above did not have any impact on the Fund's financial statements.

(b) New and revised IFRS issued but not yet effective

IFRS 9 *Financial Instruments*
In July 2014, the IASB issued the final version of IFRS 9 to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes a substantially reformed approach to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Board is currently evaluating the impact the final standard is expected to have on the Fund's financial statements and therefore the extent of the impact of the adoption of this standard is unknown.

IFRS 16 *Leases*

The IASB issued a new standard on leases in January 2016. The scope of the new standard includes leases of all assets, with certain exemptions. A lease would be defined as a contract that conveys the right to use an asset for a period of time in exchange for consideration. IFRS 16 requires all leases to be reported on the lessee's statement of financial position. There are also changes in accounting over the life of the lease. In particular, the lessee will now recognize a front-loaded pattern of expense for most leases, even when they pay constant annual rentals. Lessors' accounting treatment remains similar to current practice. They continue to classify leases as finance or operating leases. The standard is effective for annual periods beginning on or after January 1, 2019. The Board is currently evaluating the impact the standard is expected to have on the Fund's financial statements and therefore the extent of the impact of the adoption of this standard is unknown.

Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38, *Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation*

In May 2014, the IASB issued amendments to IAS 16 and IAS 38 which are effective for annual periods beginning on or after January 1, 2016. The amendments apply to revenue-based methods of depreciation and amortization. The adoption of these amendments is not expected to have any impact on the Fund's financial statements.

Annual Improvements to IFRS 2012 – 2014 Cycle

In September 2014, the IASB issued the Annual Improvements 2012 – 2014 cycle to make necessary but non-urgent amendments to existing IFRS. The amendments are effective for annual periods beginning on or after January 1, 2016. The adoption of these amendments is not expected to have a significant impact on the Fund's financial statements.

Amendments to IAS 1 *Disclosure Initiative*

In December 2014, the IASB issued amendments to IAS 1 to include guidance on the application of materiality in practice and are designed to encourage entities to apply professional judgment in determining what information to disclose in their financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016. The adoption of these amendments is not expected to have a significant impact on the Fund's financial statements.

(c) Future accounting changes

The IASB is currently working on revisions to IFRS 4 Insurance Contracts. In December 2015, the IASB announced it expects to issue the new insurance contracts standard in 2016. The mandatory effective date has not yet been finalized. The impact of the proposed revisions is not determinable at the present time.

4. Significant Accounting Policies

The following is a summary of the significant accounting policies:

(a) Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and bank balances net of any bank overdrafts. Cash and short-term investments held by custodians for investment purposes are not available for general use and are included in investments.

(b) Assessments

Assessment revenue is calculated monthly on actual or estimated payrolls as reported by the employer, or on provisional assessments as determined by the Board. Separate rates of assessment are established for each industry classification. At year end, assessments receivable and payable are adjusted based on the difference between estimated and actual payrolls.

The Board administers the Government of Yukon employees' compensation claims related to injuries prior to January 1, 1993, when the Government was a self-insured employer. The Fund receives reimbursement for the claim costs and related administrative expenses of those employees (note 15(a)). These amounts are recorded in recoveries and other receipts in the year in which the related expenses are incurred.

(c) Recoveries from third parties

Since July 1, 2008, under section 51 of the *Workers' Compensation Act*, the Board is deemed to be an assignee of a cause of action in respect of a worker's injury that arose out of a work-related injury. If settled, or as a result of a Court decision, the legal costs and costs associated with the claim create the settlement. Out of the settlement are paid the legal costs, and legal disbursements, and all past, present and future costs. Any funds remaining will be paid to the worker. The amount recovered for past, present and future costs is used to offset future claims benefits, which were previously expensed in accordance with actuarial calculations, and which were previously incorporated in the benefits liability.

Revenue received from third party recoveries is recorded in the year the settlement occurs. No provision is made in the benefits liability for possible future third party recoveries because of their contingent nature.

(d) Financial instruments

Investments
Investments are classified as held-for-trading because they are acquired for the purpose of selling or repurchasing in the near term and are measured at fair value through profit or loss. The fair value of publicly traded investments is the quoted market price which approximates the bid price at the end of the reporting period. Pooled fund units are valued at their year end net asset value, as determined by the fund manager. Purchases

and sales of investments are recognized on the trade date. Short-term investments held by the investment managers for investment purposes are included in Investments.

Net investment income is comprised of realized gains and losses earned in the period arising on the sale of investments; unrealized gains and losses arising from fluctuations in fair value in the period; and dividends and interest earned in the period; net of investment management fees and transaction costs.

Investments denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the end of the year. Income from investments is translated at the rate in effect at the time it is earned. Exchange gains and losses resulting from the translation of foreign currency balances and transactions are recognized in net investment income in the period in which they arise.

The Board does not enter into any financial derivative instruments as part of managing the Fund's investment portfolio.

Other financial assets and liabilities
Accounts receivable and assessments receivable are classified as loans and receivables. Bank overdraft, accounts payable and accrued liabilities, assessments refundable, and surplus distributions payable are classified as other financial liabilities. All are initially measured at fair value, and subsequently measured at amortized cost using the effective interest rate method. Due to the short-term nature of accounts receivable, assessments receivable, bank overdraft, accounts payable and accrued liabilities, assessments refundable, and surplus distributions payable, their carrying values approximate their fair values, which are classified as Level 2 in the fair value hierarchy.

Fair value hierarchy
The Fund uses the following hierarchy for determining and disclosing the fair value of its financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Changes in valuation methods may result in transfers into or out of an instrument's assigned level. The Board's policy is to recognize transfers into or out of the fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no such transfers between levels in 2015 (2014 – No transfers).

Impairment of financial assets
The carrying amount of accounts and assessments receivables is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. The Board assesses at each reporting date whether a financial asset or group of financial assets is impaired. Subsequent recoveries of

amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Derecognition of financial assets and liabilities
A financial asset is derecognized when the contractual right to the cash flows from the asset expires or if the Board transfers the financial asset and substantially all risk and rewards of ownership to another entity.

Financial liabilities are derecognized when the contractual obligations are discharged, cancelled, or expire.

(e) Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and accumulated impairment. Depreciation is calculated based on the straight-line method, using rates based on the estimated useful lives of the assets as follows:

Buildings	10 – 50 years
Furniture and equipment	5 – 10 years
Computer equipment	5 years

Where an item of property and equipment is comprised of significant components with different useful lives, the components are accounted for separately.

The estimated useful life, residual value and depreciation method is reviewed at each year end and any change in estimate is made on a prospective basis.

(f) Intangible assets

Intangible assets are comprised of purchased software and internally developed software systems.

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

Intangible assets are recorded at cost less accumulated amortization and accumulated impairment. Amortization is calculated based on the straight-line method, using rates based on the estimated useful lives of the assets as follows:

Systems and software	5 – 12 years

The estimated useful life and amortization period is reviewed at each year end and any change in estimate is made on a prospective basis.

(g) Impairment of non-financial assets

IAS 36 *Impairment of Assets* requires an entity to test assets for impairment if indicators of impairment exist. The impairment review must be conducted for an individual asset, an asset group, or the cash-generating unit level, which is the smallest identifiable group of assets that generates cash inflows independent of cash inflows from other assets or groups of assets.

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

Individual assets that may have experienced impairment due to loss, damage, obsolescence or curtailed service potential will be reviewed and the estimated useful life, depreciation method and residual value adjusted.

The Board assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Board estimates the asset's recoverable amount. As at December 31, 2015, management conducted an impairment review at the entity level, which confirmed that there were no indicators of impairment—changes in the legislative, economic or business environment—that would have a material impact on the Board's ability to generate future economic benefits from its operating (non-financial) assets.

(h) Government grants

There are two types of government grants which include government grants related to expenses and government grants related to assets. Government grants related to expenses are recognized as income when there is reasonable assurance that the conditions attached to the grant will be complied with and the grant will be received. When the grant relates to an asset, it is recognized as deferred income and is released into income in equal amounts over the expected useful life of the related asset.

In 2005, the Government of Yukon approved the reinstatement of ongoing funding for the Mine Safety Program (the "Program") through an annual grant to the Fund. The Program, which was transferred to the Board in 1993, provides mine rescue training and support services as well as mine safety inspection services. The funding is to be reviewed by the Government, at a minimum, every five years. The grant is accounted for as income in the period in which the related expenses are incurred (note 11).

In 2011, the Board signed an agreement with the Government of Yukon which provides the Fund with funding for the purpose of upgrading mine safety equipment. The grant is accounted for as deferred income and released into income over the expected useful life of the equipment (note 11).

(i) Benefits liability

The benefits liability is determined annually and represents the actuarial present value of all future benefit payments expected to be made for claims which have occurred in the current fiscal year or in any prior year. The benefits liability includes a provision for future payments on claims that have not been finalized to date. It also includes a provision for all benefits provided by current legislation, policies and administrative practices in respect of existing claims as well as future claims management costs. A provision has been made for claims related to known latent occupational diseases which may have occurred in the current or previous years, but which may not be recognized and reported for a number of years due to the extended latency period of such diseases. Due to the nature of the estimated liability for long latent occupational diseases and the extent of related historical claims information available, this liability is more uncertain by its nature than other benefits liabilities (note 12).

The benefits liability is comprised of four liabilities—medical aid, compensation, pension, and annuity:

- Medical aid includes benefits for medical aid, emergency transportation, traditional aboriginal healing, and death and funeral expenses.

- Compensation includes benefits for short and long-term compensation for loss of earnings and personal property, lump sum payments for permanent impairment, and rehabilitation assistance.

- The pension liability includes monthly pension benefits indexed annually that are paid to spouses, dependent children and guardians of dependent children of those who die from a work-related injury.

- The annuity liability is for workers who have received compensation for the same disability for at least 24 months. An amount equal to ten percent of the total compensation payments, plus interest, is set aside to provide a retirement annuity when a worker becomes entitled to apply for Old Age Security benefits.

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 Actuarial Statement of Opinion on the adequacy and appropriateness of the benefits liability is attached to these financial statements.

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

(j) Employee benefits

Short-term employee benefits
Employee benefits that are expected to be settled within twelve months of the reporting date are measured on an undiscounted basis. These benefits include annual vacation leave earned but not yet used.

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

Post employment benefits

(i) Retirement and severance benefits
Retirement or severance benefits are available to employees who have completed five years of service with the Board. Payments are made upon retirement or termination, with benefits increasing with additional length of service. The benefit obligation is determined based on an actuarial valuation using estimates of future inflation and interest rates. Actuarial gains and losses are recognized in other comprehensive income as incurred. The obligation is calculated using the projected unit credit method prorated on service.

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

(k) Leases

Leases, which do not transfer substantially all the risks and benefits of ownership of the asset to the Fund, are classified as operating leases. Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

The Board has entered into operating leases for parking, office space, rental accommodation for travel, and vehicles. The leases have an average life of 1 year (2014 – 1 year).

(l) Funding policy surplus distributions

The Board may issue surplus distributions in accordance with its Funding Policy. These are recorded as an expense in the period in which they are approved by the Board of Directors and issued. Surplus distributions that are approved but not issued are recorded as payable when the amount of such distributions can be reliably estimated and when it is probable a payment will be issued in the future to settle the obligation.

5. Risk Management

The Fund has exposure to the following financial risks: credit risk, liquidity risk, and market risk (which also includes inflation risk, interest rate risk and currency risk). The Fund's exposure to these risks arises primarily in relation to its investment portfolio, but also in relation to its other financial assets and financial liabilities.

The Board's management is responsible for monitoring performance, recommending changes to the Investment Policy, and selecting investment managers. The Board of Directors is ultimately responsible for governance and strategic direction of the investment portfolio through its review and approval of the Investment Policy. The investment managers' compliance with this Investment Policy is monitored on a regular basis. Quarterly, independent consultants benchmark the performance of the Fund's investment managers and advise on the appropriateness and effectiveness of the Fund's Investment Policy and practices.

The following sections present information about the Fund's exposure to each of the above risks and the Board's objectives, policies and processes for measuring and managing each risk. There were no changes to these risks or the Board's objectives, policies and process for managing them during the year ended December 31, 2015.

Credit risk
Credit risk on financial instruments arises from the possibility that the issuer of a fixed-term instrument fails to meet its obligations. Excess cash is held on deposit with the government's banker. Short-term deposits with this bank are rated as R-1 (high). To manage this risk, the Board, as prescribed in the Investment Policy, has determined that cash and cash equivalents held in the investment portfolio and short-term investments must have a credit rating of at least R1L, and long-term investments require a rating of BBB or higher by the Dominion Bond Rating Service or the equivalent rating by Moody's, in order to be eligible for consideration as an investment. Diversification of credit risk is managed by limiting the exposure in a single private institution to 15% of the portfolio. The Board has stayed within these guidelines during the year.

Fixed Income Portfolio Credit Ratings

Ratings	AAA	AA	A	BBB	**31-Dec-15** ($000's)	**31-Dec-14** ($000's)
Fixed Income Securities	$ 32,277	$ 16,414	$ 31,463	$ 7,599	$ 87,753	$ 84,336
Totals	$ 32,277	$ 16,414	$ 31,463	$ 7,599	$ 87,753	$ 84,336

The Fund's exposure to credit risk associated with its accounts receivable and assessments receivable is the risk that an employer or a cost recovery customer (the "customer") will be unable to pay amounts due to the Fund. The Fund's maximum exposure to credit risk associated with its accounts receivable and assessments receivable is $1,601,000 (2014 – $1,448,000). Allowances for doubtful accounts are provided for potential losses that have been incurred at the reporting date. The amounts disclosed on the Statement of Financial Position are net of these allowances for 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 may default. At December 31, 2015, there were no accounts receivable and assessments receivable that were past due but not impaired. The Board takes into consideration the customer's payment history, their credit worthiness and the current economic environment in which the customer operates to assess impairment. The Board recognizes a bad debt provision when management considers that the expected recovery is less than the carrying amount receivable.

The Board 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, 2015, approximately 75% (2014 – 70%) of accounts receivable and assessments receivable were outstanding for less than 90 days. The Board does not require collateral or other security from employers or customers for accounts receivable or assessments receivable.
iii. The Board has the power and remedies to enforce payment owing to the Fund.

Liquidity risk
Liquidity risk is the risk that the Fund is not able to meet its financial obligations as they become due or can do so only at excessive cost. The Fund's operations are financed through a combination of the cash flows from operations and investments. One of management's primary goals is to maintain an optimal level of liquidity through the active management of the assets and liabilities as well as the cash flows.

The Fund has access to the Government of Yukon's overall line of credit facility with the Government's banker. This access provides the Fund with overdraft coverage of $7,000,000 if needed. As of December 31, the Fund had used $2,654,000 of the overdraft coverage (nil – 2014). The bank overdraft is payable on demand.

The Fund's accounts payable, accrued liabilities, assessments refundable, and surplus distributions payable had a carrying value of $4,008,000 as at December 31, 2015 (2014 – $5,015,000) and were all due within 60 days.

Liquidity risk related to the Benefits liability is included in note 12 (f).

Market risk
The Fund is exposed to market risk, which is the risk that the fair value or future cash flows of its investments will fluctuate in the future because of economic conditions. Market risk is managed through diversification between different asset classes and geographic diversification and by limiting the concentration in any single entity to 15% or less of the fair value of the investment fund (note 7).

The table below presents the Fund's investment targets and actual asset mix at fair value:

	Target		Actual	
	Minimum	Maximum	**31-Dec-15**	**31-Dec-14**
Equities				
Canadian	0%	25%	16.0%	16.4%
United States	0%	25%	20.2%	20.2%
International	0%	25%	20.2%	17.2%
Fixed Income				
Short-term investments	0%	10%	3.5%	6.8%
Bonds	35%	85%	40.1%	39.4%
			100.0%	100.0%

The table below presents the effect of a material adverse change in the fair value of each of the categories of equities in the Fund's investments portfolio on operating results and equity:

	31-Dec-15 ($000's)		**31-Dec-14** ($000's)	
Percentage decrease in fair value	-10%	-20%	-10%	-20%
Equities				
Canadian	$ (3,510)	$ (7,020)	$ (3,523)	$ (7,046)
United States	(4,409)	(8,818)	(4,339)	(8,678)
International	(4,415)	(8,830)	(3,705)	(7,409)
Total impact on operating results and equity	$ (12,334)	$ (24,668)	$ (11,567)	$ (23,133)

Inflation risk

Inflation risk is the risk that a general increase in price level may result in loss of future purchasing power of current monetary assets. The Board manages inflation risk through its investment allocation between equities and fixed income investments.

Interest rate risk

Interest rate risk is the risk that the value of a financial security will fluctuate due to changes in market interest rates. The Fund's investment portfolio is exposed to interest rate risk through its holdings of short and long-term fixed income investments. Interest rate risk is minimized by actively managing the duration of the fixed income investments.

The table below presents the effects of a 50 and 100 basis point ("bp")[1] adverse change in the nominal interest rate on the fair value of the bond portfolio on operating results and equity:

	31-Dec-15 ($000's)		31-Dec-14 ($000's)	
Positive bp change in nominal interest rate	+50bp	+100bp	+50bp	+100bp
Bonds	$ (2,950)	$ (5,901)	$ (2,818)	$ (5,637)
Total impact on operating results and equity	$ (2,950)	$ (5,901)	$ (2,818)	$ (5,637)

(1) One basis point (bp) equals 1/100 of 1%; 50 bps = 50/100 of 1%, or 0.5%.

The table below presents the remaining terms to maturity at fair value, along with the average effective yields for each maturity, for fixed income investments exposed to inflation and interest rate risk:

	Remaining term to maturity				31-Dec-15 ($000's)	31-Dec-14 ($000's)
	< 1 year	1 - 5 years	5 - 10 years	> 10 years	Total	Total
Bonds	$ 4,136	$ 31,066	$ 27,426	$ 25,125	$ 87,753	$ 84,336
Average effective yield	1.63%	1.77%	2.39%	2.99%	2.31%	2.36%

The Fund is also exposed to the risk that interest rate movements may materially impact the value of its benefits liability (note 12(e)).

Currency risk

Currency risk is the risk that the value of financial assets and financial liabilities denominated in foreign currencies will fluctuate due to changes in their respective exchange rates relative to the Canadian dollar.

Within its pooled investments, the Fund is exposed to exchange rate volatility that is managed by the contracted fund managers. The Board does not undertake long-term hedging strategies for the currency risk of foreign investments. The Fund's most significant exposure is to the US Dollar, the Euro, the British Pound and the Japanese Yen. At December 31, the Fund held foreign currency denominated holdings, at fair value as follows:

Currency	31-Dec-15 ($000's)	31-Dec-14 ($000's)
USD	$ 48,300	$ 46,400
EURO	$ 16,800	$ 14,100
POUND	$ 7,400	$ 6,200
YEN	$ 6,100	$ 4,800

The following table presents the effect of a ten percent appreciation in the Canadian dollar as compared to the US Dollar, the Euro, the British Pound and the Japanese Yen on operating results and equity:

Currency	31-Dec-15 ($000's)	31-Dec-14 ($000's)
USD	$ (4,395)	$ (4,220)
EURO	$ (1,530)	$ (1,284)
POUND	$ (671)	$ (567)
YEN	$ (551)	$ (439)

6. Accounts Receivable

	31-Dec-15 ($000s)	31-Dec-14 ($000s)
Assessments		
Assessed and due from employers	$ 1,668	$ 1,558
Allowance for doubtful accounts	(220)	(230)
	$ 1,448	$ 1,328
Other		
Other receivables and recoveries	$ 187	$ 228
Allowance for doubtful accounts	(34)	(108)
	$ 153	$ 120
	$ 1,601	$ 1,448

Included in other receivables and recoveries are amounts due from the Government of Yukon, which are disclosed in note 15.

Reconciliation of allowance for doubtful accounts

	31-Dec-15 ($000's)	31-Dec-14 ($000's)
Balance, beginning of year	$ 338	$ 361
Accounts written off	(122)	(45)
Recoveries and other adjustments	(118)	(188)
Current year provision	156	210
Balance, end of year	$ 254	$ 338

7. Investments

The Board of Directors has established an Investment Policy for the management of the investment process, utilizing external investment managers. The investment managers' compliance with this Investment Policy is monitored on a regular basis.

	31-Dec-15 ($000s) Fair Value	31-Dec-14 ($000s) Fair Value
Fixed-term securities		
Federal bonds	$ 21,508	$ 21,759
Provincial bonds	7,159	7,096
Corporate bonds	59,085	54,749
Municipal bonds	-	732
	87,752	84,336
Equities		
Canadian	35,101	35,231
United States	44,092	43,391
International	44,152	37,047
	123,345	115,669
Other investments		
Cash on account	261	87
Short-term investments	6,904	14,107
Accrued interest receivable	615	878
	7,780	15,072
Investments, sub-total	218,877	215,077
Management fee accrual	(162)	(86)
	$ 218,715	$ 214,991

Net investment income for the year ended December 31 consisted of the following:

	2015 ($000s)	2014 ($000s)
Interest	$ 3,059	$ 2,978
Dividends	3,489	3,569
Realized gains in the year	8,617	6,696
Unrealized gain (loss) in fair value in the year	(784)	6,299
Investment management fees	(682)	(597)
	$ 13,699	$ 18,945

Fair Value Hierarchy
The Fund's investments are categorized into the fair value hierarchy based on type, frequency and visibility of pricing, source of pricing and liquidity. There are three levels of classification:

A Level 1 classification reflects public daily market or quote pricing with a good volume level.

A Level 2 classification is used when pricing is:
a) model or matrix based (using observable inputs and/or market information);
b) based on closely-related securities;
c) derived pricing (when no public quote exists); or
d) from a broker quote on less active markets.

A Level 3 security would have no public pricing and poor to non-existent liquidity.

As at December 31, 2015, the Fund held the following financial instruments measured at fair value:

	Level 1 ($000s)	Level 2 ($000s)	Level 3 ($000s)	Total ($000s)
Cash and Cash Equivalents	$ 7,618	$ -	$ -	$ 7,618
Bonds	8,112	79,641	-	87,753
Equities	59,998	-	-	59,998
Pooled Funds	-	63,346	-	63,346
Total Investments	$ 75,728	$ 142,987	$ -	$ 218,715

As at December 31, 2014, the Fund held the following financial instruments measured at fair value:

	Level 1 ($000s)	Level 2 ($000s)	Level 3 ($000s)	Total ($000s)
Cash and Cash Equivalents	$ 14,986	$ -	$ -	$ 14,986
Bonds	6,734	77,602	-	84,336
Equities	59,134	-	-	59,134
Pooled Funds	-	56,535	-	56,535
Total Investments	$ 80,854	$ 134,137	$ -	$ 214,991

Valuation methodologies for Level 2 financial instruments
Bonds are valued at the year end closing bid prices based on available public quotations from recognized dealers in such securities, or by using appropriate and accepted industry valuation techniques including valuation models and the use of inputs and assumptions based on observable market data including volatility and other applicable rates or prices.

Pooled fund units are valued at their year end net asset value, as determined by the fund manager or administrator. For equity and fixed-income pooled funds, these values represent the Fund's proportionate share of underlying net assets at fair values determined using either quoted market prices or year end closing market prices or the average of the latest bid/ask prices based on available public quotations from recognized dealers in such securities.

8. Property and Equipment

	Land ($000s)	Buildings ($000s)	Furniture and Equipment ($000s)	Computer and Equipment ($000s)	Assets under construction ($000s)	Total ($000s)
Cost						
At January 1, 2014	$ 1,045	$ 3,941	$ 1,158	$ 613	$ 94	$ 6,851
Additions	-	4	66	54	1,520	1,644
Disposals	-	-	-	(17)	-	(17)
At December 31, 2014	**$ 1,045**	**$ 3,945**	**$ 1,224**	**$ 650**	**$ 1,614**	**$ 8,478**
Depreciation and impairment						
At January 1, 2014	$ -	$ 1,853	$ 560	$ 383	$ -	$ 2,796
Depreciation	-	93	83	98	-	274
Disposals	-	-	-	(15)	-	(15)
Impairment	-	-	-	-	-	-
At December 31, 2014	**$ -**	**$ 1,946**	**$ 643**	**$ 466**	**$ -**	**$ 3,055**
Net book value						
At December 31, 2014	**$ 1,045**	**$ 1,999**	**$ 581**	**$ 184**	**$ 1,614**	**$ 5,423**
Cost						
At January 1, 2015	$ 1,045	$ 3,945	$ 1,224	$ 650	$ 1,614	$ 8,478
Additions	-	57	176	124	3,880	4,237
Disposals	-	-	(28)	(45)	-	(73)
Transfer to in-service	-	5,494	-	-	(5,494)	-
At December 31, 2015	**$ 1,045**	**$ 9,496**	**$ 1,372**	**$ 729**	**$ -**	**$ 12,642**
Depreciation and impairment						
At January 1, 2015	$ -	$ 1,946	$ 643	$ 466	$ -	$ 3,055
Depreciation	-	201	102	96	-	399
Disposals	-	-	(28)	(45)	-	(73)
Impairment	-	-	-	-	-	-
At December 31, 2015	**$ -**	**$ 2,147**	**$ 717**	**$ 517**	**$ -**	**$ 3,381**
Net book value						
At December 31, 2015	**$ 1,045**	**$ 7,349**	**$ 655**	**$ 212**	**$ -**	**$ 9,261**

9. Intangible Assets

	Internal Software Development Costs (1) ($000s)	Software Systems Under Development ($000s)	Software Costs ($000s)	Total ($000s)
Cost				
At January 1, 2014	$ 7,248	$ 329	$ 894	$ 8,471
Additions	239	330	104	673
Disposals	-	-	-	-
Transfer systems to production (2)	659	(659)	-	-
At December 31, 2014	**$ 8,146**	**$ -**	**$ 998**	**$ 9,144**
Amortization and impairment				
At January 1, 2014	$ 4,065	$ -	$ 643	$ 4,708
Amortization	691	-	57	748
Disposals	-	-	-	-
Impairment	-	-	-	-
At December 31, 2014	**$ 4,756**	**$ -**	**$ 700**	**$ 5,456**
Net book value				
At December 31, 2014	**$ 3,390**	**$ -**	**$ 298**	**$ 3,688**
Cost				
At January 1, 2015	$ 8,146	$ -	$ 998	$ 9,144
Additions	694		19	713
Disposals	(109)	-	-	(109)
At December 31, 2015	**$ 8,731**	**$ -**	**$ 1,017**	**$ 9,748**
Amortization and impairment				
At January 1, 2015	$ 4,756	$ -	$ 700	$ 5,456
Amortization	605	-	55	660
Disposals	(75)	-	-	(75)
Impairment	-	-	-	-
At December 31, 2015	**$ 5,286**	**$ -**	**$ 755**	**$ 6,041**
Net book value				
At December 31, 2015	**$ 3,445**	**$ -**	**$ 262**	**$ 3,707**

(1) Included in internal software development costs are the occupational health and safety system which has a net book value of $458,000 (2014 – $533,000) and a remaining amortization period of 5 years and the claims management system which has a net book value of $1,690,000 (2014 – $1,360,000). In 2015, the claims management system underwent a significant upgrade to extend the remaining amortization period from 3 to 8 years, reducing the annual amortization expense to $241,000 per year from $340,000 in 2014. The impact on future periods will be a reduction in amortization expense of $241,000 per year for years 2016 to 2018 and an increase in amortization expense of $241,000 in year 2019.

(2) The corporate website and secure network went into production in 2014 and were transferred to internal software development costs.

System research and analysis costs expensed in 2015 were $18,000 (2014 – nil).

Compensation Fund | Notes to the Financial Statements
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10. Accounts Payable and Accrued Liabilities

	31-Dec-15 ($000s)	31-Dec-14 ($000s)
Payable		
Assessments refundable	$ 1,894	$ 2,065
Other payables and accrued liabilities	1,742	2,950
	$ 3,636	$ 5,015

Included in other payables and accrued liabilities are amounts due to the Government of Yukon, which are disclosed in note 15.

11. Government Grants

In 2015, the Fund received $330,000 for the Mine Safety Program Grant (2014 – $330,000). This was accounted for as income in the period.

The Fund did not receive any funds in 2015 for the purpose of upgrading mine safety equipment (2014 – nil). The deferred portion of the government grant as at December 31, 2015 was $225,000 (2014 – $268,000) and $43,000 (2014 – $42,000) was expensed and released into income during the year.

There are no unfulfilled conditions or contingencies attached to these grants.

12. Benefits Liability

2015
($000s)

	Medical Aid	Compensation	Pension	Annuity	Occupational Disease Provision	Total
Balance, beginning of year	$ 21,293	$ 67,239	$ 29,939	$ 7,378	$ 12,270	$ 138,119
Add claims costs incurred:						
Current year injuries	5,663	7,541	-	-	-	13,204
Prior years' injuries	1,706	2,211	2,069	(21)	-	5,965
Latent occupational disease provision	-	-	-	-	252	252
	7,369	9,752	2,069	(21)	252	19,421
Less claims payments made:						
Current year injuries	2,589	1,417		-	-	4,006
Claims management	388	213		-	-	601
Prior years' injuries	2,572	5,671	2,382	(178)	-	10,447
Claims management	386	785	357	-	-	1,528
	5,935	8,086	2,739	(178)	-	16,582
Balance, end of year	$ 22,727	$ 68,905	$ 29,269	$ 7,535	$ 12,522	$ 140,958

2014
($000s)

	Medical Aid	Compensation	Pension	Annuity	Occupational Disease Provision	Total
Balance, beginning of year	$ 21,380	$ 68,370	$ 27,846	$ 6,990	$ 10,589	$ 135,175
Add claims costs incurred:						
Current year injuries	5,287	7,245	2,947	-	-	15,479
Prior years' injuries	48	(1,291)	1,779	21	-	557
Latent occupational disease provision	-	-	-	-	1,681	1,681
	5,335	5,954	4,726	21	1,681	17,717
Less claims payments made:						
Current year injuries	2,400	1,399	108	-	-	3,907
Claims management	360	210	16	-	-	586
Prior years' injuries	2,315	4,808	2,181	(367)	-	8,937
Claims management	347	668	328	-	-	1,343
	5,422	7,085	2,633	(367)	-	14,773
Balance, end of year	$ 21,293	$ 67,239	$ 29,939	$ 7,378	$ 12,270	$ 138,119

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

	2015 ($ 000's)	2014 ($ 000's)
Balance, beginning of year	$ 138,119	$ 135,175
Add:		
Provision for current year's claims	8,597	10,986
Interest allocated	7,663	8,191
Experience gain	(1,446)	(5,953)
	14,814	13,224
Deduct:		
Payments for prior years' claims	(11,975)	(10,280)
Balance, end of year	$ 140,958	$ 138,119

(a) Objectives in managing risks arising from insurance contracts and policies for mitigating those risks

The Board has an objective to control insurance risk, thus reducing the volatility of operating results. In addition, due to the inherent uncertainty of insurance risk, which can lead to significant variability in the loss experience, operating results from the Fund's workers' compensation business are affected by market factors, particularly movements in asset values. Short-term variability is, to some extent, a feature of the workers' compensation business.

Key aspects of processes established to mitigate insurance risks include:

- The maintenance and use of management information systems, which provide data on the risks to which the Fund is exposed to at any point in time;
- Actuarial models, using information from the management information system, are used to monitor claims patterns and calculate assessment premiums. Past experience and statistical methods are used as part of the process; and
- The asset mix of the Fund investments is driven by the nature and term of insurance liabilities. The management of assets and liabilities is closely monitored to attempt to match maturity dates of assets with the expected pattern of claim payments.

(b) Terms and conditions of the Act

The terms and conditions attaching to the Act affect the level of insurance risk accepted by the Fund. All workers' compensation coverage entered into is subject to substantially the same terms and conditions under the Act.

(c) Concentration of insurance risk

The Fund's exposure to insurance risk is due to workplace injury caused through an event or disaster that occurred during the reporting period, and/or occupational diseases diagnosed during the reporting period. The Fund's benefits liability includes an amount estimated to cover any such occurrences. This figure is reviewed on an annual basis.

December 31, 2015 (in Canadian Dollars)

The Fund's risk is concentrated by industry as some industries have higher claims experience costs than other industries and is mitigated by higher assessments being charged to industries with proven higher experience costs.

(d) Development of claims

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

(e) Interest rate risk

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

The discount rate being applied to future claims payments in determining the valuation of the benefits liability is disclosed in part (g) of this note.

The exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets is set out in note 5.

(f) Liquidity risk

The Fund's exposure to liquidity risk is set out in note 5.

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

Expected timing of future payments for outstanding claims:

	2015	2014
Up to 1 year	5%	5%
Over 1 year and up to 5 years	16%	15%
Over 5 years and up to 10 years	20%	20%
Over 10 years	59%	60%
Total	100%	100%

December 31, 2015 (in Canadian Dollars)

(g) Actuarial assumptions and methods

The key actuarial assumptions used to value the benefits liability are as follows:

	31-Dec-15	31-Dec-14
Discount rate for medical aid benefits - net *(1,3)*	1.00%	1.00%
Discount rate for compensation benefits - net *(2,3)*	3.40%	3.40%
Discount rate for survivor and other pension benefits - net *(2)*	3.40%	3.40%

(1) Net of a discount rate attributable to inflation of 4.75% (2014 – 5.0%).

(2) Net of a discount rate attributable to inflation of 2.25% (2014 – 2.5%).

(3) The same discount rates are attributable to the applicable components of the occupational disease provision.

The benefits liability was determined using accepted actuarial practice in accordance with standards established by the Canadian Institute of Actuaries. The actuarial present value of future benefits reflects management's and the actuary's best estimates of long-term economic and actuarial assumptions.

The overall valuation approach is designed to reflect emerging trends without placing too much emphasis on temporary fluctuations. The factors used in the valuation have been developed on a best estimate basis, without margins for adverse deviations, by taking the Board's historical experience into consideration along with recent trends in that experience. The general philosophy is to avoid reacting too strongly to temporary fluctuations until there is sufficient evidence that a change in assumption is required. By waiting until a clear trend has emerged, this reduces the likelihood of larger liability adjustments than warranted, both positive and negative, and unstable financial results.

The degree to which the valuation reflects trends is partly impacted by formulas intended to place the appropriate amount of weight on observed experience for each recent year and partly impacted by professional judgment based on observation of payment and claiming trends, including discussions with the Board's staff about the underlying factors that might be causing an observed trend.

The Medical Aid liability represents the present value of expected future benefit payments for medical services in respect of all claims arising from injuries that occurred on or before December 31, 2015. Medical services include hospital and physician services, prescription drugs, travel expenses, and other eligible medical services under the Act.

The Short Term Compensation liability represents the present value of expected future short-term loss of earnings payments in the first seven years of a claim for injuries that occurred on or before December 31, 2015. The Short Term Compensation liability is included in the Compensation liability category for financial reporting purposes.

The Medical Aid and Short Term Compensation liabilities are calculated using the loss development method also known as the "claims run-off" approach. In this method, historical paid claims data are summarized by injury year and payment year in order to observe the relationships between payments at different durations for each injury year. Historical factors, at each duration, are developed from prior injury years and are applied to injury years that are not yet fully mature in order to estimate the future timing and amount of remaining benefit payments. A provision with respect to the ten percent annuity contribution required on loss of earnings benefits paid beyond 24 months is included in the Short Term Compensation liability.

The Long Term Compensation liability represents the present value of expected future long-term loss of earnings payments for injury years 2009 and prior, including future inflationary adjustments, for individuals still in receipt of a long-term loss of earnings award at December 31, 2015. The Long Term Compensation liability is calculated on a seriatim, or individual basis using the discounted cash flow method. Loss of earnings benefits are indexed annually in the month following the anniversary of the date of when the injured worker's loss of earnings began. Mortality rates are used to determine the future life expectancy of individuals in receipt of a long-term loss of earnings award. A provision with respect to the ten percent annuity contribution required on loss of earnings benefits paid beyond 24 months is included in the Long Term Compensation liability. The Long Term Compensation is included in the Compensation liability for financial reporting purposes.

The Pension liability represents the present value of expected future pension payments, including future inflationary adjustments, to individuals who have been approved for a pension or survivor award at December 31, 2015. The Pension liability is calculated on a seriatim basis using the discounted cash flow method. Pension benefits are indexed annually on January 1st of each year. Mortality rates are used to determine the future life expectancy of individuals in receipt of a pension award.

The Future Long Term Compensation liability represents the present value of future long-term loss of earnings awards that have not yet reached long-term status as of December 31, 2015. These future awards are in respect of all claims arising from injuries which occurred on or before December 31, 2015. The estimated number and timing of these future awards has been developed based on the historical emergence of claims. In addition, the expected cost of each claim has been developed based on actual long-term awards approved prior to December 31, 2015. A provision with respect to the ten percent annuity contribution required on future loss of earnings benefits paid beyond 24 months following injury is included in the Future Long Term Compensation liability. The Future Long Term Compensation liability is included in the Compensation liability category for financial reporting purposes.

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

The discount rate is used to calculate the present value of expected future payments.

The administration rate represents the present value of the expected future costs required to provide administrative services for the continuation of claims management and maintenance of existing claims. The administration rate applied at December 31, 2015 is 15% (15% for December 31, 2014), and is applied to all liability components with the exception of the Annuity liability.

As these assumptions may change over time to reflect underlying economic or legislated conditions, it is possible that such changes could cause a material change to the actuarial present value of future benefit payments.

The significant changes in the benefits liability for experience gains or losses as at December 31 were:

	Increase (decrease) in benefits liability	
	2015 ($000s)	**2014** ($000s)
Change in runoff factors	$ 268	$ (1,529)
Update of first year inflation	(1,012)	(789)
Other changes in actuarial assumptions	(184)	1,426
	$ (928)	$ (892)
Favourable claims experience during year	(2,005)	(4,836)
	$ (2,933)	$ (5,728)
Actual versus expected claims paid on prior years' injuries	1,487	(225)
	$ (1,446)	$ (5,953)

(h) Liability sensitivity

The most significant assumption in the determination of the benefits liability is the net discount rate. The net discount rate is the assumed rate of return in excess of the assumed inflation rate. A reduction in the net discount rate would increase the actuarial present value of the benefits liability resulting in an increase in claims expense and benefits liability. An increase in the discount rate would decrease the actuarial present value, resulting in a decrease in claims expense and benefits liability.

Medical benefits represent approximately 20% (2014 – 20%) of the benefits liability. A change in the assumed excess medical inflation rate (above the assumed inflation rate) would result in a change in claims expense and the benefits liability for medical benefits as follows:

	31-Dec-15 ($000s)		31-Dec-14 ($000s)	
Percentage change in assumed rates	+1%	-1%	+1%	-1%
Increase (decrease) in claims expense and benefits liability from change in net discount rate	$ (11,092)	$ 12,958	$ (10,840)	$ 13,726
Increase (decrease) in claims expense and benefits liability from change in excess medical inflation rate	2,746	(2,300)	3,445	(2,505)

The total increase (decrease) in claims expenses and benefits liability from a change in the net discount rate by benefit category is as follows:

	31-Dec-15 ($000s)		31-Dec-14 ($000s)	
Increase (decrease) in net discount rate	+1%	-1%	+1%	-1%
Increase (decrease) in Medical Aid claims expense and benefits liability	$ (1,964)	$ 2,388	$ (1,738)	$ 2,238
Increase (decrease) in Compensation claims expense and benefits liability	(6,326)	7,209	(6,204)	7,690
Increase (decrease) in Survivor and Other Pension claims expense and benefits liabilty	(2,802)	3,361	(2,898)	3,798
Total	$ (11,092)	$ 12,958	$ (10,840)	$ 13,726

Compensation Fund | Notes to the Financial Statements
December 31, 2015 (in Canadian Dollars)

(i) Claims Development

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

Estimate of Ultimate Claim Payments	2006 and Prior ($000s)	2007 ($000s)	2008 ($000s)	2009 ($000s)	2010 ($000s)	2011 ($000s)	2012 ($000s)	2013 ($000s)	2014 ($000s)	2015 ($000s)	Total ($000s)
At end of accident year	348,034	25,247	24,593	21,560	26,001	28,402	24,192	24,513	24,789	19,067	
One year later	343,169	26,069	19,487	18,820	23,288	26,111	25,187	20,971	21,570		
Two years later	338,069	23,205	17,116	18,092	23,006	25,087	22,366	20,821			
Three years later	327,428	21,047	16,422	17,895	21,645	21,837	22,418				
Four years later	314,075	20,422	15,667	17,497	17,971	20,488					
Five years later	307,992	21,102	15,248	14,601	16,857						
Six years later	314,185	19,137	11,284	12,098							
Seven years later	313,491	17,885	11,147								
Eight years later	305,578	17,546									
Nine years later	292,148										
Cumulative Payments											
At end of accident year	124,835	3,288	3,082	2,454	3,182	3,721	4,433	3,438	3,757	3,801	
One year later	136,388	6,572	4,707	3,963	4,787	5,618	7,404	5,113	2,833		
Two years later	145,120	7,607	5,198	4,500	5,394	6,222	8,277	5,910			
Three years later	152,350	8,013	5,371	4,880	5,635	6,648	8,999				
Four years later	158,990	8,304	5,469	5,067	5,833	6,910					
Five years later	164,667	8,528	5,653	5,254	6,085						
Six years later	170,717	8,736	5,453	5,408							
Seven years later	176,029	8,900	5,590								
Eight years later	180,906	9,111									
Nive years later	185,711										
Estimate of Cumulative Claims	292,148	17,546	11,147	12,098	16,857	20,488	22,418	20,821	21,570	19,067	454,160
Cumulative Payments	185,711	9,111	5,590	5,408	6,085	6,910	8,999	5,910	2,833	3,801	240,358
Estimate of Future Payments	106,437	8,435	5,558	6,689	10,773	13,578	13,418	14,912	18,737	15,266	213,803
Effect of Discounting	(42,507)	(4,106)	(2,688)	(3,407)	(6,338)	(7,596)	(7,212)	(8,411)	(10,423)	(7,740)	(100,430)
Effect of Admin Expenses	8,189	570	389	447	614	838	852	907	1,185	1,071	15,062
Effect of Occupational Disease Liability	7,032	478	318	364	492	665	688	722	926	838	12,523
Balance Sheet Liability	79,152	5,377	3,576	4,092	5,541	7,485	7,747	8,129	10,424	9,435	140,958

During the year ended December 31, 2015, the investigations unit continued to monitor ongoing investigations. The outcome of the investigations is not determinable at this time and therefore, the potential future effect of these claims is not reflected in the benefits liability.

13. Employee Benefits

	31-Dec-15 ($000s)	31-Dec-14 ($000s)
Short-term employee benefits	$ 577	$ 594
Other long-term employee benefits (a)	856	518
Post-employment benefits (b)	1,338	1,167
	$ 2,771	$ 2,279

Short-term benefits included in the above amounts are expected to be paid within the next twelve months.

(a) Other Long-term Employee Benefits

Long service vacation leave is an additional five days of vacation leave available to employees who have completed five years of continuous service with the Board and on each five year anniversary date thereafter.

Employees receive six days of special leave credits for each year of service up to a maximum of 30 days. Unused special leave is not payable upon termination or retirement.

Unused sick leave credits accumulate and are carried forward to a maximum of 180 days. A retiring employee may convert up to one third as pre-retirement leave.

The balance in the liability accrual for accumulating sick and special leave benefits and long service vacation for the year was:

	31-Dec-15 ($000s)	31-Dec-14 ($000s)
Long service vacation benefits	$ 34	$ 39
Accumulating sick and special leave beneftis	822	479
Total	$ 856	$ 518

The movement in the accrual for other long-term benefits for the year was:

	2015 ($000s)	2014 ($000s)
Benefits, beginning of the year	$ 518	$ 476
Payments made during the year	(75)	(44)
Current service cost	33	32
Interest cost	20	22
Actuarial loss and other changes	360	32
Benefits, end of the year	$ 856	$ 518

Actuarial loss (gain) remeasurements:

	2015 ($000s)	2014 ($000s)
Effect of changes in financial assumptions	$ 342	$ 39
Effect of changes in demographic assumptions	18	(7)
Remeasurements loss in profit or loss	$ 360	$ 32

(b) Post-employment Benefits

(i) Retirement and Severance Benefit

Retirement or severance benefits are available to employees who have completed five years of service with the Board. Retirement benefits are one week of pay for each year of service. Severance benefits are half a week of pay for each year of service to a maximum of twenty-eight weeks.

Management employees have a graded retirement and severance benefits per service year arrangement with no maximum payout limit.

The movement in the accrual for retirement and severance benefits for the year was:

	2015 ($000s)	2014 ($000s)
Benefits, beginning of the year	$ 1,167	$ 1,040
Payments made during the year	(59)	(83)
Current service cost	74	68
Interest cost	48	51
Actuarial loss and other changes	108	91
Benefits, end of the year	$ 1,338	$ 1,167

Actuarial loss remeasurements:

	2015 ($000s)	2014 ($000s)
Effect of changes in financial assumptions	$ 73	$ 87
Effect of changes in demographic assumptions	35	4
Remeasurements loss in other comprehensive income	$ 108	$ 91

The plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. The risk of default is low as the Fund is in a strong financial position.

The key assumptions used to calculate the retirement and severance benefit are the discount rate and the wage inflation rate. The discount rate of 3.25% (2014 – 4.00%) is selected by reference to a spot curve at the valuation date of high-quality corporate debt instruments with cash flows that match the timing and amount of the expected benefit payments. The annual rate of general escalation in wages is 2.0% for 2016, based on negotiated wage increases, and 2.0% for 2017 and beyond (2014 – 1.75% in 2015) based on management's best estimate.

The expected Fund contributions for retirement and severance for the next year are $121,000 (2015 – $59,000). The weighted average duration of the retirement and severance benefit is 7.8 years (2014 – 12.1 years).

(ii) Retirement and Severance Benefit Risks and Sensitivity

The retirement and severance benefit is indirectly exposed to measurement risk from assumptions based on economic factors and uncertainty of future economic conditions, such as discount rates affected by volatile bond markets and inflation risk due to payment timing uncertainty. Demographic factors such as workforce average age and earnings levels, attrition and retirement rates affect current and future benefit costs due to the amount and timing of expected payments.

A change in the key assumptions used to calculate these benefits would result in a change in the obligation and benefit expense as follows:

	31-Dec-15 ($000s)		31-Dec-14 ($000s)	
Percentage change in assumed rates	+1%	-1%	+1%	-1%
Discount rate	$ (150)	$ 169	$ (167)	$ 195
Wage Inflation rate	$ 170	$ (153)	$ 180	$ (157)

The above sensitivity analysis is based on a change in an assumption while keeping all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. The same method of calculation has been applied to the sensitivity analysis as to the calculation of the retirement and severance benefit obligation, the projected unit credit method, and did not change compared to the prior year.

(iii) Public Service Pension Plan

Substantially all of the employees of the Board are covered by the Public Service Pension Plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Fund. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution.

The employer contribution rates effective for the year were as follows:

	2015		2014	
Contribution rate for the year	Up to Maximum	Above Maximum	Up to Maximum	Above Maximum
For employees eligible before January 1, 2013	$ 1.28	$ 7.13	$ 1.45	$ 7.59
For employees eligible after January 1, 2013	$ 1.28	$ 7.13	$ 1.43	$ 7.59
Maximum salary limit	$ 157,700	No limit	$ 155,000	No limit

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of two percent of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Québec Pension Plan benefits and they are indexed to inflation. For employees joining the plan after January 1, 2013, the normal retirement age has been raised from age 60 to age 65.

Contributions made to the Public Service Pension Plan by the Fund and the employees for the year were as follows:

	2015 ($000s)	2014 ($000s)
Employees' contributions	$ 568	$ 502
Fund contributions	$ 766	$ 751

The expected contributions to the Plan for the next year are $631,000 (2015 – $544,000) employee contributions and $761,000 (2015 – $732,000) Fund contributions.

(c) Benefit Expense

Benefit expense recognized in salaries and benefits within administration expenses in the Statement of Operations and Comprehensive Income for other long-term employee benefits and post-employment benefits was $1,301,000 in 2015 (2014 - $924,000).

14. Capital Management and Reserves

The *Workers' Compensation Act* establishes that one of the purposes of the Act is to maintain a solvent Compensation Fund managed in the interest of workers and employers. To ensure that the Fund is able to meet its financial obligations, premiums charged to employers over time must be sufficient to cover current and future costs of all claims incurred by injured workers. These assessment revenues, combined with investment returns from the Fund's assets, are designed to provide the foundation for the Fund to meet all current and future obligations for injured workers.

The Board of Directors considers that capital is the net difference between assets and liabilities. There have been no changes in the objectives and definition of capital from the previous period. The Fund does not have any external capital requirements. The reserves are established to protect the fully funded position of the Fund and to stabilize the effect of fluctuations in the employer assessment rates and investment returns. At the end of the fiscal year, once the benefits liability is determined, the net difference between the Fund's assets and liabilities is allocated to reserves.

The Board of Directors uses the Funding Ratio (Assets/Liabilities) to manage capital. At December 31, 2015, the Funding Ratio was 155% (2014 – 160%). Management's funding target is 125%, which ensures that the Fund remains fully funded plus sustains the Adverse Events and Stabilization Reserves' target funding levels. The Fund is considered fully funded when there are sufficient funds for the payment of all present and future compensation, including the cost of administration.

In 2015, in order to bring the Funding Ratio closer to target, the Board of Directors approved a surplus distribution of $10,214,000 to be paid out to eligible employers. This was considered an exceptional circumstance in accordance with the Funding Policy. The surplus distribution is not expected to have a material effect on the current and future performance of the Fund's investment assets and operating conditions. An amount of $9,842,000 was paid in 2015. The distribution paid was conditional upon employers being compliant with the *Workers Compensation Act* or *Occupational Health and Safety Act*. The surplus distributions payable ($372,000) reflects the amount eligible employers will receive. The Board expects the surplus distributions payable will be paid out in 2016.

Under the current Funding Policy, the Prevention Fund and two reserves are established as follows:

Prevention Fund:

The Prevention Fund was established to provide funding for the start up costs of pre-selected accident prevention and workplace safety initiatives. The Board of Directors decided to wind down the Prevention Fund in 2009 and the remaining balance at that time was to be used to cover future commitments from funding agreements that were in place prior to this decision. In 2014 the Prevention Fund balance of $386,000 was transferred to the Adverse Events Reserve, concluding the Prevention Fund and bringing its balance to nil.

Reserves:

(i) Stabilization Reserve

The Stabilization Reserve is to protect the fully funded position of the Fund and to stabilize the effect of fluctuations on employer assessment rates. The target level for this reserve is equal to ten percent of the benefits liability, which was $14,096,000 as at December 31, 2015 (2014 – $13,812,000). The operating range for this reserve is determined as the target level balance plus or minus three and a half percent of the benefits liability. At December 31, 2015, the Stabilization Reserve has a balance of $60,208,000 (2014 – $65,811,000).

This reserve is considered to have a surplus when its balance exceeds the top of the operating range and a deficit if the reserve balance is below its target level. The funding policy requires that any deficiency or surplus at the end of a fiscal year be amortized over a period not exceeding ten years from the year in which the deficiency or surplus arose.

A rebate in 2015 was included in the assessment rates as required by the Funding Policy based on the 2014 funded position.

(ii) Adverse Events Reserve

The Adverse Events Reserve is to provide funding for infrequent, unexpected adverse claims experience and catastrophic events to protect employers from the sudden impact of the costs of these types of events. The target level for this reserve is $22,580,000 (2014 – $22,162,000), which has been set at 100 times the maximum wage rate plus ten percent of the benefits liability and is calculated annually upon completion of the actuarial valuation of the benefits liability. Costs related to catastrophic and adverse events and latent occupational diseases are charged to this reserve, resulting in a charge of nil for 2015 (2014 – nil). This reserve is limited to its target level. Funds in excess of the target level are transferred to the Stabilization Reserve, with nil funds transferred in 2015 (2014 – nil). At December 31, 2015, the Adverse Events Reserve has a balance of $22,580,000 (2014 – $22,162,000).

Transfers cannot be made from this reserve to any other temporary fund or reserve if the transfer will reduce this reserve below its target level.

15. Related Party Transactions

(a) Government of Yukon

The Board is a territorial entity with delegated powers on behalf of the Government of Yukon (the "Government"), and is related to all Government departments, agencies and Government corporations.

The Government and entities related to the Government pay assessment premiums to the Fund for workers' compensation benefit coverage.

During 2015, the Compensation Fund paid the Government $395,000 (2014 – $420,000) for building maintenance, computer, office supplies, payroll processing, recruitment, and vehicle services. The Fund reimbursed the Government $515,000 (2014 – $495,000) for the Worker's Advocate Office. The Fund also reimbursed the Government for payroll costs of $8,355,000 (2014 – $8,087,000).

The Government pays certain claims costs to the Compensation Fund for claims prior to 1993 (note 4(b)) and also reimburses the cost of supplementary benefits pursuant to the Yukon Workers' Compensation Supplementary Benefits Ordinance. Supplementary compensation benefits are granted, pursuant to the Yukon Workers' Compensation Supplementary Benefits Ordinance, to all persons receiving compensation on or after October 1, 1973 for accidents prior to that date. Compensation is increased to the amount that would have been granted had the accident occurred after the Act came into force. The cost of these benefits is recovered from the Yukon Consolidated Revenue Fund. Effective January 1, 1993, all Government employees were covered by the Fund.

Reimbursements for claims expenses received from the Government were $464,000 in 2015 (2014 – $464,000).

The Board enters into transactions with the Government and entities related to the Government in the normal course of business and the transactions are recorded at fair value.

Revenues and recoveries from the Government for the year ended December 31, 2015 totalled $6,124,000 (2014 – $5,707,000), including the Mine Safety Program Grant (note 11). During 2015, the Board paid $2,176,000 (2014 – nil) to the Government as part of the surplus distribution.

Balances due to and from Government of Yukon were as follows:

	31-Dec-15 ($000s)	31-Dec-14 ($000s)
Due to the Government of Yukon	$ (1,088)	$ (1,892)
Due from the Government of Yukon - Recoveries	60	45
Due from the Government of Yukon - Assessments	269	245
Net amount due	$ (759)	$ (1,602)

(b) Key Management Personnel

The remuneration of key management personnel, which includes the members of the Board of Directors and the senior management team, recognized as an expense during the period was:

	2015 ($000s)	2014 ($000s)
Short-term employee benefits	$ 1,413	$ 1,244
Post employment benefits	238	217
Other long-term employee benefits	8	25
Total remuneration	$ 1,659	$ 1,486

Contributions made to the Public Service Pension Plan by the Fund for key management personnel was $189,000 (2014 – $142,000).

Transactions with responsible key management personnel are negotiated on a commercial basis. Conflicts are overcome by directors declaring their interests and abstaining from voting at Board of Directors meetings.

16. Commitments

The Fund has entered into the following contractual commitments for the next five years:

	Contribution agreements ($000s)	Computer systems support ($000s)	Professional services ($000s)	Building maintenance ($000s)	Other ($000s)	Total ($000s)
2016	$ 612	$ 112	$ 366	$ 80	$ 41	$ 1,211
2017	523	41	238	25	7	834
2018	153	24	245	7	5	434
2019	-	-	252	-	2	254
2020	-	-	260	-	-	260
	$ 1,288	$ 177	$ 1,361	$ 112	$ 55	$ 2,993

17. Administration Expenses

	2015 ($000s)	2014 ($000s)
Salaries and benefits	$ 8,972	$ 8,506
Consulting and professional	1,037	983
Amortization - intangible assets	660	748
Buildings	415	376
General administration	409	398
Depreciation - property and equipment	399	274
Computer systems	343	281
Communications	216	238
Automobile and travel	203	245
Board expenses	143	163
Staffing and recruitment	135	141
Lease expense	108	104
Supplies and stationery	58	41
Printing and publications	37	77
Furniture and equipment	25	42
System development analysis expense	18	-
	$ 13,178	$ 12,617
Less: claims administration expense transferred to claims expenses (note 12)	(2,129)	(1,929)
	$ 11,049	$ 10,688

18. Contingencies

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

19. Subsequent Events

On March 22, 2016, the Government of Canada announced during the Budget Speech that the eligibility age for Old Age Security pension benefits will decrease from age 67 to 65. Should this proposed change be passed into law and receive Assent, it is expected to have a material effect on the benefits liability by decreasing it by $4,900,000 as the loss of earning benefits for those workers affected by the change will no longer need to be paid beyond age 65. The estimated decrease has not been included in the benefits liability at December 31, 2015 as the Budget proposals have not yet been passed into law and received Assent.

20. Comparative Figures

The Board reviewed the presentation of the Fund's cash flows and combined the cash paid to employees and the cash paid to suppliers into one line: "Cash paid to employees and suppliers for administration and prevention." This change in presentation was made to simplify the financial statement presentation. The Board has reclassified the comparative figure in the Statement of Cash Flows to conform to the current presentation.

Year at a Glance

Note		2015	2014
1	Workers covered	21,250	21,660
2	Open claims	3,399	3,201
1, 3	Claims	1,222	1,234
1, 3	Accepted claims	1,041	995
1, 3	Lost-time claims	434	446
1	Lost-time rate (per 100 covered workers)	2.0	2.1
1	Permanent impairment awards	37	31
	Worker fatalities	0	5
	Reviews by the hearing officer	21	33
4	Appeals heard by the appeal tribunal	5	12
1	Registered employers	3,520	3,510
	Maximum assessable earnings/wage rate	$84,837	$83,501
1	Assessable payroll (millions)	$1,079.3	$1,072.2
6	Assessment revenue (millions)	$ 21.4	$ 22.1
	Average estimated premium rate (per $100 of insurable earnings)	$ 1.90	$ 2.18
1, 5	Average collected premium rate (per $100 of insurable earnings)	$ 2.02	$ 2.08
6	Net investment income (millions)	$ 13.7	$ 18.9
	Investment fund market return	6.8%	10.0%
6	Fund balance (millions)	$ 218.7	$ 215.0
6	Funded position	155%	160%
	Funded position (including target reserves)	125%	129%

Notes:
Data may include revisions to prior releases.

1 Revised based on most recent data.
2 Due to changes in system operability, pre-2007 figures are not comparable.
3 Figures may include counts of duplicate occurrences.
4 Decisions rendered.
5 Based on rateable revenue only for the assessment year and includes adjustments to previous estimates of payroll and assessment revenue.
6 per Financial Statements

Special Note re: Worker Fatalities
Prior to 2011, the defnition used in Annual Reports respecting fatalities was "accepted fatalities," which counted fatalities by the year that the fatality was accepted as a fatality pursuant to workers' compensation rules. Beginning in 2011, fatalities are counted by the year the fatality took place and the definition is no longer narrowly restricted to workers' compensation cases.

Members of the board

Yukon Workers' Compensation Health and Safety Board