



ANNUAL REPORT

2022



Workers' Safety and
Compensation Board
— Yukon —

Year at a Glance

Note		2022	2021
1	Workers covered	26,950	25,760
2	Open claims	2,912	2,543
1, 2	Claims	1,022	966
1, 2	Accepted claims	780	801
1, 2	Lost-time claims	447	383
1	Lost-time injury rate (<i>per 100 workers covered</i>)	1.7	1.5
	Permanent impairment payments	15	13
5	Worker fatalities	1	4
	Decisions rendered by reconsideration officer	24	16
	Decisions rendered by the Appeal Tribunal	3	3
1	Registered employers	4,035	3,933
	Maximum annual earnings	\$94,320	\$91,930
1	Assessable payroll (<i>millions</i>)	\$1,643	\$1,526
4	Assessment revenue (<i>millions</i>)	\$35.4	\$32.1
	Average estimated premium rate (<i>per \$100 of insurable earnings</i>)	\$2.07	\$2.07
1, 3	Average collected premium rate (<i>per \$100 of insurable earnings</i>)	\$2.15	\$2.11
4	Net investment (loss) income (<i>millions</i>)	(\$24.0)	\$27.0
	Investments market return	(9.50%)	12.7%
4	Funds held by investment custodians (<i>millions</i>) (<i>formerly Investments</i>)	\$221.5	\$245.4
	Funded position	131%	143%
	Funded position (<i>including target reserves</i>)	106%	115%
	Number of <i>Access to Information and Protection of Privacy Act</i> (ATIPP) requests	19	16
	Number of <i>Public Interest Disclosure of Wrongdoing Act</i> (PIDWA) disclosures	0	0

Notes:

Data may include revisions to prior releases.

1. Revised based on most recent data.
2. Figures may include counts of duplicate occurrences.
3. Based on assessment revenue as reported in the Financial Statements section.
4. In accordance with the Financial Statements section.
5. Fatalities are reported during the year in which the fatality occurred.

MESSAGE FROM THE BOARD OF DIRECTORS	04
WHO WE ARE	06
STAYING SAFE BACK ON THE JOB SITE	08
A RENEWED APPROACH TO SAFETY IN AN ICONIC YUKON INDUSTRY	09
A PROACTIVE APPROACH TO MENTAL HEALTH	10
SUPPORTING DAYCARES	12
LOOKING BACK TO MOVE FORWARD	13
EMBRACING TECHNOLOGY	14
REDUCING BARRIERS BETWEEN BORDERS	15
POLICY, RECONSIDERATIONS AND APPEALS	16
PRIVACY, SECURITY AND OPERATIONS	17
CHARTS	18
FINANCIALS	21

Message from the Board of Directors

The past several years have been a time of sweeping change. Living through a global pandemic has restructured many aspects of our lives. The way we socialize, work, travel, communicate and spend money looks completely different than just three years ago.

The ways we keep ourselves safe have changed, too. As the world grappled with the pandemic, health and safety became the guiding pillars of our day-to-day life. We wore masks to keep our bodies safe. We video-chatted with loved ones to stay connected. We began to understand that our mental and physical health are the foundation of our well-being and should never be taken for granted.

Yet, just as many of us learned to live a more ‘normal’ life within a pandemic, life at work became anything but normal. In 2022, the very spirit of work found itself on shaky ground. We felt a labour shortage in every corner of the world. Many people didn’t return to the same jobs they had before the pandemic. Workers struggled with burnout, and employers with staff morale.

Even the very nature of the word “work” has evolved over the last several years. The cubicle has turned into the living room. The lifelong job with a pension has turned into the gig economy. And with the advent of technology like artificial intelligence, it has become clear the future of work will continue to evolve just as rapidly as the rest of society.

Our organization has changed, too. Implemented in July 2022, we have a new Act to guide our work. And with the *Workers’ Safety and Compensation Act* comes a brand-new identity: the Workers’ Safety and Compensation Board.

We’re proud of bringing this new Act to life and what it means for Yukoners. The *Workers’ Safety and Compensation Act* uses gender-neutral language so everyone can see themselves reflected, all the while building on core principles of safety and prevention, workers’ compensation, reducing red tape and improving benefits.

What gives us solace amongst all the change in the Yukon—and the entire world—is the fact that, at our core, we are the same organization. Our new Act provides a framework for the same primary goal that is, and has always been, at the heart of everything we do: preventing workplace injuries and caring for injured workers.

The services we provide reflect our unwavering commitment to this. Our front-end staff do everything from answering questions to helping Yukoners file a claim for compensation. They are here to help navigate a system that can seem complicated to someone who has never stepped foot in our building before.

Our Workplace Health and Safety Officers visit Yukon workplaces to make sure employers are complying with legislation and regulations created to keep everyone safe and healthy. They know that every Yukoner deserves to come home at the end of the shift in the same condition they left in.

And when an injury does occur, our Claimant Services Branch makes sure Yukoners are getting the care they need. Becoming injured on the job is a difficult time in anyone’s life, and this branch works with empathy, flexibility and dedication.

And of course, there are many others working behind the scenes. Our IT unit makes sure Yukoners data is safe and protected. Our Corporate Services Branch teaches Yukon kids as young as kindergarten how to keep safe, setting them up for a foundation of lifelong success.

Whether it’s on a worksite or behind a desk, we’re proud of how every single one of our staff works hard to help Yukoners.

When we do pause and reflect on all the change that has happened, it can be overwhelming. Feeling the ground shifting underneath our feet is never comfortable. Yet, change can be the very catalyst for growth.

Take the way we’ve adapted to new technology. A resident of Mayo can see a doctor in Vancouver with the click of a button. Someone in Carcross can take a course about chainsaw safety right from their living room.

Or take our renewed focus on mental health. Through the pandemic, the world understood just how vital it is to take care of our minds, not just our bodies. We remain steadfast in our commitment that all Yukoners participate in a culture of safety and prevention of psychological injury. We do it through classroom visits, a running club for teenage girls, our partnership with the University of Fredericton's psychological health and safety courses, and by promoting and enforcing our new regulations aimed at preventing workplace violence and harassment.

Or take the fact that through the incredibly hard work of so many of our staff, stakeholder partners and the community at large, we implemented a new Act that reflects the diversity of the Yukon population. From an artist in Old Crow to a restaurant owner in Dawson City, and from a teacher in Pelly Crossing to a conservation officer in Whitehorse: this is an Act for all of us.

As the word pandemic begins to fade into the background, it's easy to keep our gaze forward, but we must hold on to all that we have learned along the way.

We've learned to take care of each other; that everything we do as individuals has a ripple effect in the communities we live in, and that acting with kindness and empathy are the only ways for our society to stay healthy and whole.

We've learned to be open and adaptable to the ever-changing landscape of work, whether that's embracing the online office or putting more resources into bolstering the mental health of staff.

Perhaps most importantly: we've learned just how resilient we can be during a time of great uncertainty.

As we reflect on this time, we do know one thing for certain. Although we have a new name and new legislation, what hasn't changed is who we are on the inside.

We know what we're here to do. We know why we come to work every day. We're committed to your health and safety on the job, every day. And when incidents do occur, we're here to take care of you. It's what we believe wholeheartedly in. It guides every aspect of our work. It's who we are—to the very core.



Mark Pike—Chair
Appointed November 5, 2010
Current term ends March 29, 2023



Vicki Hancock—Vice Chair
Appointed August 15, 2006
Current term ends January 11, 2025



Heather McIntyre
Representative of Employers
Appointed February 26, 2015
Term ended August 26, 2022



Lisa Martin
Representative of Employers
Appointed April 19, 2017
Current term ends April 18, 2023



Richard Wagner
Representative of Workers
Appointed January 12, 2022
Current term ends January 11, 2025



Keith Ellert
Representative of Workers
Appointed August 28, 2019
Current term ends November 16, 2025



Kurt Dieckmann—President/CEO
Appointed July 8, 2016

Who we are

The Workers' Safety and Compensation Board (the board) administers the *Workers' Safety and Compensation Act* and provides compensation, service and support to Yukon workers injured on the job. We also promote workplace health and safety through education, training, inspections and investigations.

Our mandate is to prevent disability. We do so in a number of ways. We provide a range of services to Yukon employers and workers. We work toward changing societal attitudes about safety and risk management by communicating strategically, engaging in social marketing and educating Yukon youth to embrace the belief that all injuries can be prevented.

We strive to reduce the incidence of injuries in Yukon workplaces through prevention support and compliance and enforcement strategies. When injuries do occur, we provide proactive, innovative and compassionate return-to-work programs, medical management and, if required, vocational rehabilitation.

The board is made up of three core branches that work collaboratively to prevent disability. All of the branches are guided by the board's corporate values of partnership, accountability and compassion.

Workers'
Safety and
Compensation
Board

Yukon



Commission de
la sécurité et de
l'indemnisation
des travailleurs

Claimant Services

The Claimant Services Branch supports injured workers as they navigate a challenging time in their lives. The workers' compensation system provides a range of benefits and services to injured workers appropriate to their circumstances. The board accepted 780 claims in 2022, compared with 801 in 2021. Most of the claims in 2022 were for injuries caused by bodily reaction and exertion (254), contact with objects and equipment (217) and falls (158). A key principle of the system is to help workers return to their pre-injury state as quickly and safely as possible. Branch staff collaborate with workers, employers and health care providers to support a healthy transition back to work. In 2022, 75 per cent of claimants were able to return to work within 90 days of injury.

Employer and Client Services

The Employer and Client Services Branch (formerly known as the Assessments Branch) works to continuously improve processes with the goal of delivering effective and efficient service to the board's clients. The branch includes two units: Employer Services and the Centralized Services Team.

Employer Services works with employers to ensure they are registered, classified appropriately and in compliance with reporting and payment obligations. The Centralized Services Team provides a variety of services from helping clients file a claim for compensation, answering telephone and email inquiries, and assisting clients in person with their questions. The branch also administers the CHOICES incentive program. Employers who provide training to their workers to improve workplace health and safety and return-to-work practices may be eligible for a rebate on their assessment premiums. In 2022, the CHOICES program returned over \$650,000 to employers.

Workplace Health and Safety

The Workplace Health and Safety (WHS) Branch (formerly known as the Occupational Health and Safety Branch) promotes and enforces health and safety in the workplace. Safety officers visit workplaces throughout the Yukon to help employers and workers comply with the *Workers' Safety and Compensation Act* and *Workplace Health and Safety Regulations*. They also collaborate with Yukon communities and national organizations. In 2022, WHS conducted 260 inspections and safety officers issued 474 orders and 11 penalties.

The board is also supported by the following services:

Executive Branch

The Executive Branch supports the Board of Directors along with all branches, while maintaining strong relationships with stakeholders, the Government of Yukon, as well as workers' compensation and health and safety organizations across the country. The Executive Branch also includes our Legal, Reconsideration and Investigations units.

Human Resources

The Human Resources Branch fosters organizational change. They build partnerships and alliances, and attract, develop, reward and retain employees for the benefit of both the employee and the organization.

Corporate Services

The Corporate Services Branch connects the Yukon public with the board's mandate of preventing disability. Corporate Services includes our Social Marketing and Communications, Outreach and Education, and Policy units.

Operations

The Operations Branch includes the following units: Finance, Information Management, Information Systems and Facilities Management. Services range from financial reporting, overseeing investments, providing systems infrastructure, and managing *Access to Information and Protection of Privacy Act* (ATIPP) requests from the public.

Staying safe back on the job site



“It’s not something you only train for once and never again. It’s something you must do every day.”

When all the COVID-19 pandemic restrictions lifted, going back to a physical work location was a natural transition for many workers in 2022.

With that transition, the board saw rates of injury return to pre-pandemic levels. In 2022, there were 1,707 reported injuries in the territory, compared to 1,418 in 2020. In 2019, just before the pandemic, that number was 1,699.

“Safety is a critical aspect in every workplace. As workers return to the job, they need to be re-trained in safety practices,” said Kurt Dieckmann, President and CEO of the board. “It’s so important that workers talk to their supervisors to make sure they’re up to date with their training and feeling safe about being back in the workplace.”

New workers and those returning to work after six months are at a higher risk of injury. This is where safety training is at its most important.

Dieckmann stressed that workplace safety is a continuous process.

“It’s not something you only train for once and never again. It’s something you must do every day.”

One of the most important things for employers to have in place is the very core of workplace health and safety: the hazard assessment and control process.

This process provides a consistent approach for employers and workers to identify and control hazards in the workplace. It allows everyone to focus their efforts in the right areas, and to develop policy, procedures, worker training, inspections and emergency response plans. More information on how to complete a hazard assessment, and the hazard assessment and control guide, can be found at wcb.yk.ca/ha.

We are all responsible for being diligent with safety training and making sure everyone is safe as they return to the workplace.

A renewed approach to safety in an iconic Yukon industry

In the Yukon's outfitting industry, clients visit some of the most breathtaking, isolated, parts of the world. Yet there are significant health and safety risks. There's the rugged landscape, wild animals like bears and wolves and severe weather. There's also the use of aircraft, ATVs, boats and horses that pose a heightened risk of injury.

For every worker to stay safe out in the field, a strong focus on health and safety is incredibly important. That's why in 2022, the board funded the creation of a health and safety program for the Yukon Outfitters Association.

A shift in safety culture

The board's work with outfitters started several years ago when it was noted cost of injuries were increasing. The board began to engage more with individual employers by going out to the work sites and performing inspections.

"We knew the industry needed support, so we did what we could with our onsite inspections, providing feedback about what practices they should have in place, all to improve their safety culture," said Chelsea LaRose, a safety officer who has worked closely with the outfitting industry.

Rosie Sandulak is one employer who has been integral in helping shift the safety culture within the industry.

"Our industry has all sorts of risks," said Sandulak, whose family owns an outfitting business. "You can get kicked by a horse, you can fall off a horse, you can cut yourself with a knife while skinning, you can break down on your Argo. There are risks with a plane. Even just the cold is a risk."

She said creating a new safety plan for her outfit was similar to "learning a new language."

Alongside the outfitter-wide health and safety program sponsored by the board, Sandulak's business created their own safety program tailored specifically to their outfit.

"All of the terminology was new," said Sandulak. "I had to research what exactly was meant by hazard, and what a field level risk assessment was."

She said her business is already experiencing the benefits of implementing this plan. It has increased communications between guides and wranglers. It's allowed the outfit to be proactive with issues they're dealing with, and less reactionary. And with a formal weekly safety meeting, it's allowed employees to be thoughtful—instead of rushed—with their questions and concerns.

"Over the past two years we've really fine-tuned our program, and on a day-to-day basis we don't find it onerous anymore," she said.

A safety program for everyone

LaRose explained that outfitting is an industry that cares deeply about its clients.

"In the past, all their resources would go into their clients. The guides would just push through," she said.

With a renewed focus on safety, the culture of the industry has shifted to a place where *everyone's* safety is a priority. LaRose said that for the board to be able support the industry through this transition was "imperative."

The board-sponsored health and safety program is publicly available for anyone to access through the Yukon Outfitters Association website. It includes industry specific protocols, including sections on safe bear spray use, ATV safety and chainsaw operations. It also has a protocol for emergency preparedness in remote work areas, fatigue management and industry specific personal protective equipment (PPE) like chaps and lifejackets.

Sandulak believes that it benefits the whole industry to have this information available to everyone.

"If we're all safer," she said, "that's the goal."



A proactive approach to mental health

Many of us have felt disconnected to our sense of mental well-being over the past several years. Technology has glued us to screens. Inflation has stressed us financially. The COVID-19 pandemic upended our “normal” lives, challenging us to live and work in completely new ways.

In this rapidly changing world, taking steps to increase mental resiliency in the workplace is more important now, than ever.

What we're doing

Every workplace is responsible for their staff feeling safe and empowered when it comes to their mental health—including ours.

For us, bolstering the mental health of our workplace means taking a proactive approach.

Since 2015, the board has used a tool called Guarding Minds at Work. The tool allows organizations to assess and address the psychosocial factors that have an impact on the overall mental health of a workplace.

The Guarding Minds at Work survey—which was last completed by board staff in 2022—is based on 13 factors that can impact the mental health of employees. This includes factors like clear leadership and expectation, engagement and organizational culture.

Clear leadership and expectation, for example, means a workplace where employees know what they need to do, how their work contributes to the organization and whether there are impending changes. This kind of leadership increases employee morale, resiliency and trust. It also decreases employee frustration and conflict.

In addition to completing the survey, every branch of the board has had in-depth discussions about the 13 factors. Staff talked about what's working and not working, and what can be done to improve the culture of psychological well-being within the organization.

Director of Claimant Services, Susanne Wirth, has been instrumental in implementing the Guarding Minds at Work tool. She believes that having open discussions about mental health with all staff is incredibly important.

“Having these discussions helps in so many ways. It fosters awareness, allows time for reflection and really opens doors for improvement,” said Wirth.

Wirth explained that, based on these 13 factors, there are many strategies any Yukoner can use to enhance their mental resiliency and stay emotionally regulated at work.



“Having these discussions helps in so many ways. It fosters awareness, allows time for reflection and really opens doors for improvement”

Employers and managers can have scheduled one-on-one check-ins with staff, try to make personal accommodations and create a sense of belonging through workplace events.

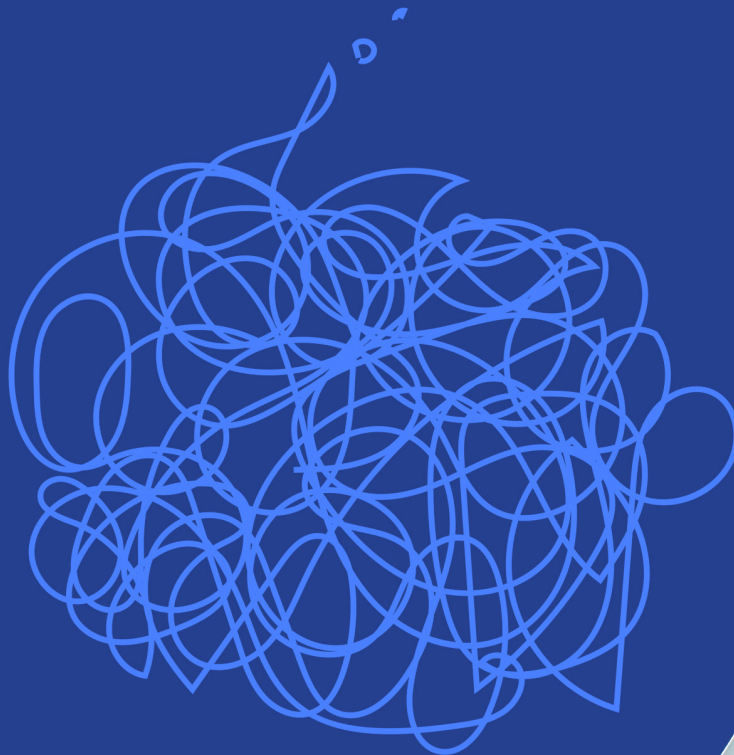
Workers can speak to each other about their own coping strategies, which fosters a sense of community. If they work in an office, they can take breaks to move their body and get off their screens. Workers can also focus on what is in their control, as opposed to what isn't.

“For our Claimant Services staff, if they have a difficult phone call to make, what they can control is the timing. They can make the call at the beginning of the day, instead of at 5 pm.”

Prevention is key

Strengthening the mental health of our staff in this rapidly changing world is a priority for the board. We know that having a healthy workplace means we can continue to effectively support our clients, and embrace an innovative, forward-thinking culture.

Prevention of psychological injuries is the responsibility of every Yukoner. Together, we can create a healthier, and more resilient territory.



The limbic system of our brain is what generates dopamine, adrenaline and cortisol. It is much stronger and faster than the rational part of our brain. It highly influences our actions, ready to react because of an inner feeling of threat or reward.

The limbic system is constantly monitoring social reactions, looking for potential threats to keep us safe. Below are the six social reactions that contribute to mental well-being.

Belonging: a sense of being in it together

Status: understanding one's position and feeling relevant

Autonomy: having a sense of independence and freedom

Fairness: a sense that there is fairness and justice between people

Expectations: imagining positive outcomes and possibilities

Certainty: having clarity and knowing what's going to happen

Supporting daycares

Safety officers know how important it is to support every industry in the Yukon.

Daycares are one industry that the Workplace Health and Safety Branch focused on in 2022. Cathy Robertson, a safety officer, inspected 25 of the businesses throughout the year.

Many daycares employ new Canadians who may not be familiar with Yukon laws around health and safety. It's our goal to make the legislation as clear and accessible as possible for every Yukoner. Safety officers are happy to provide support with this during inspections.

Robertson discovered that although many daycares had the necessary pieces in place for safety, many of them didn't have the knowledge and experience to document everything. For example, some didn't know about the term 'hazard assessment', even though they were conducting them.

Robertson supported these businesses by teaching them about hazard assessments, the role of safety representatives and workplace violence and harassment prevention. Daycare owners were enthusiastic—eager to learn everything they could to help protect their workers.

"For hazard assessments, for example, I gave them a template and filled in a lot of the blanks and then said 'you tweak it so it fits you,'" she said. "The employers were happy that I was there assisting them and helping them along with all the documentation."

To help the daycares get the required safety representative training, Robertson approached the Northern Safety Network Yukon and requested they add more courses, which they did, including some on Saturdays to accommodate the workers. Robertson was even invited to speak at a professional development day at one of the daycares, where she did a presentation on workplace violence and harassment prevention and hazard assessments.

"They were so grateful to glean as much information from us as they could. It turned out to be an amazing experience," she said, adding, "to educate everybody is so important."



Safety communications consultants work with new Canadians through our Foreign Worker Workshop. The workshop outlines general workplace health and safety principles and workers' rights and responsibilities. It also includes additional information about particular workplace hazards likely to be faced by people who have newly arrived to Canada, including language and cultural barriers and power imbalances.

The board aims to educate all Yukoners with the goal of inspiring a commitment to lifelong health and safety. All Canadians should feel safe at work, no matter where they work, what they do and what their background is.



Dr. Wallace Dudley, a licensed psychologist for 25 years, hasn't always worked in the field of mental health. He started his career in construction on the oil rigs. After he married young, at 22 years old, he looked around and thought, *I don't know if this is going to work, long term, for a family.*

When he switched career paths, he became involved in rehabilitation through his pre-doctoral internship with WCB-Alberta. Since then, he has worked in forensics, in addition to his private practice working with individuals, couples and families.

Occupational rehab, though, has always been close to his heart.

"The combined impact from a loss of function with loss of income or vocation can be overwhelming," he said. "Especially when these losses are derived at work from a psychological injury or severe injury with chronic pain, the loss is remarkably more difficult to cope with."

He finds meaning in helping people navigate these challenges.

"Until people are affected personally by these challenges, they have no idea of how hard they can be," he said.

Using data to improve our services

Dr. Dudley's work with the board involves the treatment and assessment of workplace psychological injuries. His latest project is analyzing the data from mental health claims over the last several years. When this work is finished, the board will use the information to improve our services and health outcomes for claimants.

"The goal is to see if we can find areas to inform case management, like timing of interdisciplinary programs, and types of treatment that seem to be effective," he said.

Although the project is not yet complete, there are trends he has seen in the data he's analyzed from 2020 and 2021. This has largely been around which types of claims are likely to be more complex, and which are likely to be less complex.

"Of those that are more complicated, we're starting to find information that suggests factors that could help improve positive outcomes, which would impact costs and client recovery times," he said.

Some things Dr. Dudley has discovered, for example, is the outcome of claims between different occupational types, and how substance use impacts the longevity of a claim.

"There's an amazing difference in how substance use impacts a claim over time," he said. "Claims that don't have a substance use problem tend to close eventually. Claims that do have an active substance use problem often don't close for quite a while."

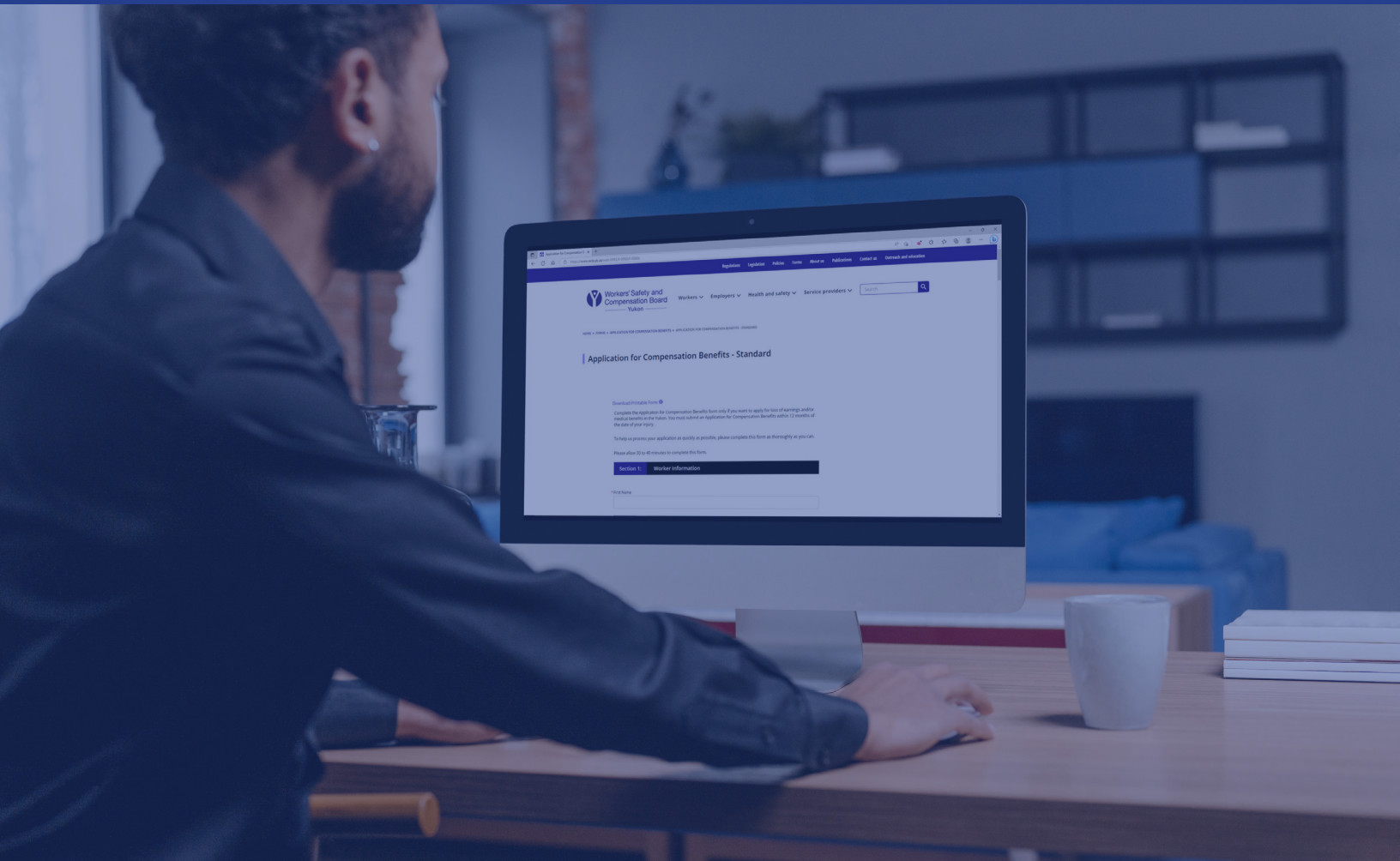
"Until people are affected personally by these challenges, they have no idea how hard they can be."

Not just guess work

Dr. Dudley believes doing a thorough statistical analysis—as opposed to guessing from what you see and using anecdotal evidence—is an indication of integrity.

"The intention is to continue from year to year to see what new information can be learned," he said. "The evidence will be in treatment outcomes and length of claims. If we can help people quicker and make a difference in their lives, there's a positive impact in that all the way around."

Embracing technology



The board strives to make our information as accessible as possible. In 2022, we made significant technological advances to make sure working with us—whether it’s filling out a form online or accessing safety regulations—is as easy as possible.

Social media was a focus in 2022, with an emphasis on Facebook content to drive traffic to our website. Our website is home to easy to digest information from Safety Talks to workplace health and safety guides to information on the new *Workers’ Safety and Compensation Act*. The website is consistently updated with the latest resources for workers and employers.

In collaboration with the Canadian Centre for Occupational Health and Safety, we launched a new app to help with prevention of workplace violence and harassment. The app contains all the details found in the Workplace Violence and Harassment Prevention guide, but it’s formatted for mobile use. It can be saved to any mobile device home screen with its own tile for easy access.

We’ve also created online, fillable forms for five of our most common forms. This includes applying for compensation benefits and registering a business for coverage. Users can now fill out these forms by simply navigating to wcb.yk.ca and clicking the ‘Forms’ tab.

As we move forward, we’ll continue to embrace technology to make sure working with us is accessible and straightforward.

Reducing barriers between borders

Employers and workers can now work between jurisdictions more easily, thanks to new agreements between Canadian provinces and territories.

That's because there is a mutually agreed upon standard across the country for regulatory requirements like personal protective equipment (PPE), first aid kits and fall protection.

Why create common standards? In a nutshell: adopting these standards helps make safety simpler, especially for employers that operate in many provinces and territories.

For example, a worker in northern British Columbia can now use the same first aid kit and ear protection as they would in the Yukon. This means less red tape, reduced costs and more all-around efficiency for employers.

“Because newer standards were used in the creation of these agreements, not only are workers and employers able to move more freely, but workplace safety has been strengthened overall,” said Bruce Milligan, Director of the Workplace Health and Safety Branch.

A short history

In 2019, the Minister responsible for the board signed the *National Occupational Health and Safety Reconciliation Agreement* to remove barriers to trade mobility. The agreement harmonized specific standards for PPE and first aid kits.

Shortly after this a new agreement—the *Pan Canadian Occupational Health and Safety Reconciliation Agreement*—was drafted, harmonizing six fall protection standards. The new agreement was formalized in late 2022. The intent was to streamline the process for additional common standards to be added in the future and to provide certainty on what will be considered.



Policy, Reconsiderations and Appeals

Policy

In 2022, the board's policies were all reviewed and updated as part of the Act implementation process. When the *Workers' Safety and Compensation Act* came into force on July 1, 2022, the updated policies also came into effect. Nine policies received thorough review to align with the new Act, with the remaining receiving only minor changes.

In the process of internally reviewing policies, as well as through stakeholder engagement, some policies were flagged for additional research after the July implementation date. In addition, a policy priority and review plan is currently being updated.

Reconsiderations and Appeals

Injured workers or employers who disagree with a decision of the board can request a review of those decisions within legislative timelines. The Workers' Advocate Office, independent of the board, often plays a role in helping injured workers understand the system and navigate the appeal process.

With the adoption of the *Workers' Safety and Compensation Act*, all appeals—whether they involve a claim decision, assessment decision or a workplace health and safety order, decision or administrative penalty—follow the same process: initial decision, internal reconsideration, and finally, external appeal to the Appeal Tribunal. These decisions are final and binding. The Appeal Tribunal is an independent body whose members are appointed by the Government of Yukon.

Board reconsideration officers (formerly called hearing officers) issued 24 decisions in 2022, and of those 14 were confirmed, 7 were reversed and 3 were varied. The Appeal Tribunal issued 3 decisions and of those 2 were confirmed and 1 was reversed.

Appeals to the Board of Directors*

Under legislation in force prior to July 1, 2022, the Board of Directors was authorized to hear appeals on matters pertaining to assessments, occupational health and safety, and right-of-action determinations. In 2022, one decision was issued related to an occupational health and safety matter. The appeal panel found it did not have the legislated authority to hear the appeal.

*Under the new *Workers' Safety and Compensation Act*, effective July 1, 2022, the Board of Directors no longer hears appeals. All appeals now fall under the new reconsideration and appeal process.

UPDATED POLICIES

When the new Act came into force on July 1, 2022, the updated policies also came into effect.



DECISIONS IN 2022

24 reconsideration decisions issued: 14 confirmed, 7 reversed and 3 varied. The Appeal Tribunal issued 3 decisions: 2 confirmed and 1 reversed.



BOARD OF DIRECTORS

One decision was issued related to occupational health and safety.



Privacy and security

Privacy and security are an integral part of the board's culture. In order to fulfill our responsibilities under our legislation, we collect a broad range of information from employers, injured workers, health care providers and other individuals and organizations. This information is often personal and confidential. We are committed to protecting that personal information and ensuring it is used, disclosed and stored in compliance with the *Access to Information and Protection of Privacy Act* (ATIPP).

Our chief information governance officer and our privacy officer work closely with all branches to assure that proper processes and procedures are in place. They do this to provide individuals access to their personal information and to safeguard it from unauthorized use and access. The chief information governance officer is also responsible for managing ATIPP requests.

The board received 19 requests for access to information under ATIPP. There were no disclosures or complaints made under the *Public Interest Disclosure of Wrongdoing Act* (PIDWA).



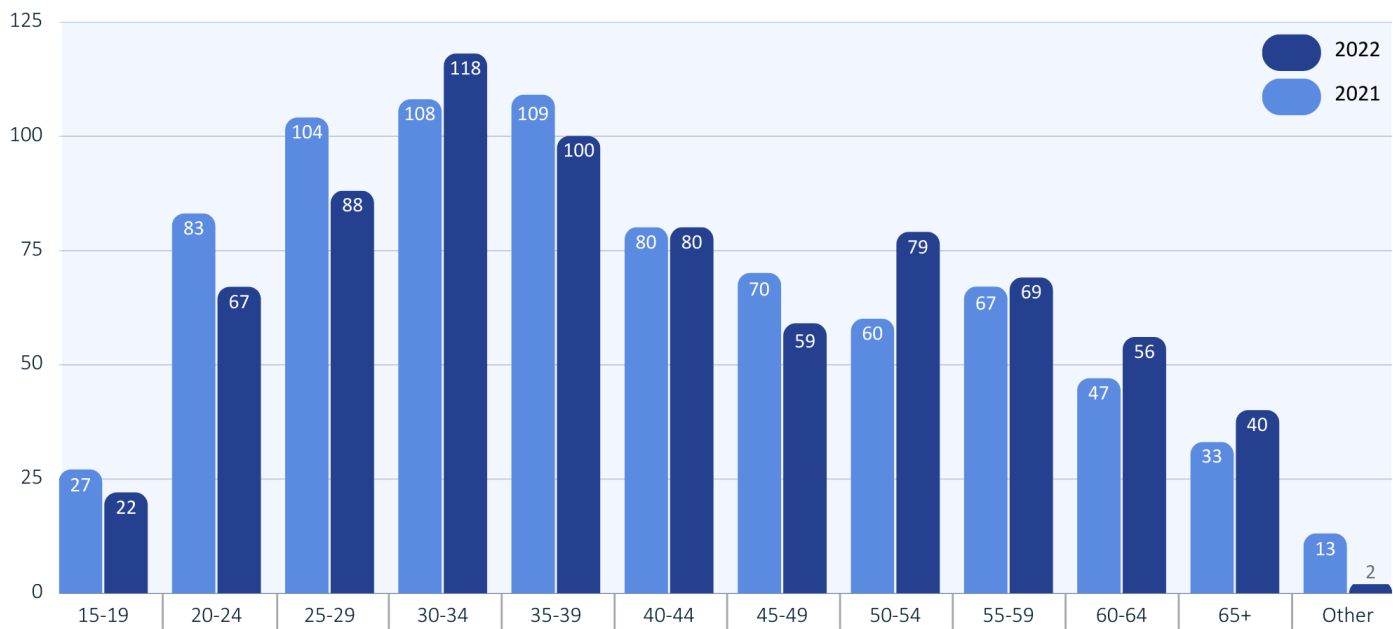
Operations

Changes with the new Act required a significant amount of work from our Operations Branch on our core programming computer systems across all branches, as well as our financial systems.

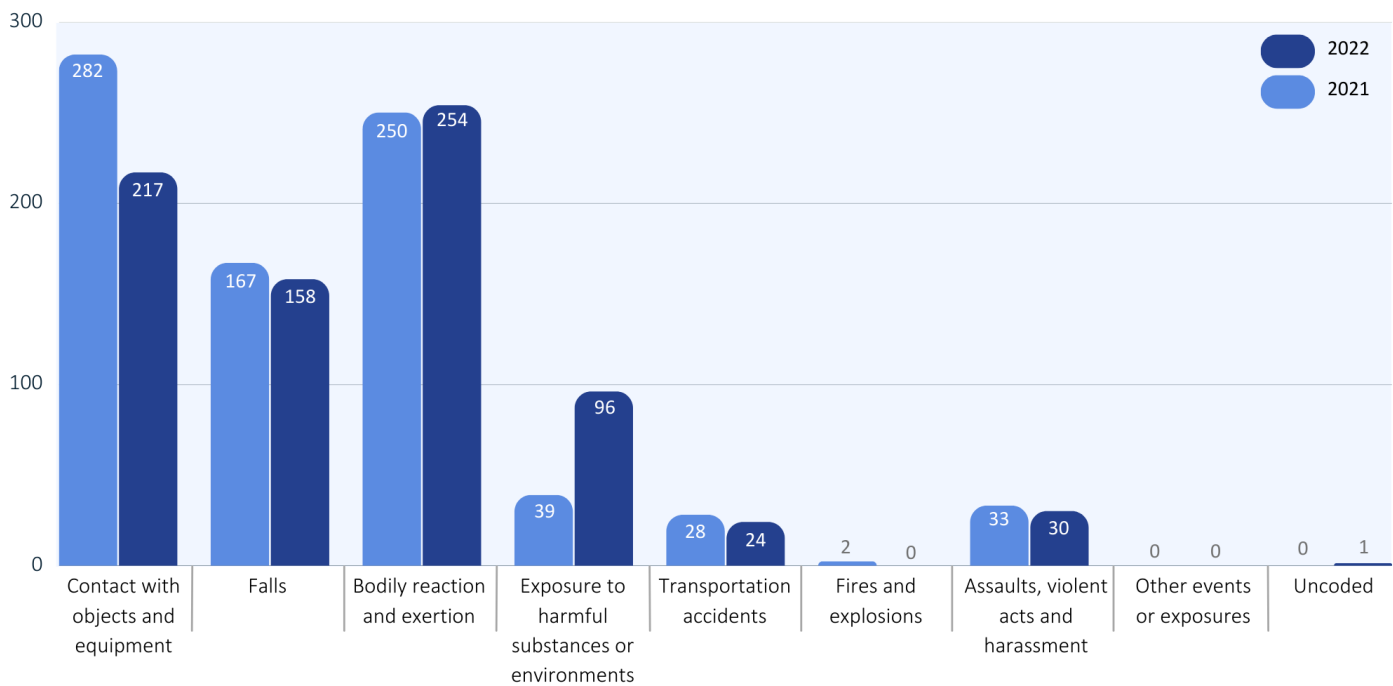
The branch made major improvements to our document management system, including enhanced document uploading capabilities. Operations also updated yukonregs.ca—which houses our *Workplace Health and Safety Regulations* online—and redeployed the content to our main website at wcb.yk.ca.

In addition, our Operations Branch set up a pilot project to use Microsoft 365 amongst staff. The pilot project included approximately 20 users. The board plans to fully roll out the use of this software in 2023.

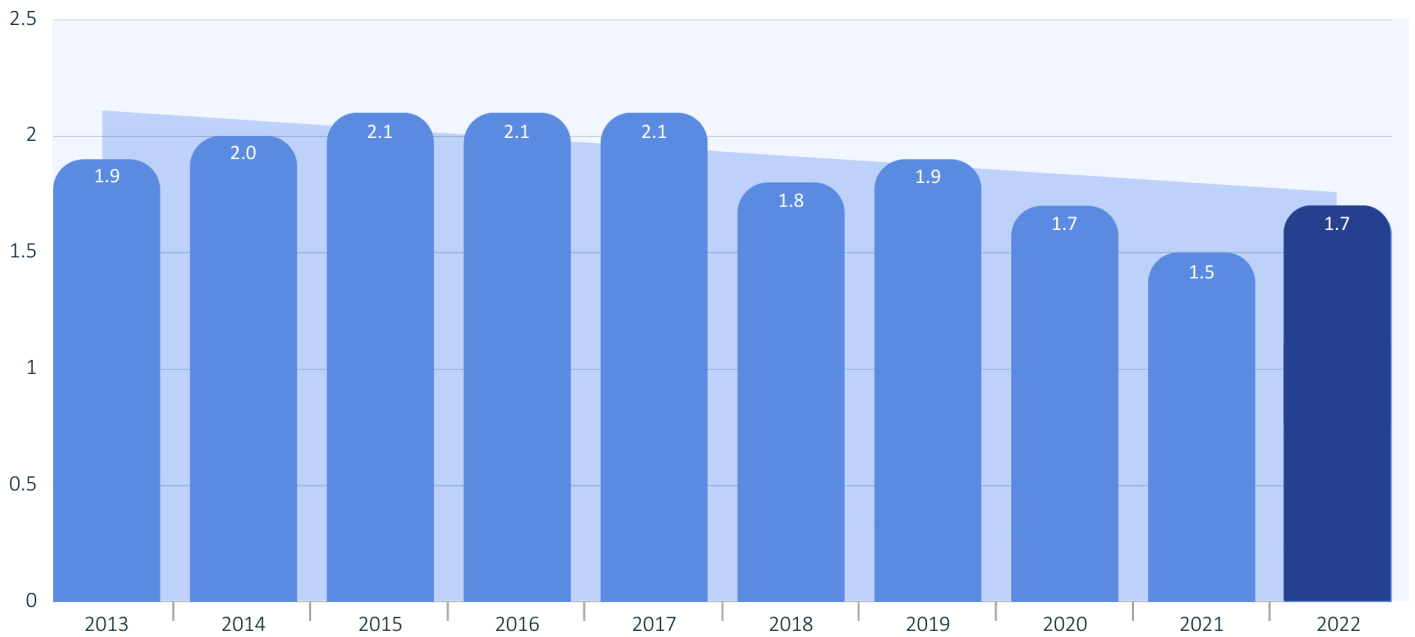
Accepted claims by age group



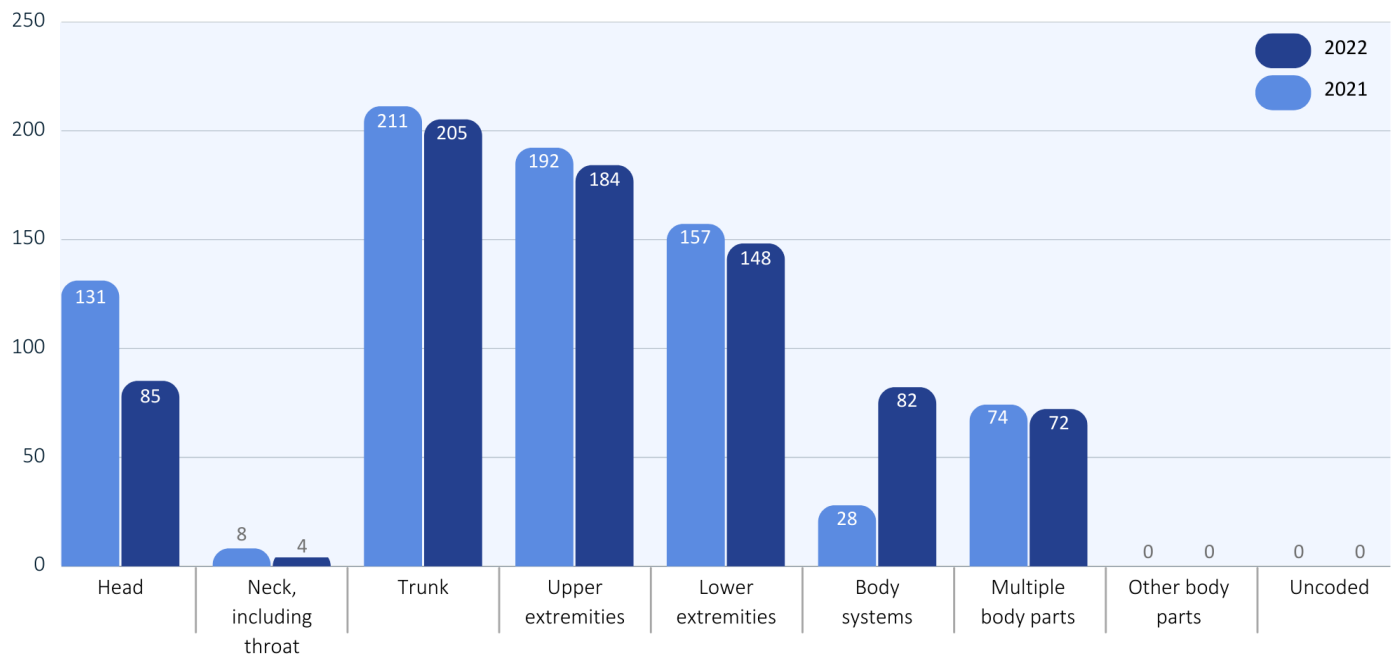
Accepted claims by event or exposure



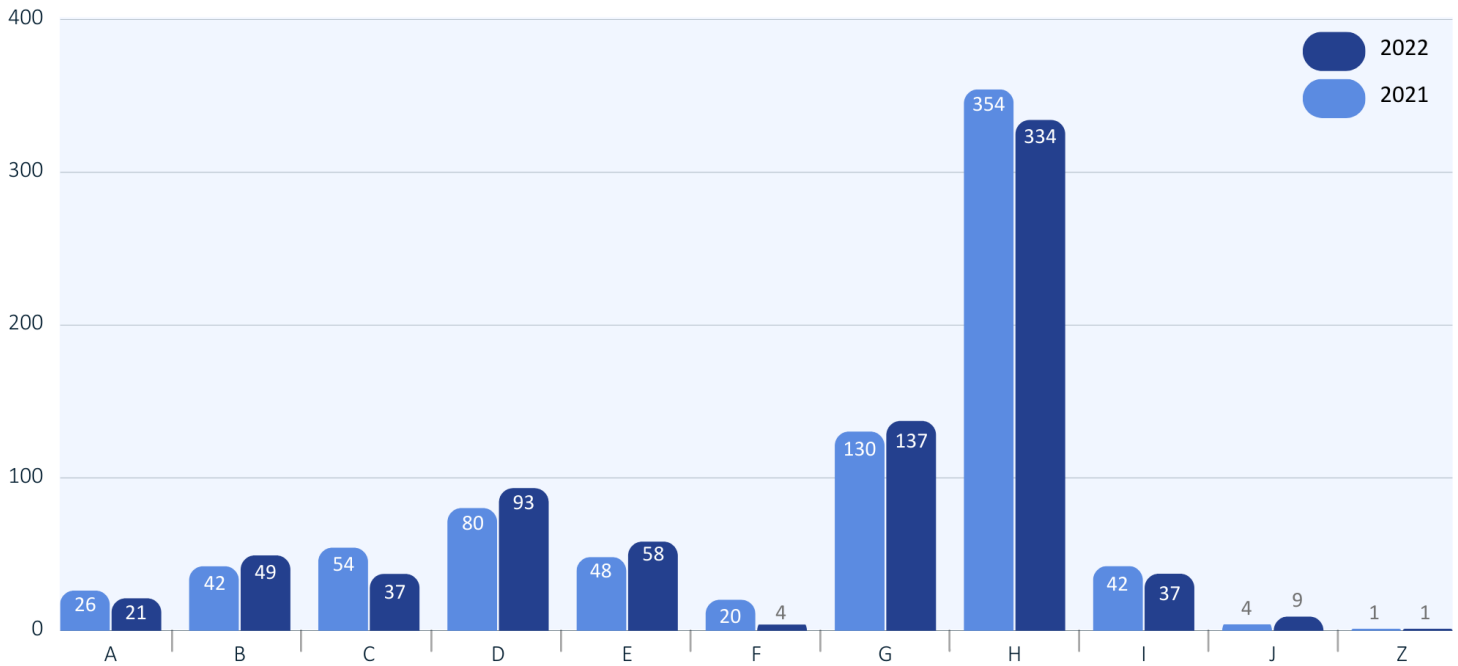
Lost-time injury rate per 100 covered workers



Accepted claims by part of body affected



Accepted claims by occupation



- A** Management Occupations
- B** Business, Finance and Administration Occupations
- C** Natural and Applied Sciences and Related Occupations
- D** Health Occupations
- E** Occupations in Social Science, Education, Government Service and Religion
- F** Occupations in Art, Culture, Recreation and Sport
- G** Sales and Service Occupations
- H** Trades, Transport and Equipment Operators and Related Occupations
- I** Occupations Unique to Primary Industry
- J** Occupations Unique to Processing, Manufacturing and Utilities
- Z** Unknown or Uncoded

Management's Discussion and Analysis

The Management's Discussion and Analysis provides further insight into the financial performance of the Compensation Fund (the "Fund"), as managed by the Workers' Safety and Compensation Board (the "Board"), for the year ended December 31, 2022. The audited financial statements and supporting notes 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 help stakeholders understand the Fund's financial position, priorities and anticipated financial performance.

Risk and uncertainties about future assumptions include, but are not limited to: the changing financial markets, the industry mix of the Yukon workforce, the general economy, legislation, accounting standards, appeals and court decisions, and other known or unknown risks. Readers are cautioned not to place undue reliance on forward-looking information as actual results may differ materially from those expressed or implied.

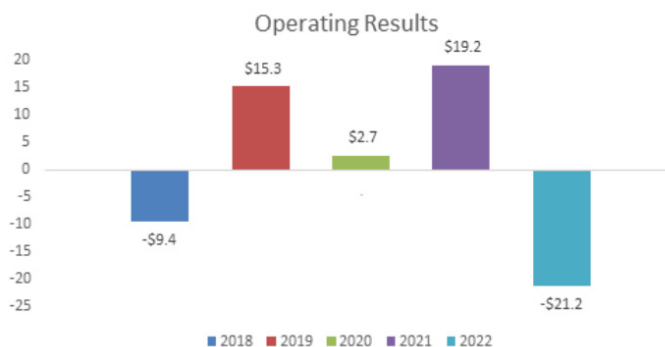
Risk management

In order to identify and manage the many risks that the organization faces, an enterprise risk management system has been implemented. Its purpose is to identify risks that could impede the organization's ability to carry out its mandate of preventing injuries and helping injured workers and their families. Risks are identified and ranked by probability and impact. Risk owners are assigned, and mitigation measures are identified, implemented and monitored throughout the year. These measures are reviewed through the internal audit process to assure the organization that measures are functioning as anticipated. Annually, management formally reviews the risks and corresponding mitigation strategies with the Board of Directors.

The top risks for 2022 did not materially change from 2021. These were identified as outdated legislation, the disruption of operations by cyberattacks and the inability to respond to changing stakeholder needs in a rapidly changing environment. Ongoing mitigation of these risks include the implementation of the *Workers' Safety and Compensation Act* (the Act) in July of 2022, information technology security enhancements and continued commitment to business process improvements.

Operating results

In 2022, the Fund incurred an operating loss of \$21.2 million versus a \$19.2 million surplus in 2021. This large change is a result of incurring a net investment loss of \$24 million in 2022 versus net investment income of \$27 million in 2021.



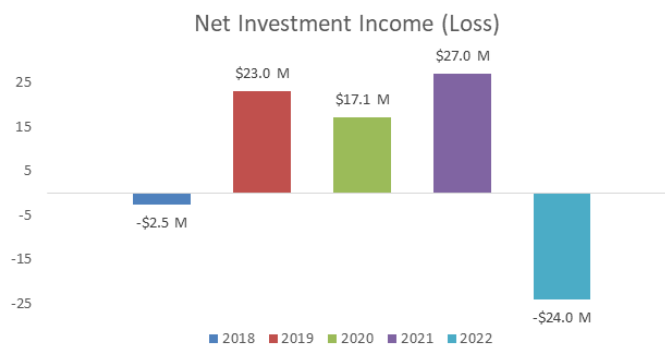
Total comprehensive income (loss), which includes the actuarial gain or loss on post-employment benefits, was a loss of \$21.1 million in 2022 versus income of \$19.2 million in 2021. There was no funding policy surplus distribution in 2022 or 2021.

The main difference in total comprehensive income (loss) is due to the huge swing in investment income, as previously mentioned.

Revenues

The Fund's revenue and income totalled \$13.4 million in 2022 versus \$60.1 million in 2021. The change in overall revenue was mainly due to the net investment loss incurred in 2022 which was partially offset by an increase of \$3.3 million in assessment revenue.

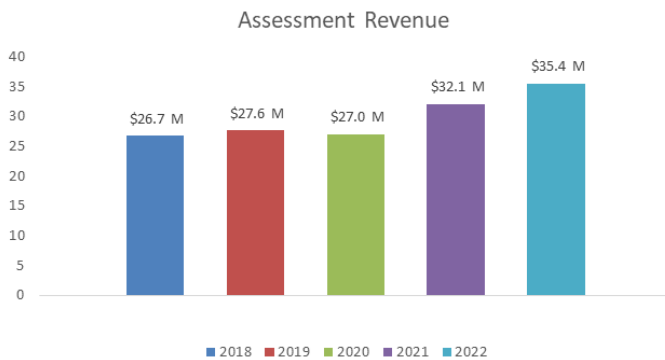
The net investment loss in 2022 was \$24 million versus net investment income of \$27 million in 2021, a decrease of \$51 million.



In 2022, the Fund's investments declined due to poor equity markets and poor fixed income returns, ending the year with an overall negative return of 9.5%. The four-year annualized return dropped from 7.9% to 5.5%. At December 31, 2022, the investment portfolio's asset mix was 43% fixed income and 57% equities. Bonds had one of the worst years on record, posting a loss of 10.3% as central banks dramatically increased interest rates, pushing the value of bonds downward. Equities recorded a loss of 8.9% for the year.

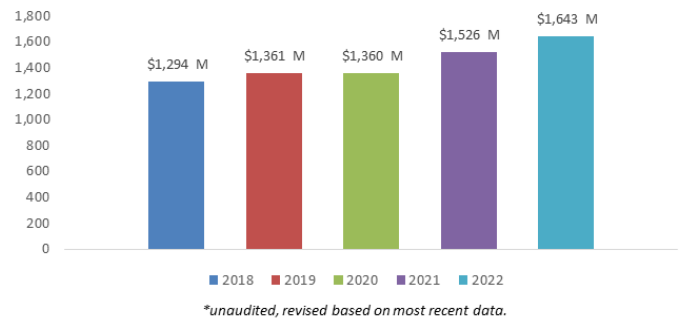


Assessment revenue in 2022 was \$35.4 million versus \$32.1 million in 2021, a 10% increase, primarily due to an overall increase in assessable payroll. The average collected assessment premium rate has remained relatively stable year over the year, as in 2022 it was \$2.15.



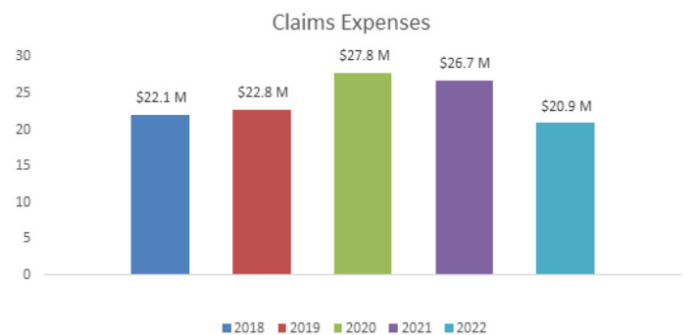
The increase in assessable payroll of 8% was related to an overall increase in economic activity in the Yukon in 2022. Although some sectors were not at their pre-pandemic levels, others continued to see steady growth. These include mining, construction, transportation and government. Also, there was an overall increase in registered employers from 3933 in 2021 to 4035 in 2022.

Assessable Payroll*

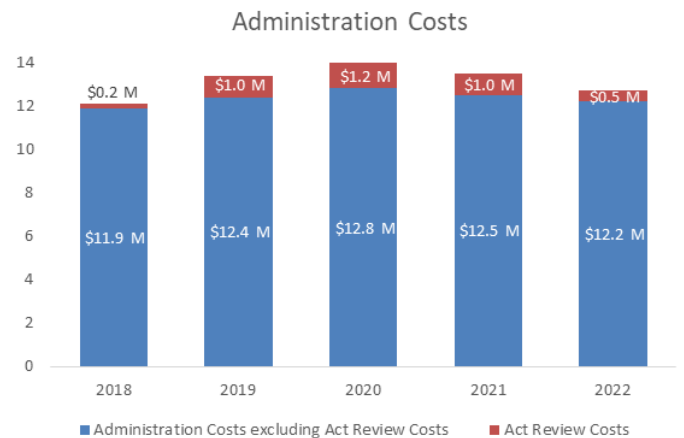


Expenses

Total claims expenses decreased to \$20.9 million in 2022 from \$26.7 million in 2021. The decrease was due to a number of factors including an increase in the discount rate and a decrease in the occupational disease costs.



Administration costs decreased to \$12.7 million in 2022 from \$13.5 million in 2021. This decrease was mainly attributed to staffing vacancies throughout the year.



Balance sheet

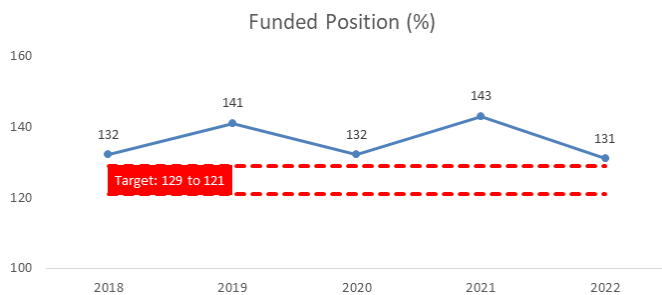
At the end of each fiscal year, the Board's actuary calculates the benefits liability for all injuries that have occurred to date. This liability represents the actuarial present value of all future benefits and related administration costs. As at December 31, 2022, this liability was \$178 million, an increase of less than 1% over the previous year. The main driver of the lower than expected increase was the revised discount rate assumption, which was increased from 5.15% to 5.65%.

The total assets of the Fund decreased by \$21.6 million, or 8%, in 2022. This increase was attributable to the decline in the investments caused by losses which were fuelled by the dramatic increases in interest rates in 2022.

Funded position

The funding ratio is calculated by dividing the total assets by the total liabilities. Like a pension plan, the Fund must have adequate assets to ensure that benefits can be provided to injured workers both now and well into the future. Reserves are necessary to ensure that the Board can minimize rate volatility, protect the Fund from unforeseen catastrophic events and preserve capital during large downturns in financial markets.

As at December 31, 2022, the funding ratio was 131%, down from 143% in 2021, due to poor investment returns in 2022.



Significant changes in accounting standards

IFRS 17 *Insurance Contracts*, effective January 1, 2023, will have an impact on the Board's financial statements. The areas expected to be impacted are the benefits liability on the Statement of Financial position, presentation and disclosure of the financial statements. Work on these changes began in 2021 and will continue throughout the next year.

Implementation of the new Act

The organization implemented the new *Workers' Safety and Compensation Act*, which came into effect July 1, 2022. Changes to the Act include expanding the eligible listed diseases (cancers) for firefighters; expanding the post-traumatic stress disorder presumption to cover all workers, subject to certain conditions being met; removing the reduction of earnings loss benefits relating to disability benefits paid to a worker for a work-related injury under the Canada and Quebec pension plan legislation; expanding the period of eligibility for earnings loss benefits for older workers; and increasing the loss of earnings benefits for low-income workers.

A year of volatility and uncertainty

In terms of COVID-19, 2022 started with a new wave of cases related to the Omicron variant. Along with this, supply chains were failing and inflation was rising, which accelerated when the war in Ukraine started. Interest rates increased drastically as central banks tried to beat down inflation and markets dropped. On top of this, large numbers of people left the workforce and labor shortages were common in all sectors.

Future outlook

As we progress into 2023, the Board continues to face challenges in a rapidly changing and volatile fiscal environment. During such times, it is important for organizations to have the resiliency and resources to meet the challenges and opportunities that will occur in the next few years. Fortunately, the Fund is in a very strong financial position which has allowed it to weather the worst financial downturn in over a decade. This financial strength has provided stable rates for employers, allowed for legislated improvements in benefits to injured workers and ensured that future obligations to injured workers will be met. Our financial strength continues to allow the organization to help monitor the safety of all Yukon workplaces.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

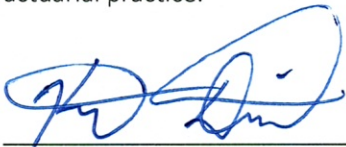
The management of the Workers' Safety and Compensation Board - Yukon (the "Board") is responsible for establishing and maintaining a system of books, records, internal controls and management practices designed to provide reasonable assurance that reliable financial information is produced on a timely basis; Compensation Fund assets are safeguarded and controlled; transactions of the Compensation Fund are in accordance with relevant legislation, regulations and Board policies; the Fund'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, including any amounts that must of necessity be based on management's best estimates, experience and judgement. Management is responsible for preparing the accompanying financial statements in accordance with International Financial Reporting Standards. Other financial information included in the Annual Report is consistent with these financial statements.

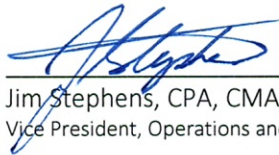
Members of the Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board of Directors exercises its responsibilities through the Finance, Investment, and Audit Committee (the "Committee"). The Committee meets 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 her opinion on the financial statements. She also considers whether the transactions that come to her notice in the course of the audit are, in all significant respects, in accordance with specified legislation.

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



Kurt Dieckmann, MBA, CRSP
President and Chief Executive Officer



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

April 18, 2023

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, 2022 (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. The economic assumptions are consistent with the funding and investment policies of the board.
3. The methods used are appropriate for the purpose of the valuation and are in accordance with accepted actuarial practice for workers' compensation organizations in Canada.
4. The estimate of the actuarial liabilities as at the valuation date is \$179,868,583. This amount consists of \$178,008,712 for the benefit liability and \$1,859,870 for the Provisional Pensioners liability. 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 Retirement benefit. It does not include any accrued liability for claims arising from self-insured accounts.
5. The liability as at the valuation date for Retirement 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' Safety and Compensation Act and on the board's policies and practices in effect on the valuation date.



Sekayi Campbell, F.C.I.A.

This report has been peer reviewed by Crispina Caballero, F.C.I.A.



INDEPENDENT AUDITOR'S REPORT

To the Workers' Safety and Compensation Board, board of directors and Minister responsible for the Compensation Fund

Opinion

We have audited the financial statements of the Compensation Fund, which comprise the statement of financial position as at 31 December 2022, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Compensation Fund as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Compensation Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Compensation Fund’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Compensation Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



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

Edmonton, Canada
18 April 2023

Compensation Fund
Statement of Financial Position
As at December 31 (in thousands of Canadian dollars)

	2022	2021 (Note 19)
Assets		
Cash	\$ 8,898	\$ 7,008
Accounts receivable (Note 6)	3,427	3,187
Prepaid expenses	415	310
Investments (Note 7)	221,363	244,798
Property and equipment (Note 8)	10,123	9,992
Intangible assets (Note 9)	2,494	3,067
Total assets	\$ 246,720	\$ 268,362
Liabilities		
Accounts payable and accrued liabilities (Note 10)	\$ 4,134	\$ 4,981
Surplus distributions payable (Note 14)	-	22
Other provisions (Note 11)	1,859	1,877
Benefits liability (Note 12)	178,010	177,398
Employee benefits (Note 13)	3,685	3,927
Total liabilities	187,688	188,205
Funded Position (Equity)		
Reserves (Note 14)	59,032	80,157
Total equity	59,032	80,157
Total liabilities and equity	\$ 246,720	\$ 268,362

Commitments and Contingencies (Notes 16 and 18)

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

Approved by the Workers' Safety and Compensation Board

Mark Pike, Chair

Compensation Fund
Statement of Operations and Comprehensive Income
For the year ended December 31 (in thousands of Canadian dollars)

	2022	2021 (Note 19)
Revenue and Income		
Assessment revenue	\$ 35,357	\$ 32,085
Net investment income (loss) (Note 7)	(24,003)	26,960
Recoveries and other receipts	1,993	1,048
	13,347	60,093
Expenses		
Claims expenses (Note 12)	20,908	26,674
Administration (Note 17)		
General and administration	9,421	9,712
Occupational health and safety	2,152	2,188
Act and regulation amendments	512	965
Workers' advocate	361	330
Employer advisor	91	146
Appeal tribunal	210	117
Other provisions (Note 11)	100	130
Prevention	799	677
	34,554	40,939
Net (deficit) surplus	\$ (21,207)	\$ 19,154
Other comprehensive income		
All items presented in other comprehensive income will not be reclassified to net (deficit) surplus in subsequent periods:		
Actuarial gain on post-employment benefits (Note 13)	82	91
Total comprehensive (loss) income	\$ (21,125)	\$ 19,245

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

Compensation Fund
Statement of Changes in Funded Position (Equity)
For the year ended December 31 (in thousands of Canadian dollars)

	Stabilization Reserve <small>(Note 19)</small>	Adverse Events Reserve <small>(Note 19)</small>	Total
Balance at January 1, 2021	\$ 34,778	\$ 26,134	\$ 60,912
Net surplus for 2021	19,154	-	19,154
Other comprehensive gain	91	-	91
Total comprehensive income for 2021	19,245	-	19,245
Transfer to Adverse Events Reserve	(799)	799	-
Balance at December 31, 2021	\$ 53,224	\$ 26,933	\$ 80,157
Net deficit for 2022	(21,207)	-	(21,207)
Other comprehensive gain	82	-	82
Total comprehensive loss for 2022	(21,125)	-	(21,125)
Transfer to Adverse Events Reserve	(300)	300	-
Balance at December 31, 2022	\$ 31,799	\$ 27,233	\$ 59,032

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

Compensation Fund**Statement of Cash Flows**For the year ended December 31 (in thousands of Canadian dollars)

	2022	2021
Operating activities		
Cash received from:		
Employers, for assessments	\$ 35,236	\$ 31,033
Investment revenue - interest	2,736	2,470
Investment revenue - dividends	2,658	2,665
Recoveries and other receipts	1,993	1,024
	42,623	37,192
Cash paid:		
To employers, for surplus distributions	(22)	(10,166)
For claims, claims administration and other provisions	(20,509)	(18,114)
To employees and suppliers, for administration and prevention	(13,861)	(12,909)
	(34,392)	(41,189)
Total cash provided by (used for) operating activities	8,231	(3,997)
Investing activities		
Net (purchases) sale of investments	(5,221)	7,700
Purchases of property and equipment	(665)	(1,056)
Purchases of intangible assets	(455)	(636)
Total cash (used for) provided by investing activities	(6,341)	6,008
Net increase in cash	1,890	2,011
Cash, beginning of year	7,008	4,997
Cash, end of year	\$ 8,898	\$ 7,008

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

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

1. Reporting Entity

The Compensation Fund (the “Fund”) is continued by the *Workers’ Safety and Compensation Act* (the “Act”). This new Act was passed on December 2, 2021 and came into effect July 1, 2022. The Act supersedes the *Workers’ Compensation Act* of Yukon and *Occupational Health and Safety Act* and regulations.

The Workers’ Safety and Compensation Board - Yukon (the “Board”) was continued under the Act. The Board’s mandate is to administer the Act and regulations and provide compensation benefits to workers who sustain work-related injuries. Annual assessments are levied on employers by applying their industry assessment rate to their actual or estimated payrolls for the year. Assessment and investment revenues pay for all claims, administration, other provisions and prevention expenses.

The Board’s office is located at 401 Strickland Street, Whitehorse, Yukon, Canada, with operations exclusively within the Yukon. The Board is exempt from income tax and the goods and services tax.

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 2022 financial statements on April 18, 2023.

Basis of measurement

These financial statements have been prepared on a historical cost basis, except for the following: investments classified as held-for-trading that are measured at fair value, and the benefits liability, other provisions and employee benefits which are both actuarially determined. The Fund’s functional currency is the Canadian dollar, which is the currency of the primary economic environment in which the Fund operates, and is also the presentation currency of the financial statements.

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

2. Statement of Compliance and Basis of Preparation (continued)

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 that 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

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

New and revised IFRS issued but not yet effective

The Board reviewed new or revised standards that were issued but yet not effective for 2022 and concluded that there would be no significant impact on the Fund's financial statements in the future as a result of these new or revised standards, except as follows:

IFRS 17 *Insurance Contracts*

The International Accounting Standards Board (IASB) issued IFRS 17 *Insurance Contracts* which will replace IFRS 4 *Insurance Contracts*. In June 2020, an amendment was issued to defer the effective date of IFRS 17 to annual periods beginning on or after January 1, 2023. The Board has elected to apply the deferral, therefore this standard will be effective for the year beginning on January 1, 2023, with a transition date of January 1, 2022.

The standard will affect how the Board accounts for insurance contracts and how financial performance is reported, presented in the Statement of Comprehensive Income, and disclosed in the notes to the financial statements.

The standard will have material impacts for the Board's financial reporting by introducing new recognition and measurement approaches for insurance revenue and liabilities. One of the most significant changes is the move to a market-based interest rate which is used to discount the future cash flows of the benefits liability which is expected to impact the benefits liability on the Statement of Financial Position at transition and is expected to cause greater fluctuations in reported income.

The Board is currently finalizing its quantification of the impact from adoption of this standard.

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

3. Application of New and Revised IFRS (continued)

IFRS 9 Financial Instruments

IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking expected credit loss impairment model. The standard was effective for annual periods beginning on or after January 1, 2018; however, amendments were issued to IFRS 4 that provided optional relief to eligible insurers in respect of IFRS 9. The Board evaluated its liabilities and concluded they were predominately connected with insurance. As the Board has not previously applied IFRS 9, the Board is an eligible insurer and, effective January 1, 2018, elected to apply the optional transitional relief under IFRS 4 permitting deferral of the adoption of IFRS 9.

In 2020, the temporary exemption from applying IFRS 9 was extended until annual reporting periods beginning on or after January 1, 2023, to coincide with the deferral of the effective date of IFRS 17. The Board will continue to apply IAS 39 *Financial Instruments: Recognition and Measurement* until the implementation of IFRS 17. The impact of applying IFRS 9 is not expected to have a material impact on the Fund's financial statements.

4. Significant Accounting Policies

The following is a summary of the Fund's significant accounting policies:

(a) Cash

For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash includes cash on hand, bank balances, net of any bank overdrafts and cash held by investment custodians for investment purposes.

Foreign currency transactions incurred within operating activities are translated based on the exchange rate at the time of the transaction. Any cash balances remaining in foreign currency bank accounts at year end are translated at the exchange rate in effect as of December 31 of that year. Any gains or losses incurred as a result of translations are recorded in the Statement of Operations and Comprehensive Income.

(b) Assessments, recoveries and other receipts

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 Government of Yukon pays certain claims costs to the Fund for claims prior to 1993 and reimburses the cost of supplementary benefits pursuant to the Yukon Workers' Compensation Supplementary Benefits Ordinance. Under the Ordinance, supplementary compensation benefits are granted 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.

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

4. Significant Accounting Policies (continued)

(b) Assessments, recoveries and other receipts (continued)

Effective January 1, 1993, all Government employees were covered by the Fund. The Government also reimburses the Fund for all claims costs associated with those injured workers, who are designated as workers employed by the Government under section 82 of the Act (note 15(a)).

(c) Recoveries from third parties

Since July 1, 2008, under section 51 of the 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 are paid to the worker. The amount recovered for past, present and future costs is used to pay for future claims benefits, which were previously expensed in accordance with actuarial calculations, and which were previously incorporated in the benefits liability.

Recoveries from third parties are recognized when their receipt is virtually certain and the amount can be reliably measured. They are recorded as a recovery in the year they are recognized. 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.

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.

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

4. Significant Accounting Policies (continued)

(d) Financial instruments (continued)

Other financial assets and liabilities

Accounts receivable are classified as loans and receivables. Accounts payable and accrued liabilities, 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, accounts payable and accrued liabilities, 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 that have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: Techniques that use inputs which have a significant effect on the recorded fair value which 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 as of the date of the event or change in circumstances that cause the transfer. There were no such transfers between levels in 2022 (2021 – No transfers).

Impairment of financial assets

The carrying amount of accounts receivable 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 net surplus or deficit.

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.

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

4. Significant Accounting Policies (continued)

(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 and fixtures	10 – 75 years
Furniture and equipment	5 – 15 years
Computer equipment	5 – 7 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 are 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 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 – 25 years
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The estimated useful life and amortization period is reviewed at each year end and any change in estimate is made on a prospective basis.

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

4. Significant Accounting Policies (continued)

(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 are 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, 2022, 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.

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

4. Significant Accounting Policies (continued)

(i) Other provisions

Other provisions relate to certain claims that occurred prior to 1993, were transferred to the Fund, and were prepaid by the Government of Yukon. Provisions for these claims are determined annually and represent the actuarial present value of all future benefits expected to be paid. Claimants received fixed monthly payments that are indexed on an annual basis. The estimated duration over which payments will be made is set based on the life expectancy of the claimants.

Assumptions required to calculate other provisions include estimates of future inflation, interest rates and mortality rates. Experience adjustments are recognized in net surplus or deficit as incurred.

(j) 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 retirement benefit:

- Medical aid includes benefits for medical aid, emergency transportation, traditional Aboriginal healing, death and funeral expenses, lump sum payments for permanent impairment, and rehabilitation assistance.
- Compensation includes income amounts that are paid to all eligible workers who suffer a work-related injury, incapacity or occupational disease that has resulted in a loss of earnings.
- Pension 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.
- Retirement benefits includes annuity benefits for workers who have received compensation for the same disability for at least 24 months. An amount equal to 10 per cent 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.

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

4. Significant Accounting Policies (continued)

(k) 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 net surplus or deficit 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 multi-employer contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both 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.

(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. Surplus distributions that are approved but not issued are recorded as payable when an obligation exists, 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.

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

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 and recommending changes to the Investment Policy. 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 and selection of investment managers. 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, 2022.

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 not held for investing purposes is held on deposit with the Government of Yukon'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 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-22	31-Dec-21
Fixed Income Securities	\$ 31,433	\$ 22,993	\$ 21,573	\$ 7,463	\$ 83,462	\$ 93,516

The Fund's exposure to credit risk associated with its accounts 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 is \$3,427,000 (2021 – \$3,187,000).

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

5. Risk Management (continued)

An estimated allowance for doubtful accounts has been recorded for accounts receivable that may not be collectible as at the reporting date. The amounts disclosed on the Statement of Financial Position are net of these allowances for doubtful accounts. At December 31, 2022, there were no accounts receivable that were past due but not impaired. The Board takes into consideration payment and collections history, and the current economic environment in which the Board 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 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, 2022, approximately 86% (2021 – 91%) of accounts receivable were outstanding for less than 90 days. The Board does not require collateral or other security from employers or customers for accounts 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 \$10,000,000 if needed. As of December 31, 2022, the Fund had used \$nil of the overdraft coverage (2021 – \$nil).

The Fund's accounts payable and accrued liabilities had a carrying value of \$4,134,000 as at December 31, 2022 (2021 – \$4,981,000) and were all payable within a year.

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

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

5. Risk Management (continued)

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 locations, and by limiting the concentration in any single entity to 15 per cent 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-22	31-Dec-21
Equities				
Canadian	0%	25%	18.1%	18.7%
United States	0%	25%	21.7%	22.0%
International	0%	25%	17.6%	18.6%
Fixed income				
Short-term investments	0%	10%	4.8%	2.5%
Bonds	35%	85%	37.8%	38.2%
			100.0%	100.0%

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

	31-Dec-22		31-Dec-21	
	-10%	-20%	-10%	-20%
Equities				
Canadian	\$ (4,005)	\$ (8,010)	\$ (4,579)	\$ (9,159)
United States	(4,796)	(9,592)	(5,386)	(10,771)
International	(3,878)	(7,755)	(4,561)	(9,121)
Total impact on operating results and equity	\$ (12,679)	\$ (25,357)	\$ (14,526)	\$ (29,051)

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.

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

5. Risk Management (continued)

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 on operating results and equity of a 50 and 100 basis point ("bp")¹ adverse change in the nominal interest rate on the fair value of the bond portfolio.

Positive bp change in nominal interest rate	31-Dec-22		31-Dec-21	
	+50bp	+100bp	+50bp	+100bp
Bonds	\$ (2,928)	\$ (5,856)	\$ (3,376)	\$ (6,752)
Total impact on operating results and equity	\$ (2,928)	\$ (5,856)	\$ (3,376)	\$ (6,752)

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

In the event the nominal interest rates decrease by 50 and 100 basis points, the impact will be equal and opposite to the above stated values.

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 ¹				31-Dec-22	31-Dec-21
	< 1 year	1 - 5 years	5 - 10 years	> 10 years		
Bonds	\$ 8,595	\$ 28,348	\$ 20,495	\$ 26,024	\$ 83,462	\$ 93,516
Average effective yield	2.72%	3.72%	3.64%	4.12%	3.72%	1.83%

(1) Maturity is defined as the earliest a bond can be redeemed without penalty by the bond issuer.

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.

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, Euro, British pound, Japanese yen, Hong Kong dollar and Swiss franc.

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

5. Risk Management (continued)

The Fund held foreign currency denominated holdings, at fair value, as follows:

Currency	31-Dec-22	31-Dec-21
US Dollar	\$ 52,918	\$ 58,241
Euro	\$ 16,788	\$ 15,956
British Pound	\$ 5,546	\$ 6,891
Japanese Yen	\$ 4,304	\$ 6,382
Swiss Franc	\$ 4,702	\$ 5,267
Hong Kong Dollar	\$ 2,215	\$ 2,960

The sensitivity analysis below presents the effect on operating results and equity of a 10 per cent appreciation in the Canadian dollar as compared to the US dollar, Euro, British pound, Japanese yen, Hong Kong dollar and Swiss franc.

Currency	31-Dec-22	31-Dec-21
US Dollar	\$ (4,811)	\$ (5,295)
Euro	\$ (1,526)	\$ (1,451)
British Pound	\$ (504)	\$ (626)
Japanese Yen	\$ (391)	\$ (580)
Swiss Franc	\$ (427)	\$ (479)
Hong Kong Dollar	\$ (201)	\$ (269)

In the event there is a 10 per cent depreciation in the Canadian dollar, the impact will be equal and opposite to the above stated values.

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

6. Accounts Receivable

	31-Dec-22	31-Dec-21
Assessments		
Assessed and due from employers	\$ 3,263	\$ 3,127
Allowance for doubtful accounts	(164)	(156)
	\$ 3,099	\$ 2,971
Other		
Other receivables and recoveries	\$ 356	\$ 243
Allowance for doubtful accounts	(28)	(27)
	\$ 328	\$ 216
	\$ 3,427	\$ 3,187

Included in other receivables and recoveries are amounts due from related parties, which are disclosed in note 15.

Reconciliation of allowance for doubtful accounts

The allowance for doubtful accounts is a provision for potential credit losses and amounts are subsequently written off once reasonable collection efforts have been made. The allowance details are as follows:

	31-Dec-22	31-Dec-21
Balance, beginning of year	\$ 183	\$ 159
Allowance written off	(30)	(21)
Recoveries and other adjustments	(12)	(4)
Current year provision	51	49
Balance, end of year	\$ 192	\$ 183

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

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-22 Fair Value	31-Dec-21 Fair Value
Fixed-term securities		
Federal bonds	\$ 28,359	\$ 34,300
Provincial bonds	21,779	22,806
Corporate bonds	33,156	36,410
Municipal bonds	168	-
	83,462	93,516
Equities		
Canadian	40,052	45,793
United States	47,961	53,856
International	38,777	45,606
	126,790	145,255
Other investments		
Short-term investments	10,697	5,701
Accrued interest receivable	589	493
	11,286	6,194
Investments, subtotal	221,538	244,965
Management fee accrual	(175)	(167)
Total investments	\$ 221,363	\$ 244,798

The total funds held by investment custodians is \$221,456 (2021 - \$245,403) which includes the investments above and cash on account of \$93 (2021 - \$605).

Net investment (loss) income consisted of the following:

	31-Dec-22	31-Dec-21
Interest	\$ 2,826	\$ 2,463
Dividends	2,610	2,665
Realized gains in the year	4,307	14,876
Unrealized gain (loss) in fair value in the year	(32,997)	7,755
Investment fees	(749)	(799)
Net investment (loss) income for the year	\$ (24,003)	\$ 26,960

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

7. Investments (continued)

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:

Level 1 classification reflects public daily market or quote pricing in active markets.

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.

Level 3 classification is used when a security has no public pricing and poor to non-existent liquidity.

As at December 31, 2022, the Fund held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
Other	\$ 412	\$ -	\$ -	\$ 412
Short-term investments	10,697	-	-	10,697
Bonds	10,465	72,998	-	83,463
Equities	55,240	-	-	55,240
Pooled funds	-	71,551	-	71,551
Total investments	\$ 76,814	\$ 144,549	\$ -	\$ 221,363

As at December 31, 2021, the Fund held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
Other	\$ 326	\$ -	\$ -	\$ 326
Short-term investments	5,701	-	-	5,701
Bonds	19,264	74,252	-	93,516
Equities	65,754	-	-	65,754
Pooled funds	-	79,501	-	79,501
Total investments	\$ 91,045	\$ 153,753	\$ -	\$ 244,798

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

8. Property and Equipment

A reconciliation of the changes in the carrying amount of property, plant and equipment is as follows:

	Land	Buildings & Fixtures	Furniture & Equipment	Computer & Equipment	Assets under Construction	Total
Cost						
At January 1, 2021	\$ 1,045	\$ 10,658	\$ 1,555	\$ 1,160	\$ 159	\$ 14,577
Additions	759	50	48	144	6	1,007
Disposals	-	-	(97)	(67)	-	(164)
Transfers	-	123	-	-	(123)	-
At December 31, 2021	\$ 1,804	\$ 10,831	\$ 1,506	\$ 1,237	\$ 42	\$ 15,420
Depreciation						
At January 1, 2021	\$ -	\$ 3,137	\$ 1,180	\$ 750	\$ -	\$ 5,067
Depreciation	-	265	106	139	-	510
Disposals	-	-	(82)	(67)	-	(149)
At December 31, 2021	\$ -	\$ 3,402	\$ 1,204	\$ 822	\$ -	\$ 5,428
Net Book Value						
At December 31, 2021	\$ 1,804	\$ 7,429	\$ 302	\$ 415	\$ 42	\$ 9,992
Cost						
At January 1, 2022	\$ 1,804	\$ 10,831	\$ 1,506	\$ 1,237	\$ 42	\$ 15,420
Additions	-	72	117	385	112	686
Disposals	-	-	(81)	(9)	-	(90)
At December 31, 2022	\$ 1,804	\$ 10,903	\$ 1,542	\$ 1,613	\$ 154	\$ 16,016
Depreciation						
At January 1, 2022	\$ -	\$ 3,402	\$ 1,204	\$ 822	\$ -	\$ 5,428
Depreciation	-	292	41	201	-	534
Disposals	-	-	(60)	(9)	-	(69)
At December 31, 2022	\$ -	\$ 3,694	\$ 1,185	\$ 1,014	\$ -	\$ 5,893
Net Book Value						
At December 31, 2022	\$ 1,804	\$ 7,209	\$ 357	\$ 599	\$ 154	\$ 10,123

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

9. Intangible Assets

A reconciliation of the changes in the carrying amount of intangible assets is as follows:

	Internal Software Development Costs ⁽¹⁾	Software Systems Under Development	Software Costs	Total
Cost				
At January 1, 2021	\$ 9,869	\$ 57	\$ 1,158	\$ 11,084
Additions	247	254	112	613
Transfers	-	(57)	57	-
At December 31, 2021	\$ 10,116	\$ 254	\$ 1,327	\$ 11,697
Amortization				
At January 1, 2021	\$ 6,860	\$ -	\$ 934	\$ 7,794
Depreciation	725	-	111	836
At December 31, 2021	\$ 7,585	\$ -	\$ 1,045	\$ 8,630
Net Book Value				
At December 31, 2021	\$ 2,531	\$ 254	\$ 282	\$ 3,067
Cost				
At January 1, 2022	\$ 10,116	\$ 254	\$ 1,327	\$ 11,697
Additions	372	-	76	448
Transfers	254	(254)	-	-
At December 31, 2022	\$ 10,742	\$ -	\$ 1,403	\$ 12,145
Amortization				
At January 1, 2022	\$ 7,585	\$ -	\$ 1,045	\$ 8,630
Depreciation	894	-	127	1,021
At December 31, 2022	\$ 8,479	\$ -	\$ 1,172	\$ 9,651
Net Book Value				
At December 31, 2022	\$ 2,263	\$ -	\$ 231	\$ 2,494

⁽¹⁾ Included in internal software development costs is the claims management system which has a net book value of \$1,039,000 (2021 – \$1,194,000) and a remaining amortization period of 3 years.

System research and analysis costs expensed in 2022 were \$15,542 (2021 – \$5,000).

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

10. Accounts Payable and Accrued Liabilities

	31-Dec-22	31-Dec-21
Assessments refundable	\$ 2,161	\$ 2,147
Other payables and accrued liabilities	1,973	2,834
	\$ 4,134	\$ 4,981

Included in other payables and accrued liabilities are amounts due to related parties, which are disclosed in note 15.

11. Other Provisions

Prior to 1993, the Government of Yukon did not pay assessment fees and prepaid certain claims. The amount prepaid was equal to the estimated lifetime cost of the claims. The claimants receive fixed monthly payments that are indexed on an annual basis. The estimated duration over which payments will be made is set based on the life expectancy of the claimants.

	31-Dec-22
Balance, beginning of year (note 19)	\$ 1,877
Amount charged against the provision during the year	100
Effect of discounting	(118)
Balance, end of year	\$ 1,859

12. Benefits Liability

	Medical Aid	Compensation	Pension	Retirement Benefit	Occupational Disease Provision	Total
Balance, January 1, 2022	\$26,679	\$ 84,538	\$ 35,286	\$ 9,572	\$ 21,323	\$ 177,398
Add claims costs incurred:						
Current year injuries	5,899	13,406	227	-	-	19,532
Prior years' injuries	(556)	(219)	2,081	-	70	1,376
	\$ 5,343	\$ 13,187	\$ 2,308	\$ -	\$ 70	\$ 20,908
Less claims payments made:						
Current year injuries	2,977	2,134	-	-	-	5,111
Claims management	446	320	-	-	-	766
Prior years' injuries	3,382	6,782	2,407	44	-	12,615
Claims management	507	936	361	-	-	1,804
	\$ 7,312	\$ 10,172	\$ 2,768	\$ 44	\$ -	\$ 20,296
Balance, December 31, 2022	\$24,710	\$ 87,553	\$ 34,826	\$ 9,528	\$ 21,393	\$ 178,010

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

12. Benefits Liability (continued)

	Medical Aid	Compensation	Pension (Note 19)	Retirement Benefit	Occupational Disease Provision	Total (Note 19)
Balance, January 1, 2021	\$27,401	\$ 80,022	\$ 34,000	\$ 9,651	\$ 17,660	\$ 168,734
Add claims costs incurred:						
Current year injuries	6,103	10,881	1,927	-	-	18,911
Prior years' injuries	(827)	2,985	1,942	-	-	4,100
Latent occupational disease provision	-	-	-	-	3,663	3,663
	\$ 5,276	\$ 13,866	\$ 3,869	\$ -	\$ 3,663	\$ 26,674
Less claims payments made:						
Current year injuries	2,731	1,549	-	-	-	4,280
Claims management	410	232	-	-	-	642
Prior years' injuries	2,484	6,663	2,246	79	-	11,472
Claims management	373	906	337	-	-	1,616
	\$ 5,998	\$ 9,350	\$ 2,583	\$ 79	\$ -	\$ 18,010
Balance, December 31, 2021	\$ 26,679	\$ 84,538	\$ 35,286	\$ 9,572	\$ 21,323	\$ 177,398

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

	31-Dec-22	31-Dec-21 (Note 19)
Balance, beginning of year	\$ 177,398	\$ 168,734
Add:		
Provision for current year's claims	13,655	13,989
Presumptive firefighter coverage expansion	-	3,159
Interest allocated	8,429	7,907
Experience gain	(7,056)	(3,303)
	\$ 15,028	\$ 21,752
Deduct:		
Payments for prior years' claims	\$ 14,416	\$ 13,088
Balance, end of year	\$ 178,010	\$ 177,398

(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.

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

12. Benefits Liability (continued)

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

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. 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 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.

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

12. Benefits Liability (continued)

(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:

	31-Dec-22	31-Dec-21
Up to 1 year	5%	5%
Over 1 year and up to 5 years	17%	15%
Over 5 years and up to 10 years	19%	18%
Over 10 years	59%	62%
	100%	100%

(g) Actuarial assumptions and methods

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

	31-Dec-22	31-Dec-21
Discount rate for medical aid benefits - net ^(1,3,4)	0.90%	0.40%
Discount rate for compensation benefits - net ^(2,3,4)	3.40%	2.90%
Discount rate for survivor and other pension benefits - net ^(2,4)	3.40%	2.90%

(1) Net of discount rate attributable to inflation of 4.75% (2021 – 4.75%).

(2) Net of discount rate attributable to inflation of 2.25% (2021 – 2.25%).

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

(4) Net gross discount rate is 5.65% (2021 – 5.15%).

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.

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

12. Benefits Liability (continued)

(g) Actuarial assumptions and methods (continued)

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 affected by professional judgement 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, 2022. 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, 2022. 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 10 per cent benefit 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 2016 and prior, including future inflationary adjustments, for individuals still in receipt of a long-term loss of earnings award at December 31, 2022. 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 10 per cent benefit 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, 2022. 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.

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

12. Benefits Liability (continued)

(g) Actuarial assumptions and methods (continued)

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, 2022. These future awards are in respect of all claims arising from injuries which occurred on or before December 31, 2022. 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, 2022. A provision with respect to the 10 per cent benefit 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. This provision also covers the firefighter presumptive clause which included additional cancers as of December 2, 2021, the assent of the new Act and corresponding changes to the prior Act.

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, 2022 is 17% (December 31, 2021 – 15%) and is applied to all liability components with the exception of the retirement benefit 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 increase/(decrease) in the benefits liability for experience gains or losses as at December 31 were:

	31-Dec-22	31-Dec-21
Change in runoff factors	\$ (3,511)	\$ (585)
Update of inflation	1,125	1,035
Other changes in actuarial assumptions	(2,533)	290
Update discount rate	(6,277)	-
Update administration expenses	3,024	-
	\$ (8,172)	\$ 740
Unfavourable (favourable) claims experienced during year	666	(3,391)
	\$ (7,506)	\$ (2,651)
Actual versus expected claims paid on prior years' injuries	450	(652)
	\$ (7,056)	\$ (3,303)

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

12. Benefits Liability (continued)

(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 14% (2021 – 15%) of the benefits liability. A change in the assumed excess medical inflation rate (above the assumed inflation rate) and the net discount rate would result in a change in claims expense and the benefits liability as follows:

Percentage change in assumed rates	31-Dec-22		31-Dec-21	
	+1%	-1%	+1%	-1%
Increase (decrease) from change in net discount rate	\$ (13,204)	\$ 16,964	\$ (14,973)	\$ 17,761
Increase (decrease) from change in excess medical inflation rate	\$ 1,310	\$ (3,565)	\$ 4,018	\$ (2,598)

(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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
At end of accident year	24,513	24,789	19,067	18,600	21,347	25,921	21,877	21,869	28,488	27,090	
One year later	20,973	25,327	19,126	25,298	21,507	26,159	23,627	20,864	29,341		
Two years later	20,821	25,644	20,206	25,960	21,396	26,454	24,671	21,574			
Three years later	20,327	25,866	17,997	25,536	21,396	27,147	25,051				
Four years later	20,675	29,726	17,221	25,446	21,578	27,188					
Five years later	18,187	30,928	16,992	26,207	24,348						
Six years later	16,250	32,213	18,297	29,871							
Seven years later	15,850	30,324	17,981								
Eight years later	16,007	29,598									
Nine years later	16,009										
Cumulative Payments											
At end of accident year	3,438	3,757	3,801	3,879	4,129	4,094	3,821	3,319	4,226	4,827	
One year later	5,113	6,590	6,081	6,673	6,654	6,662	6,323	5,256	7,127		
Two years later	5,910	7,890	6,773	7,856	7,717	7,959	7,614	6,107			
Three years later	6,394	9,018	7,225	8,478	8,332	8,644	8,164				
Four years later	6,719	9,870	7,590	9,340	8,843	9,364					
Five years later	6,840	10,623	7,899	9,971	9,451						
Six years later	7,055	11,173	8,205	10,468							
Seven years later	7,246	11,708	8,481								
Eight years later	7,443	12,211									
Nine years later	7,649										
Estimate of Future Payments	8,360	17,387	9,500	19,403	14,897	17,823	16,886	15,467	22,214	22,263	164,201
2012 and prior claims											93,485
Effect of Discounting											(121,735)
Effect of Admin Expenses											20,665
Effect of Occupational Disease Liability											<u>21,394</u>
Balance Sheet Liability											<u>\$ 178,010</u>

During the year ended December 31, 2022, 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.

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

13. Employee Benefits

	31-Dec-22	31-Dec-21
Short-term employee benefits	\$ 744	\$ 798
Other long-term employee benefits (a)	1,159	1,200
Post-employment benefits (b)	1,782	1,929
	\$ 3,685	\$ 3,927

Short-term benefits included in the above amounts are expected to be paid within the next 12 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-22	31-Dec-21
Long service vacation benefits	\$ 44	\$ 50
Accumulating sick and special leave benefits	1,115	1,150
	\$ 1,159	\$ 1,200

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

	31-Dec-22	31-Dec-21
Benefits, beginning of year	\$ 1,200	\$ 1,221
Current service cost	95	100
Payments made during the year	(50)	(71)
Interest cost	32	23
Other changes	(79)	(71)
Actuarial gain	(39)	(2)
Benefits, end of year	\$ 1,159	\$ 1,200

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

13. Employee Benefits (continued)

(a) Other long-term employee benefits (continued)

Actuarial gain remeasurements:

	31-Dec-22	31-Dec-21
Effect of changes in financial assumptions	\$ (39)	\$ (56)
Effect of changes in demographic assumptions	-	54
Remeasurements gain in surplus or deficit	\$ (39)	\$ (2)

(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.

Beginning January 1, 2020, management employees are no longer eligible to receive any further accruals related to severance payable on resignation or retirement. Severance entitlements accrued up to December 31, 2019, are payable upon resignation or retirement.

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

	31-Dec-22	31-Dec-21
Benefits, beginning of year	\$ 1,929	\$ 2,010
Current service cost	97	108
Payments made during the year	(382)	(230)
Interest cost	48	38
Other changes	172	94
Actuarial gain	(82)	(91)
Benefits, end of year	\$ 1,782	\$ 1,929

Actuarial gain remeasurements:

	31-Dec-22	31-Dec-21
Effect of changes in financial assumptions	\$ (82)	\$ (91)
Remeasurement gain in OCI	\$ (82)	\$ (91)

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

13. Employee Benefits (continued)

(b) Post-employment Benefits (continued)

(i) Retirement and Severance Benefit (continued)

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 5.00% (2021 – 2.60%) is selected by reference to a spot curve at the valuation date of high-quality corporate and provincial 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 3.0% for 2022 (2021 - 2.0%) and 2.25% for 2023 and beyond (2021 - 2% for 2022 and beyond) based on management's best estimate.

The expected Fund contributions for retirement and severance for the next year are \$355,000 (2021 – \$461,000). The weighted average duration of the retirement and severance benefit is 7.1 years (2021 – 6.6 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:

Percentage change in assumed rates	31-Dec-22		31-Dec-21	
	+1%	-1%	+1%	-1%
Increase (decrease) from change in discount rate	\$ (103)	\$ 116	\$ (116)	\$ 132
Increase (decrease) from change in wage inflation rate	\$ 117	\$ (105)	\$ 132	\$ (118)

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.

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

13. Employee Benefits (continued)

(b) Post-employment Benefits (continued)

(iii) Public Service Pension Plan

Substantially all of the employees of the Board are covered by the Public Service Pension Plan (the "Plan"), a multi-employer contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both 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:

Contribution rate for the year	31-Dec-22		31-Dec-21	
	Up to Maximum	Above Maximum	Up to Maximum	Above Maximum
For employees eligible before January 1, 2013	1.02	5.91	1.01	3.59
For employees eligible after January 1, 2013	1.00	5.91	1.00	3.59
Maximum salary limit	\$ 191,300	No limit	\$ 181,600	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 per cent 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:

	31-Dec-22	31-Dec-21
Employees' contributions	\$ 801	\$ 849
Fund contributions	\$ 812	\$ 853

The expected contributions to the Plan for the next year are \$836,000 (2021 – \$734,000) employee contributions and \$879,000 (2021 – \$780,000) 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 \$1,143,000 in 2022 (2021 – \$1,143,000).

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

14. Capital Management, Surplus Distributions and Reserves

(a) Capital management

The *Workers' Safety and 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, 2022, the Funding Ratio was 131% (2021 – 143%). Management's funding target ratio is between 121% and 129%, 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, and other liabilities, including the cost of administration.

(b) Surplus Distributions

In 2022, no surplus distribution was approved (2021 - no surplus distribution). In 2022 and 2021, no recoveries occurred related to previously approved surplus distributions.

Reconciliation of surplus distributions payable:

	31-Dec-22	31-Dec-21
Surplus distributions payable, beginning of year	\$ 22	\$ 10,220
Amounts paid for prior year surplus distributions	-	(10,166)
Prior year surplus distributions adjustments	(22)	(32)
Surplus distributions payable, end of year	\$ -	\$ 22

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

14. Capital Management, Surplus Distributions and Reserves (continued)

(c) Reserves

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

(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 10 per cent of the benefits liability. In 2021, the benefits liability was \$178,010,000 (2021 – \$177,398,000 - note 19). The target was \$17,801,000 as at December 31, 2022 (2021 – \$17,739,000 - note 19). The operating range for this reserve is determined as the target-level balance plus or minus three and a half per cent of the benefits liability. At December 31, 2022, the Stabilization Reserve had a balance of \$31,799,000 (2021 – \$53,224,000 - note 19).

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 5 years from the year in which the deficiency or surplus arose.

(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. In addition, latent occupational disease costs may be charged to this reserve. No such charges occurred in 2022 and 2021.

In 2022, the target level for this reserve was \$27,233,000 (2021 – \$26,933,000 - note 19), which has been set at 100 times the maximum wage rate plus 10 per cent of the benefits liability and is calculated annually upon completion of the actuarial valuation of the benefits liability. This reserve is limited to its target level, and 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. Funds in excess of the target level are transferred to the Stabilization Reserve, with \$nil funds transferred in 2022 and 2021.

At December 31, 2022, the Adverse Events Reserve had a balance of \$27,233,000 (2021 – \$26,933,000 - note 19).

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

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 its departments, agencies and corporations. The Board enters into transactions with the Government and its related entities in the normal course of business, and the transactions are recorded at fair value.

Included in the Fund's accounts receivable and accounts payable as of December 31, 2022 are amounts owing to and from the Government and its related entities as follows:

	31-Dec-22	31-Dec-21
Due to the Government and its related entities	\$ (1,049)	\$ (2,278)
Due from the Government and its related entities	716	744
Net amount due	\$ (333)	\$ (1,534)

During 2022, the Compensation Fund paid the Government and its related entities \$398,000 (2021 – \$358,000) for computer, office supplies, payroll processing, recruitment and training. The Fund also reimbursed the Government for payroll costs of \$10,194,000 (2021 – \$10,938,000).

Revenues and recoveries from the Government and its related entities for the year ended December 31, 2022, totalled \$10,669,000 (2021 – \$10,205,000), including assessment premiums of \$9,859,000 (2021 – \$9,270,000), the Mine Safety Program Grant \$330,000 (2021 – \$330,000), and reimbursements for claims costs received from the Government of \$343,000 (2021 – \$326,000) (note 4(b)).

The Workers' Advocate Office operates independently from the Board and assists workers or dependants of workers in respect of claims for compensation. The approved budget of the Workers' Advocate shall be paid out of the Compensation Fund. In 2022, the Fund reimbursed the Government \$361,000 (2021 – \$330,000) for the Workers' Advocate Office expenses.

(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:

	31-Dec-22	31-Dec-21
Short-term employee compensation and benefits	\$ 1,473	\$ 1,452
Other long-term employee benefits	-	2
Post employment benefits	174	179
Total remuneration	\$ 1,647	\$ 1,633

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

15. Related Party Transactions (continued)

(b) Key management personnel (continued)

Contributions made to the Public Service Pension Plan by the Fund for key management personnel in 2022 were \$139,000 (2021 – \$132,000) and are included in post-employment benefits.

As at the reporting date, there were no business relationships, outstanding amounts or transactions other than compensation between the Fund and its key management personnel.

16. Commitments

As of December 31, 2022, the Fund had entered into the following contractual commitments for the next five years:

	Contribution agreements	Computer systems support	Professional services	Building maintenance	Other	Total
2023	\$ 1,456	\$ 72	\$ 432	\$ 123	\$ 68	\$ 2,151
2024	617	-	57	41	56	771
2025	629	-	-	10	11	650
2026	642	-	-	-	-	642
2027	655	-	-	-	-	655
Total	\$ 3,999	\$ 72	\$ 489	\$ 174	\$ 135	\$ 4,869

17. Administration Expenses

	31-Dec-22	31-Dec-21
Salaries and benefits	\$ 9,767	\$ 10,456
Consulting and professional	1,255	1,295
Amortization - intangible assets	1,021	836
Computer systems support and licences	795	815
Depreciation - property and equipment	534	510
Building maintenance	507	460
Statutory funding obligations	552	446
General administration	332	329
Communications	206	225
Automobile and travel	97	88
Board expenses	83	81
Staff and recruitment	69	73
Printing and publications	46	70
Supplies and stationery	45	38
System development analysis expense	16	5
Furniture and equipment	9	4
	15,334	15,731
Less: claims administration expense transferred to claims expense (note 12)	(2,586)	(2,273)
	\$ 12,748	\$ 13,458

Compensation Fund

Notes to Financial Statements

December 31, 2022 (tabular amounts in thousands of Canadian dollars)

18. Contingencies

Due to the nature of the Board's operations, various legal matters are pending. In the opinion of management, these matters are not expected to have a material effect on the Fund's financial position or results of operations. These various legal matters include certain confidentiality clauses; to avoid prejudicing these claims, no further information is disclosed.

19. Comparative information

Comparative figures for certain financial statement line items have been reclassified to conform to the current year's presentation. The changes made relate to other provisions (note 4(i) and 11) for certain claims prepaid by the Government of Yukon. The estimated liability for these claims has been disaggregated to provide better information regarding this liability to the Fund.

The financial statement line items impacted by the reclassification are as follows:

	Previously reported 2021 \$	Reclassification \$	After reclassification 2021 \$
Statement of Financial Position			
Other provisions	-	1,877	1,877
Benefits liability	179,275	(1,877)	177,398
Statement of Operations and Comprehensive Income			
Claims expense	26,804	(130)	26,674
Other provisions	-	130	130
Statement of Changes in Funded Position (Equity)			
Adverse Events Reserve	27,120	(187)	26,933
Stabilization Reserve	53,037	187	53,224

As a result of the reclassifications to financial statement line items, other information within the notes to financial statements has also been changed (notes 11, 12, and 14(c)).

