Yukon Workers' Compensation Health and Safety Board

Annual Report 2017

100 Years

Year at a Glance

Note		2017	2016
1	Workers covered	**23,280**	22,060
	Open claims	**3,004**	3,168
1, 2	Claims	**1,266**	1,231
1, 2	Accepted claims	**1,043**	988
1, 2	Lost-time claims	**477**	469
1	Lost-time rate (per 100 covered workers)	**2.0**	2.1
	Permanent impairment awards	**35**	42
5	Worker fatalities	**1**	3
	Decisions rendered by the hearing officer	**23**	23
	Decisions rendered by the Workers' Compensation Appeal Tribunal	**6**	5
1	Registered employers	**3,823**	3,704
	Maximum assessable earnings/wage rate	**$85,601**	$84,837
1	Assessable payroll (millions)	**$1,201.5**	$1,113.9
4	Assessment revenue (millions)	**$22.9**	$20.2
	Average estimated premium rate (per $100 of insurable earnings)	**$1.87**	$1.85
3	Average collected premium rate (per $100 of insurable earnings)	**$1.94**	$1.84
4	Net investment income (millions)	**$15.5**	$10.8
	Investments market return	**7.8%**	5.6%
4	Fund balance (millions)	**$209.4**	$209.5
	Funded position	**143%**	150%
	Funded position (including target reserves)	**115%**	120%

Notes:

1. 2016 number revised based on most recent data.
2. Figures may include counts of duplicate occurrences.
3. Based on rateable revenue only for the assessment year and includes adjustments to previous estimates of payroll and assessment revenue.
4. In accordance with the Financial Statements.
5. Fatalities are reported during the year in which they occurred.

Board of Directors

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From left to right:

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

Luigi Zanasi
Representative of Workers
Appointed April 20, 2013
Current term ends May 3, 2019

Mark Pike
Chair
Appointed November 5, 2010
Current term ends March 29, 2020

Vicki Hancock
Alternate Chair
Appointed August 15, 2006
Current term ends October 21, 2018

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

Kurt Dieckmann
President/CEO
Non-voting board member
Appointed July 8, 2016

Lisa Martin
Representative of Employers
Appointed April 19, 2017 to April 18, 2020

We also thank Carl Schulze, who served on the Board of Directors as a Representative of Employers from February 17, 2011 to April 18, 2017.

Message from the Board of Directors

Ours is the story of a century.

A century of care for workers. A century of support for employers. A century of community, partnership, accountability and compassion.

One hundred years ago, Yukon embraced a workers’ compensation system that Canada itself had only just adopted. It was a system that strove for balance between the interests of workers and employers, to reconcile the goals of business with the sanctity of worker health and safety.

It was an ambitious effort for its time, but limited in its scope compared to the system we have now. The legislators of the day could not possibly have imagined the comprehensive framework of injured worker care and workplace health and safety for which they were laying the groundwork.

Looking back, we can see that their efforts were just the beginning of a long story. And what a story it is.

It is a story of compassion.

Healthy and safe workers. Successful and prosperous employers. These things are not mutually exclusive. They are complementary. A century has proven that. Workers and employers now recognize that their interests share common values.

It is a story of learning.

Better than caring for a worker who has experienced an injury, is to prevent them from ever having to suffer it at all. While we take tremendous pride in a century of advancements in financial support, medical care and rehabilitation, we have also learned that enabling workers and employers to avoid injury and illness altogether carries greater reward.

It is a story of understanding.

The body and mind are one. We know that now. A century ago psychological injuries were invisible to us. Today we perceive them every bit as clearly as we do broken bones and strained backs. Our evolved understanding of mental health is a rallying cry for whole-worker wellness in the new century.

It is a story of partnership.

We are not an island. We are a member of a vibrant health and safety community. Strong, positive relationships with stakeholders who represent workers and employers were formed over the years and are nurtured to this day. These relationships are invaluable and crucial to helping us achieve our common goals.

It is a story of responsibility.

We manage the funds employers contribute to care for workers who are injured. We are accountable for the prudent management of that money. We are answerable for its use in the best interests of injured workers and their families. What some might view as a burden, we cherish as an opportunity to improve our community.

It is a story about looking ahead.

The past and present form a platform for the future. Workplace safety is not just about those on the job right now. We look forward to the employers and workers of tomorrow and already see them before us in our young people. We must continue to foster their place within our narrative.

It is a story of coming home.

Workers' compensation began in Yukon as a simple system administered from afar. Over the decades a workplace health and safety community took root and flourished here in the North. It has since blossomed into the local institution we have today, serving Yukoners and staffed by our own citizens.

It is a story of people.

Let's start with those in that blue-and-yellow building at the corner of 4th and Strickland. They carry out their work every day on behalf of workers and employers with unshakeable dedication, diligence and professionalism. Workplace health and safety is in every fibre of their being. It's in their DNA.

Then, of course, there are the people in Yukon's homes and workplaces. These are the people who fuel the economy of our great territory, who give it life and vigour. They make Yukon what it is, and they drive our commitment to foster health and safety measures in the workplace.

This is you of whom we speak. And this story is yours.

Our part in your story, as a Board of Directors, is by your side in service. We do so with honour and pride, and in anticipation of its next chapter.

For it is a story that cannot end. It is a story that must continue. As long as there are workplaces, and as long as there are people in them, the story of protecting health and safety and preventing disability must go on.

As this first century in our history closes, we cannot slacken our pace or even stop to rest. There is too much at stake.

Workers. Employers. Their families and loved ones. Every person in Yukon. All depend on us and those who come after us to continue our advance, to drive the spirit towards our undeniable vision: zero.

Zero hurt, zero ill, zero dead from workplace events.

We will continue to pursue this vision tirelessly. And we will prevail. Because what's at stake is too important, too valuable, too precious.

So let not this first century form an end, but prove a beginning. Let it be our foundation, our roadmap for the years ahead.

Workers' compensation and occupational health and safety have stood the test of time in Yukon. They are now part of the bedrock of both the economy and the culture of our modern territory. They help our businesses to thrive and grow. They are what bring us home to our families, friends and loved ones every day.

They are what make pride simmer in our hearts. We are the fortunate few who sit as a board and govern the system on behalf of the employers and workers of Yukon. We are humbled to be accepted in this role and emboldened by the demands on us.

We are your Board of Directors, and we look forward to this first step into a new century by your side. Together we are prepared for the challenges and opportunities ahead. Together we will foster the continued prosperity of Yukon's businesses. Together we will care for injured workers. Together we will continue improving the health and safety of workplaces throughout Yukon.

Thank you for your partnership and your trust.

100 Years of Workers' Compensation

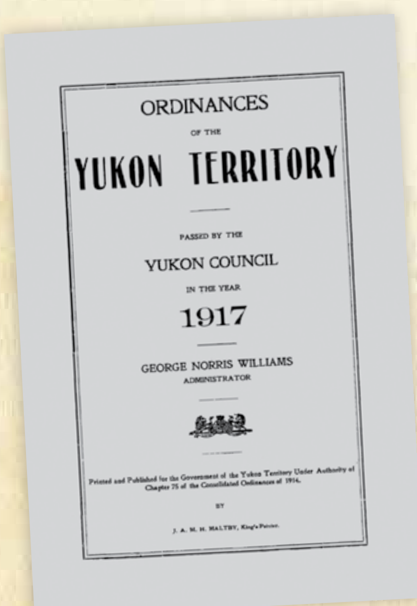
Workers have been getting injured on the job for as long as there has been work for them to do. The idea that injured workers are entitled to some form of compensation can be traced back to ancient times. The story of the Yukon workers' compensation system begins much more recently, in the early 1900s.

The Klondike Gold Rush put Yukon on the world map, bringing tens of thousands of prospectors and other fortune seekers into Canada's far northwest from all over the world and all walks of life. The economy exploded and jobs became plentiful. Labour unrest followed soon after, as conflicts between employers and workers emerged, over wages, working conditions and lack of workplace safety. The first workplace injuries and fatalities were being recorded.

Territorial politicians promised worker-rights measures, including compensation for injured workers, in their election platforms. The 1909 Speech from the Throne heralded workers' compensation legislation, but it was not until eight years later, on April 24,1917, that the Yukon Council enacted the first workers' compensation law in the territory, *An Ordinance Respecting Compensation to Workmen for Injuries Sustained in the Course of their Employment*. The Ordinance made individual employers responsible for compensating workers for job-related injuries. It also established amounts to be paid for various workplace injuries, and for fatalities, through a schedule of payments.

Perhaps the four men who made up the Council were inspired by the work of Ontario judge William Meredith, who had released a report four years earlier laying out a set of principles that would eventually form the basis of worker's compensation systems throughout Canada.

The Ordinance of 1917 came too late for the families of the six Pueblo Mine workers who had perished just one month earlier in a mine collapse near Whitehorse. It was there, however, for the dependents of 12 Yukon Gold Company workers who succumbed to food poisoning at the mess house on the Klondike's Hunker Creek in May 1919. The widows of the married men received one-time settlements of $2,500 apiece. The sum was considered paltry even at the time, in light of the high cost of living in Dawson, but without the Ordinance the widows would have had to take the company to court, with little chance of any compensation at all.


ORDINANCES
OF THE
YUKON TERRITORY
PASSED BY THE
YUKON COUNCIL
IN THE YEAR
1917
GEORGE NORRIS WILLIAMS
ADMINISTRATOR
Printed and Published for the Government of the Yukon Territory Under Authority of Chapter 75 of the Consolidated Ordinances of 1914.
BY
J. A. M. H. MALTBY, King's Printer.

Over time, improvements were made to the workers' compensation system in Yukon. In 1938, for example, the temporary disability period—during which the employer was obliged to pay the injured worker 50 percent of their average daily wages—doubled from six months to one year. Further amendments a year later introduced the notion of "industrial disease," defined as silicosis, lead poisoning, arsenic poisoning, mercury poisoning and infected blisters. An amendment in 1944 made dental work arising from a work injury compensable. A few years later the schedule of payments was adjusted. Loss of a thumb was now worth $1,000, loss of an eye $3,000, and loss of a leg $4,000.

These improvements notwithstanding, the workers' compensation system was not seen to be keeping pace with the times. Calls were made during the 1940s for a system closer to that in effect in the provinces. The Yukon government resisted. In 1948 Commissioner J. E. Gibben emphasized the "difficulty involved in setting up machinery in this sparsely-populated area for the administration of workmen's compensation legislation such as exists in the provinces."

One idea gaining traction at the time was that employers should be required to take out insurance to ensure that funds would be available to compensate injured workers. Under the current self-insuring system, smaller enterprises might not have the resources to cover a large compensation payout. Injured workers could be left hanging, or the business could be bankrupted.

In January 1953 an overhauled workers' compensation system came into effect. With 48 clauses and two schedules, the *Workmen's Compensation Ordinance* went beyond what was envisioned 36 years earlier by the architects of the original Ordinance. Among other provisions of the new legislation, the requirement for employers to carry workers' compensation insurance came into effect. The definition of "workman" was expanded, and injured workers were now entitled to medical benefits, including nursing care, hospitalization, medication and transportation to obtain such services. It became an offence for an employer not to report an accident. A "referee" could be appointed to "examine, inquire into, hear and determine, all matters and questions arising under this Ordinance."

Up until now, the Yukon workers' compensation system fell under the auspices of the federal government in Ottawa. In 1953 an office opened in Edmonton to manage workers' compensation in Yukon and Northwest Territories. The system was being administered closer to home, but it was still fraught with delays, resulting in disgruntled claimants and frustrated employers. Demand for local administration was getting more insistent.

The number of claims was increasing, with new impairments such as hearing loss and additional occupational diseases becoming compensable. Further legislative amendments in the 1950s raised time-loss compensation to 75 percent of wages. A benefit for funeral expenses was added, along with a pension for widows of workers killed on the job and their dependent children. Prospecting and mineral exploration, which had been inexplicably omitted from previous ordinances, were added to the industries covered. Calls for a workers' compensation office in Yukon grew louder in the 1960s. They would finally be answered in October 1970, when a Whitehorse office opened.

Ever since the requirement to carry insurance was mandated, there were concerns about the high cost of private insurance—employers complaining that they were being overcharged by the dozen or so companies offering coverage at the time. In 1963 the Yukon Legislature considered a motion calling for an outside study to determine the feasibility of financing workers' compensation through the government rather than through private insurers.

A decade later, on July 31, 1973, a new *Workmen's Compensation Ordinance* was passed, establishing a Compensation Fund to be administered by government. The Ordinance ushered in a new era in workers' compensation in the territory. Liability was now the shared responsibility of all employers, rather than that of individual employers. Compensation was a no-fault system: benefits would be paid regardless of how a workplace injury or fatality occurred. In return, workers gave up the right to sue their employers—the "historic compromise" of workers' compensation. The compensation system as we know it today had taken root in Yukon.

William Meredith had conceived of a workers' compensation system managed by a body independent of government. The first step in this direction was the establishment of a four-member Workmen's Compensation Advisory Board in November 1976. With representatives from industry, labour and the public, it would function as the referee that had been provided for in the ordinance of 1952. In 1977 "Workmen" became "Workers" in the Board's name to reflect more inclusive social attitudes and changing labour demographics.

Yukon's economy and population abruptly collapsed in 1982. A sudden drop in world metal prices, due to global economic recession, led to the closure of three mines and a corresponding decrease in injury claims. However, the liability for previous claims remained. To ride out the boom-bust scenarios inevitable in a resource-based economy, prudent decision making had ensured that the Board's financial obligations to injured workers, and to the families of workers killed on the job, would always be fully funded. Employers who remained in business during the down times would be protected from having to shoulder the entire costs of the system. This fiduciary responsibility and the means to safeguard it remain in place today.

In 1983 further changes to the compensation system came into effect through amendments to the *Workers' Compensation Act*. The changes drew a distinction between impairment and disability in an effort to make the system fairer to both workers and employers. Rehabilitation services were enhanced, and benefits were increased to surviving spouses and dependent children of workers killed on the job. "Independent operators," who did not fall within the scope of the system, could now purchase coverage from the Board. Claim review and adjudication processes were improved to make them more thorough and impartial.

The many improvements to workers' compensation over the decades represented significant strides forward in the evolution of workers' compensation in Yukon, but an essential piece of the workplace injury puzzle was still missing. It was not enough to support injured workers after the fact. It was equally or even more important to prevent them from getting injured in the first place.

A handful of mine safety ordinances had existed in the territory going back as far as 1901, but the first *Occupational Health and Safety Act*, which applied to all business enterprises, did not come into play until 1984. It was a comprehensive piece of legislation that laid out employers' and workers' safety responsibilities and rights, means of reporting and investigation of injuries and accidents, and an enforcement regime. The Act was accompanied by a set of regulations governing such matters as mine safety, occupational health, first aid, blasting and the Workplace Hazardous Materials Information System (WHMIS). Over time these regulations would be expanded and enhanced to address new topics such as forest safety, commercial diving and radiation protection, and to specify and clarify training and certification requirements.

The Act was amended over the next several years in a continuing effort to make Yukon workplaces safer. In 1988, for instance, clearer requirements were introduced for the handling of hazardous materials. A 1989 amendment established that the Government of Yukon and all associated bodies were bound by the same occupational health and safety rules as the territory's private-sector employers.

In December 1989 the Yukon government announced a joint initiative between the Department of Justice and the Workers' Compensation Board to "identify and design Yukon-specific programs to reduce the risk of injury and disease to Yukon workers." The initiative identified special areas of attention, including chemical exposure, indoor air quality, work-induced stress ailments and reproductive hazards for female workers. It called for workplace health promotion programs to increase public

awareness—the beginning of social marketing efforts aimed at preventing on-the-job injuries.

The *Occupational Health and Safety Act* was opened in 1991, when the government announced significant increases in offences and penalties for contraventions of the Act, underscoring changing societal attitudes towards workplace safety lapses. The maximum fine for a first offence rose from $1,500 to $15,000, and the maximum possible jail term doubled from six months to twelve months. Jumping ahead 26 years and in response to a broadening understanding of workplace injury, further amendments to the Act in 2017 provided for new regulations aimed at preventing psychological injuries at work.

In 1992 the occupational health and safety portfolio moved from the Department of Justice to the Workers' Compensation Board, bringing compensation and prevention under one roof for the first time—and under their *own* roof, a separate building having been opened in downtown Whitehorse just three months earlier. To affirm the Board's new double mandate, the name was changed to the Yukon Workers' Compensation Health and Safety Board.

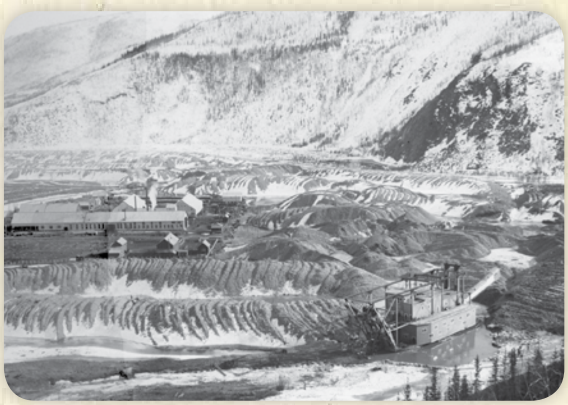
Meanwhile, the workers' compensation system had continued to undergo improvements. In 1987, for example, pension benefits for widows and dependent children were increased again and would now be linked to the Consumer Price Index. Payouts for "total physical impairment" rose from $25,000 to $40,000. Rebates under the Merit Rebate Safety Incentive Program—precursor to today's CHOICES incentive program—were raised from 25 to 30 percent of assessable payroll. Affirming the principle of independence, the Yukon government announced that the Board would no longer be an adjunct to the Department of Justice but a stand-alone corporation.

Significant amendments were made to the *Workers' Compensation Act* in 1999. A clause was added to ensure that workers and employers would be treated with "compassion, respect and fairness"—values that continue to guide the Board today. An independent body, the Worker's Compensation Appeal Tribunal (WCAT), was established to hear appeals of claims decisions made by the Board. The Workers' Advocate was established within the Department of Justice to advise and support workers throughout the claims and appeals processes.

The *Workers' Compensation Act* was overhauled in 2008, following a community review, "Moving Forward Together," conducted with the Whitehorse and Yukon chambers of commerce and the Yukon Federation of Labour. Although the Act remained a lengthy and complex piece of legislation, a restructuring of the content and more simplified wording made it easier for workers and employers to navigate and understand its provisions. With a stated focus on rehabilitation and return to work, the Act introduced an explicit obligation on injured workers and their employers to cooperate in the return-to-work process. The Act also laid out fairer, more efficient decision-making and appeal processes.

Further amendments in 2011 introduced a presumption for firefighters suffering from certain occupational illnesses, and in early 2017 work began on a presumption for emergency response workers diagnosed with post-traumatic stress disorder.

Much more could be said about the first century of workers' compensation in Yukon. It was an exciting era of economic growth and setbacks, changes in the territory's industrial and occupational landscapes, and unimaginable advances in technology. There was increasing recognition of additional causes of injury and disability—most recently those relating to mental health—and an ever-increasing emphasis on injury prevention through safety education, training and regulation. There has been one constant throughout, however: the sincere desire of every Board member, employee and partner of the Yukon Workers' Compensation Health and Safety Board to ensure that workers return home safe and healthy, and when they do not, that they are supported efficiently, effectively and fairly through the recovery process.



Snapshots in time

The story of the Yukon Workers' Compensation Health and Safety Board's first 100 years unfolds against the backdrop of an eventful century in northern Canadian history. These 10 vignettes highlight some of the more notable events of each decade.

1917-26

From gold pans to dredges

In the early post-gold-rush era, most independent mining by hand has given way to extensive industrial operations, enabled by capital investment, reliable transportation, and large-scale power and water projects. The Klondike goldfields are now excavated by dredging or "hydraulicking" using high-pressure nozzles.

1927-36

The perilous fleet

The sternwheeler fleet is essential to Yukon's transportation network, carrying northbound freight and southbound ore. It is a major blow to the British Yukon Navigation Company when two of its vessels, the Klondike I and the Casca II, are wrecked in 1936. Many claim that these losses and earlier accidents are due to the lack of experienced crew members.

An unparalleled engineering feat

Responding to the threat of Japanese invasion early in the Second World War, Canada gives permission for the U.S. government to build a 1,500-mile highway to Alaska through Canadian territory. In 1942, 10,000 U.S. army engineers and 6,000 civilian workers push a road through some of the most challenging conditions imaginable, in mere months. When they depart, they leave behind a major transport corridor, an economy re-oriented to southern Yukon, and longstanding environmental and social impacts.

1937-46

Roads replace rivers

New all-season roads to Mayo and Dawson end sternwheeler traffic in the territory. Transporting freight is no longer limited to the river navigation season. Workers and their families lose jobs on the docks, at the wood camps that fuelled the boats, and on the vessels themselves, but highway construction and road transportation create employment and establish new communities.

1947-56

1957-66

Construction frenzy seizes new capital

The territorial capital since April 1, 1953, Whitehorse is an immense construction zone throughout the 1950s and 1960s. Streets are torn up to install water and sewer lines. A large federal building and two new schools are constructed. The new Robert Campbell Bridge connects the city centre to the Riverdale subdivision and the hospital. Most ambitiously, Whitehorse is now powered by a hydroelectric dam spanning the Yukon River.

1967-76

Land claim movement begins

In 1973 a delegation of Yukon First Nation Chiefs and other leaders travels to Ottawa to present Prime Minister Pierre Elliot Trudeau with the iconic document, “Together Today for our Children Tomorrow.” The ensuing land claim negotiations continue for a generation, leading to signing of the historic tri-partite treaty, the Umbrella Final Agreement, in 1993.

1977-86

New roads to resources

Two new highways connect Yukoners north to the high Arctic and south to tidewater in Alaska. The Dempster Highway is completed to Inuvik, Northwest Territories, in 1979. The South Klondike Highway between Carcross and Skagway, a summer-only road when it was completed in 1978, is upgraded for year-round travel in 1986.

1987-96

A home of our own

In 1991 the Yukon Workers' Compensation Health and Safety Board moves into its own premises in downtown Whitehorse. According to that year's annual report, the structure "symbolizes the permanence and strength of the contract between Yukon business and labour," and is, "both an investment and a tangible reflection of confidence in the Yukon."

Richard Zral

1997-2006

A territory comes of age

With the passage of the *Yukon Act* on April 1, 2003, Yukon becomes the first northern territory to take on provincial-like responsibilities and powers in the process known as devolution. The territory now has jurisdiction over its lands, waters and resources. Many federal workers sign on as Yukon government employees.

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2007-17

From inevitable to unacceptable

The Board enthusiastically embraces its new mandate of preventing disability. Educational programs, social marketing campaigns and targeted enforcement aimed at behavioural change are beginning to bear fruit. More employers are implementing robust safety programs. More workers are using personal protective equipment every day. There is more community discussion about the consequences of lapses in on-the-job safety. Injuries are no longer seen as unavoidable but as preventable.

A Principled Foundation

To identify the true starting point of the modern workers' compensation system in Canada, one needs to go back to June 1910, when Justice William Ralph Meredith was appointed by the Ontario government to head a Royal Commission. The Commission's mandate was to review "Laws relating to the liability of employers to make compensation to their employees for injuries received in the course of their employment" in other jurisdictions and to assess how well such laws were working.

Meredith considered legislation in force in several European countries, the United States and other Canadian provinces. He submitted his report in October 1913. It included a set of recommendations reflecting Meredith's conviction that "the true aim of a compensation law is to provide for the injured workman and his dependants and to prevent their becoming a charge upon their relatives or friends, or upon the community at large."

The Yukon workers' compensation system, like that of all other Canadian jurisdictions, reflects founding principles developed by Meredith.

No-fault compensation: Workers are paid benefits regardless of how the injury occurred. The worker and employer waive the right to sue.

Security of benefits: A fund is established to guarantee benefits to workers.

Collective liability: All employers share financial liability for workplace injury insurance. All employers contribute to a common fund.

Independent administration: The organizations that administer workers' compensation insurance are separate from government.

Exclusive jurisdiction: Only workers' compensation organizations can provide workers' compensation insurance. All compensation claims are made directly to the organization. The organization, or an administrative body established by law, is the decision-maker and final authority for all claims.

Claimant Services

The workers' compensation system provides benefits and services to injured workers appropriate to their circumstances. Workers who have to take time off to recover from a work-related injury or illness may be entitled to loss of earnings benefits. They may also receive support to enable them to stay at work or safely re-enter their workplaces during the recovery period. Workers who require medical treatment may be eligible for comprehensive health care benefits.

The Board accepted 1,043 claims in 2017, compared with 988 in 2016. As shown in the graph on page 20, most of these claims were for injuries caused by contact with objects and equipment (373), bodily reaction and exertion (357), and falls (180).

We received more mental health claims in 2017 than ever before: 36, compared to 29 in 2016. We believe this trend indicates a broader societal understanding of workplace injury that includes the mind as well as the body. We also believe that it represents a reduction in the stigma that has traditionally been associated with psychological injury. More workers who might previously not have reported psychological injuries are now doing so.

Of the 19 mental health claims that were accepted this year, most were for post-traumatic stress disorder (PTSD). PTSD received considerable attention in the territory during 2017, with amendments to the *Workers' Compensation Act* that introduced a presumption for emergency response workers diagnosed with PTSD.

One of the challenges of handling PTSD claims is the limited capacity within the territory for timely diagnosis and treatment. To address this challenge, the Board arranged with an outside service provider to provide diagnostic, treatment and return-to-work services to PTSD claimants, with follow-up here in the territory. This model of 'seamless care' is showing positive results.

Specialized resiliency training was given to Claimant Services staff early in 2017 to increase their knowledge and equip them with tools and strategies for helping claimants exposed to workplace trauma, without themselves becoming affected by these complex types of claims. Later in the year, Claimant Services staff also participated in a certificate program on mental health leadership.

The Branch continues to meet increasing demand through ever-more-efficient claims process. And through our return-to-work efforts, in collaboration with workers and employers, more than 80 percent of injured workers were cleared to work within 90 days this year.

Appeals

Claimant Services staff are governed by legislation and policies in reviewing claims from workers, and they are guided by the Board's corporate values of partnership, accountability and compassion.

Claims may be denied for a variety of reasons: medical evidence might not support the claim, a worker's industry or workplace might not fall within the jurisdiction of the *Workers' Compensation Act*, or the injury or illness might be deemed not to be work-related.

Claimants or employers who disagree with any claims decisions can appeal those decisions within two years. Before a dispute enters the formal appeal process, an attempt is usually made to resolve the matter. The Workers' Advocate Office, independent from the Board, often plays a role in helping to resolve disputes at that stage. If a matter cannot be resolved informally, the first step in the appeal process is an internal review by a hearing officer. A hearing officer can confirm, vary or reverse the original decision. Claimants or employers can further appeal to the Workers' Compensation Appeal Tribunal (WCAT). WCAT is an independent body whose members are appointed by the Government of Yukon. WCAT decisions are considered final, unless new evidence is brought forward. Any party can ultimately request a judicial review through the courts. Workers can contact the Workers' Advocate Office for help throughout the appeal process.

Board hearing officers reviewed 23 decisions in 2017, confirming 11 decisions, reversing 11 and varying 1. Of these, six were further appealed to WCAT. Four of these appeals confirmed the hearing officer decisions, while two overturned them.

Employer Services

All Yukon employers share collectively in the obligation to provide compensation to injured workers. They do so by contributing to the Compensation Fund, which is managed by the Yukon Workers' Compensation Health and Safety Board. The Fund makes it possible for the Board to provide wage loss benefits, health care benefits, and stay-at-work and return-to-work support to eligible claimants. The Employer Services Branch strives to provide excellent customer service while ensuring the integrity of the Compensation Fund.

An employer's contributions to the Fund are based on the employer's industry and within that industry, the rate group. Yukon's non-government industries are organized into three sectors: Resources and Transportation, Construction, and Services. Each sector can have up to three rate groups: High, Medium, and Low. In 2017, rates ranged from $0.66/$100 payroll (Services Low) to $7.94/$100 payroll (Resources and Transportation High). Employers within a particular industry and rate group are assessed as a whole rather than as individual entities.

Employer Services works with employers to ensure they are appropriately classified, have adequate coverage for their workers, and pay assessment premiums when they become due. In 2017, we continued to improve our collection processes to ensure that employers are paying their appropriate share of the costs of the system.

Yukon businesses with workers are required to participate in the workers' compensation system, at no cost to their workers. Individuals such as sole proprietors or business partners must purchase Optional Coverage from the Board if they wish to be protected from possible wage loss, health care costs associated with workplace injuries, and potential liability. In 2017 more than 850 applicants registered for Optional Coverage.

Employer Services also administers the CHOICES incentive program, which offers rebates to employers who provide training to their workers to improve workplace safety and return-to-work practices in their businesses. In 2017, the Board returned $520,000 to employers to reward them for their commitment to safety training in their workplaces. The Board was particularly pleased to see an uptake in participation in CHOICES from smaller employers.

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The Branch undertook a review of its processes in 2017 and will continue the review in 2018 to ensure efficient and effective service to stakeholders. Yukon employers continued to benefit from our partnership with the Yukon Chamber of Commerce to provide the Employer Advisor service.

The *Workers' Compensation Act* authorizes the Board to issue penalties for such infractions as failure to meet registration deadlines, incorrect filing of an Employer's Payroll Return, and failure to pay assessment premiums. This year, employers were issued penalties totalling $224,000, compared to $310,000 in 2016.

In its continuing effort to move the Compensation Fund's surplus position closer to the target range of 121 to 129 percent, the Board distributed $9.9 million of its surplus reserves to employers in the form of a rebate, the third in as many years. The rebate helped reduce the Fund's surplus position to 143 percent of our total liability at the end of 2017. See Management's Discussion and Analysis at the start of the financial pages for more information.

Occupational Health and Safety

In the 25 years since the Yukon Workers' Compensation Health and Safety Board assumed responsibility for workplace health and safety in the territory, our Occupational Health and Safety (OHS) Branch has continuously worked with Yukon employers to ensure they understand and adhere to their requirements laid out in the *Occupational Health and Safety Act* and Regulations.

OHS safety officers regularly visit workplaces throughout Yukon to review employers' health and safety programs and practices. We work collaboratively with employers to help them comply with the Act and Regulations.

An example of how well this collaborative approach can work is a project we undertook with the Klondike Placer Miners' Association (KPMA) in 2017 to enhance safety in the goldfields by updating their safety manual, developing a supervisor journal, and providing safety training. As reported by KPMA, the project has resulted in "a considerable increase in general safety awareness, a greater understanding of the shared and individual roles of the respective parties in promoting a culture of safety, and better and more effective communication, coordination and planning relating to safety programs in the placer sector." The project has also proven to have a synergistic effect: We are in discussion with other organizations to identify opportunities for future collaboration.

When voluntary compliance is not achieved, a continuum of enforcement options is available, ranging from discussions to issuing formal orders and financial penalties and, in rare cases, to prosecution in the courts.

In 2017 OHS conducted 306 inspections, which resulted in the issuance of 1,230 orders. As well, 32 administrative penalties were levied—16 to employers and 8 each to supervisors and workers. The year before, our OHS Branch had carried out focused inspections on restaurants, hotels, retailers, manufacturers, wholesale distributors and bulk oil distributors, resulting in the issuance of almost 900 orders. This year, we revisited a cross-section of businesses that had received the most orders in 2016. We are happy to report that the majority were found to be in compliance with the orders issued last year.

Amendments to the *Occupational Health and Safety Act* passed in the fall pave the way for the development of new regulations aimed at the prevention of psychological injury in the workplace.

The Board renewed its funding agreements with the Northern Safety Network Yukon in 2017 to deliver the Certificate of Recognition (COR) and Return to Work training programs for five more years.

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Reaching Out to Prevent Disability

The Yukon Workers' Compensation Health and Safety Board cannot fulfill its mandate of preventing disability without engaging the broader community. We do so in a variety of ways that include school-based education programs, public presentations and community events.

Two full-time safety consultants visit schools throughout the territory, delivering age-appropriate, safety-themed programs to students at all grade levels.

Students in the younger grades meet Susie the Safety Squirrel and figure out how to help keep her safe. They try on safety gear and learn how it protects their bodies. They play safety charades to show what they do to keep healthy and safe. Students participating in our Safety Build program create LEGO® models of potentially dangerous situations at school, at home or outdoors. Students share their builds and discuss why making healthy and safe choices is important for everyone.

Safety Online teaches students in grades 6 and 7 about the risks of sharing private information online and the dangers and implications of cyber bullying. They discuss ways to protect themselves against cyber bullying and online scams.

Work Shouldn't Hurt informs students who are entering the workforce why they are more likely to be injured than older, more experienced workers. They learn about common workplace hazards and how to mitigate them. They learn about their workplace rights and responsibilities and how the workers' compensation system supports injured workers.

We piloted a new mental health program for grade 6 and 7 students this year to raise awareness about psychological injury, explore the stigma associated with mental health issues, and promote resilience and stress management.

We attended staff meetings in schools to promote our safety programs, resulting in an increase in bookings for classroom visits. Over the course of 2017, we reached more than 2,000 students through 106 school visits in Whitehorse and several communities, including Old Crow.

We launched the new LearnSafe website (learnsafe.ca), providing information about these and other programs, downloadable resources, and an online booking form for teachers.

We reached 2,600 schoolchildren and adults with our safety wheel and other hands-on activities through events such as the Volunteer, Education and Career Fair, Skills Yukon competition, and the first-ever Yukon Women in Mining tour, which culminated at the Gold Show in Dawson City.

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Our Occupational Health and Safety Branch continued its outreach activities in 2017 by sponsoring another presentation in the Workplace Solutions series. Addiction expert and advisor to the federal government on cannabis, Dr. Charl Els, delivered a public talk entitled "Marijuana in the Workplace." With legalized cannabis coming in 2018, it was a timely and important topic, and almost 200 employers and workers turned out to the event.

The OHS Branch also co-sponsored the third annual Partners in Safety Barbecue, held during North American Occupational Safety and Health Week. This well-attended event featured an expanded trade show component with hands-on safety demonstrations and exciting draw prizes.

Privacy and Security

Privacy

In carrying out its work, the Board collects a broad range of information from employers, injured workers, medical practitioners and other individuals and organizations. Three pieces of legislation govern the collection, use and disclosure of the information we collect: the *Workers' Compensation Act*, the *Occupational Health and Safety Act*, and the *Access to Information and Protection of Privacy Act*. The information we collect and manage on a day-to-day basis is often personal and confidential, and we take very seriously our obligation to store it securely and protect it from unauthorized use and access.

Privacy is an integral part of the culture at the Board. We were the first public body in Yukon to develop a privacy management program. We have a designated privacy officer, privacy policies and directives, and privacy breach protocols. In 2017 we participated in a privacy management program self-evaluation requested of all public bodies by the Yukon Information and Privacy Commissioner. We were able to answer all elements of the self-evaluation affirmatively.

The development of policies and staff directives is an ongoing process as we strive to protect the privacy of personal and confidential information, safeguard the security of our systems, and improve access provisions for our clients. This year, we introduced three new staff directives: Cloud Applications and Services, Verifying Client Identity, and Privacy Impact Assessments.

Training our staff is a vital component of fostering privacy attitudes and behaviours. In 2017 every Board employee was required to complete an online training program, "Securing the Human," and to attend in-depth on-site training on the new directives.

Investigations Unit

The Investigations Unit provides security services to the Board, helps with investigations into workplace fatalities and major incidents, and looks into cases of suspected fraud.

The Unit was involved in 12 claim files in 2017 to verify that claimants are being compensated appropriately for injuries and illnesses sustained in the workplace. The Unit also assisted the Occupational Health and Safety Branch with seven investigations.

The Unit led an effort with the RCMP's M Division and the Board's General Counsel to draft a memorandum of understanding to enhance the two organizations' collaborative capabilities.

At the request of the Workers' Advocate Office, the Unit conducted a physical security review of the Workers' Advocate Office and provided a report with recommendations.

Policy Amendments and Appeals to the Board of Directors

Policies

The Yukon Workers' Compensation Health and Safety Board administers and is governed by the *Workers' Compensation Act*. Policies are developed to interpret and provide for practical application of the Act.

Policies are developed in consultation with internal and external stakeholder groups. They are approved by our Board of Directors. The development process ensures that our policies reflect the input of our stakeholder partners and align with the Act.

Policies are posted on our website at wcb.yk.ca/policies. New in 2017, the Board's entire policy history is available online on our Policies web page. Policies are grouped into categories. The numbering system reflects these categories. For example, policies relating to employer assessments begin with EA, those pertaining to health care services with HC, and those governing return to work with RE.

Three policies were amended in 2017. All came into effect on July 1, 2017.

EN-06: Hearing Loss
The amended policy aligns with Policy EN-12, Permanent Impairment. The policy makes it easier for workers to understand the criteria for accepted hearing loss claims and for decision makers to apply the policy. Amendments put more emphasis on the employer's responsibilities under the *Occupational Health and Safety Act* to prevent hearing loss.

EL-02: Minimum Compensation
The amended policy clarifies how to apply minimum compensation, leading to more consistent application. Amendments also clarify that the triggers to apply minimum compensation are low annual gross earnings and either temporary or permanent total disability.

EA-15: Employer Penalties for Failure to Provide Timely Notice of a Work-Related Injury
The policy was changed from Entitlement Policy EN-03 to accurately reflect who has decision-making authority under the policy and to confirm the appropriate appeal rights. The new policy clarifies that employers are obligated to report even if they are not sure the injury happened at work. It also stipulates two possible consequences for late reporting: fines based on how many days the report is late and charges for the cost of an investigation to determine why the report was late.

Appeals to the Board of Directors

An Appeal Panel of the Board of Directors is authorized to hear appeals on matters pertaining to assessments, occupational health and safety, and determinations of whether a right of action is removed under Section 50 of the *Workers' Compensation Act*. No appeal decisions were issued in 2017.

Future Challenges and Opportunities

By Terrance Bogyo

The workers' compensation system in Canada has proved to be remarkably resilient. Historically, it has adapted well to social and technological change. But can a system with roots in the nineteenth century continue to meet the occupational health, safety and compensation needs of the twenty-first century? Emerging issues in employment, technology and demographics present challenges, to be sure, but also opportunities. Workers' compensation organizations will have to be visionary and nimble if they are to seize these opportunities.

Drive for Uber, develop an app, start a YouTube channel... The "gig" economy is here and growing. Gig work was once the domain of musicians and performers, but many traditional jobs are being deconstructed and recast as gigs: task-oriented, demand-driven and often precarious contracts. Gig work is not just "moonlighting" beyond regular employment; many workers now make a living through concurrent gigs. As the gig economy grows, workers' compensation organizations must consider how to regulate these jobs, what safety measures should apply, and how to assess and insure earnings.

Robots and the artificial intelligence (AI) behind them are no longer the stuff of science fiction. Cost-competitive industrial robots are already replacing production-line workers. Semi-autonomous and self-driving means of transportation are on our roads today. Automated work-flow systems are dictating work activity in offices. Intelligent automated systems are executing complex tasks, including adjudication of workers' compensation claims. There is tremendous opportunity for workers' compensation boards to leverage smart technologies not only to improve efficiencies but also to enhance their objective decision-making processes and, ultimately, service to workers and employers.

As technology assumes more specialized and knowledge-based tasks, demand for semi-skilled workers declines. The consequential narrowing of alternative occupations demands that we expand traditional approaches to vocational rehabilitation for injured workers. Technology may reduce worker risk and injury costs, but this has implications for industry classification and assessments. Maintaining an effective funding and efficient administration model in the face of these changes will demand responsive and agile leadership.

Industrialization, electrification, the assembly line and computerization all disrupted workplaces. Now, the internet-of-things, cell and satellite tracking, miniaturization of real-time video capture and telemetric monitoring are converging and merging with AI to change the way we work. Predictive analytics can detect changing risk profiles to prevent injuries before they happen. We must adapt our approach to occupational health and safety.

Bionics, biometrics, wristwatch-sized devices equivalent to airplane black boxes and snowboarders' GoPro cameras can monitor every person and physical asset in a workplace in three-dimensional space. The opportunity for enhancing health and safety will challenge traditional boundaries of personal privacy.

Smartphones and other disruptive technologies have made instant answers and communication an expectation. Our tolerance for even microsecond delays in virtual and personal interactions continues to fall. Service is increasingly defined by speed rather than thoroughness. Workers' compensation organizations will not escape increasing demand for right-now, 24/7 services.

We can still talk to people face to face, but our relationships are increasingly being intermediated by technology. Our growing addiction to our devices can lead to devastating results: Texting, posting or Googling in the virtual world while operating equipment in the real one can be disastrous. Distracted driving is now as dangerous, and as deadly, as impaired driving.

Occupational health and safety regulations will need to be updated to address our growing attachment to digital technology in relation to operating equipment and performing every other work activity.

Managing reputational risks in the age of social media is an expanding challenge. The workers' compensation system works because employers and workers support its social contract. Without public confidence, workers' compensation would lose its authority in safety, health, and compensation matters. Just one negative story—even if it is false—shared a thousand times on social media can destroy confidence in mere days. How well workers' compensation systems meet the reputation-management challenge will influence their success in preventing injuries and delivering the service and entitlements stakeholders deserve.

The Canadian labour force is becoming more diverse in terms of age, gender, culture and ethnicity. It's not just that there are more older people in the population—their participation rate in the paid economy has more than doubled in the past 15 years. Tasks designed for twenty-somethings may put older workers at risk. Ergonomic parameters for repetitions, weight limits and durations determined suitable for young, male workers often fail the age and gender realities of today's workplaces. Workers' compensation and occupational health and safety must adapt to increasing numbers of temporary foreign workers and newcomers, whose cultural, social and linguistic backgrounds do not conform to traditional approaches and assumptions.

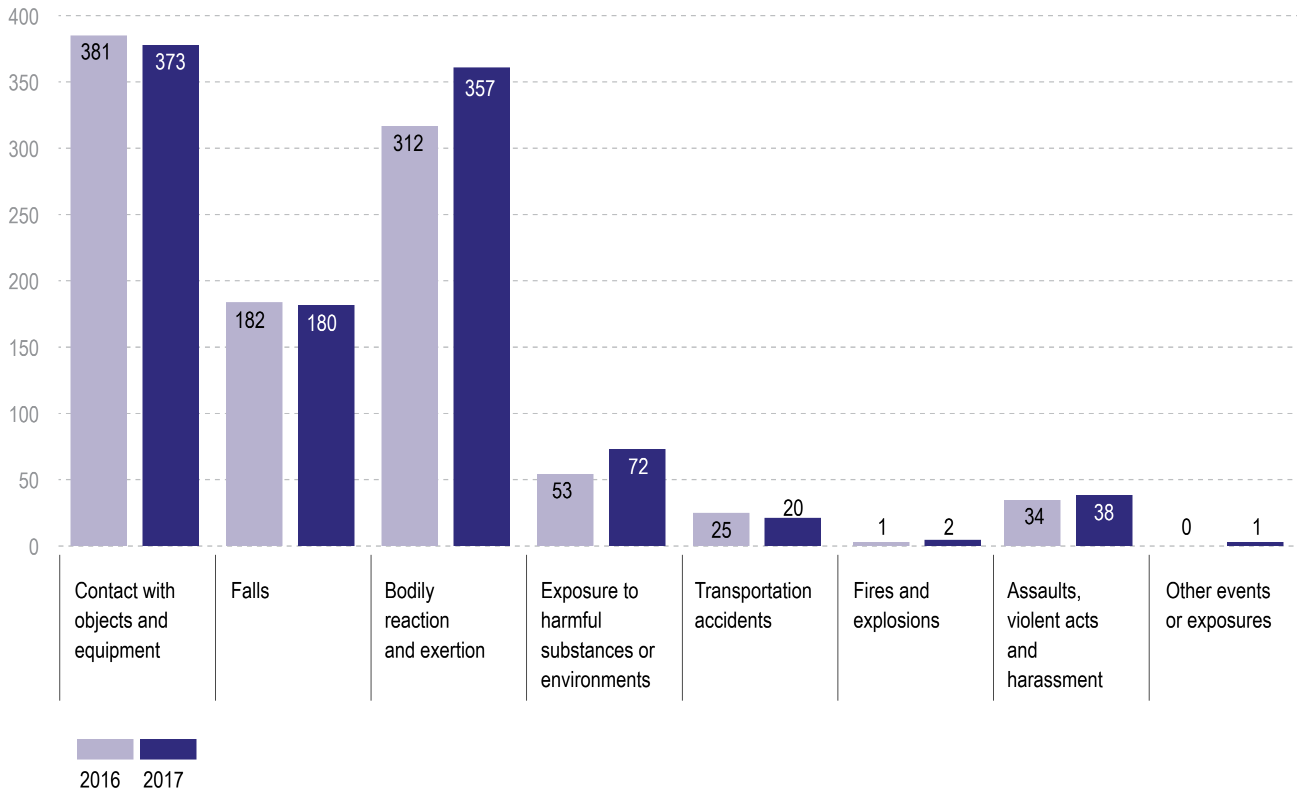
There is growing acceptance of the fact that injury can occur to the mind as well as the body. Regulations to protect workers from, and compensate them for, work-related psychological injuries are increasing but far from universal. Workers' compensation developed in the context of a predominantly male workforce's risk of traumatic injury, limited recognition of occupational disease, and life expectancy that didn't go much beyond the traditional age of retirement, 65. That's not the scientific, social, and demographic reality today. Research will reveal the "work-relatedness" of many more health conditions and outcomes; life expectancy will continue to increase. How well workers' compensation will meet the resulting prevention and compensation challenges is largely a matter of will.

The demonstrated capacity of the workers' compensation and occupational health and safety systems to adapt to changing workplaces, adopt new technology, and actively respond to new realities over the 100+ years of its existence in Canada bodes well for its future. There will always be unforeseen demands, novel hazards and insidious threats in workplaces, but the compensation and prevention mandate of our workers' compensation systems remains the same. With agility, responsiveness and leadership, workers' compensation organizations can seize the opportunities in these challenges, improve outcomes from past injuries and strive for a future free of workplace injury, illness and disease.

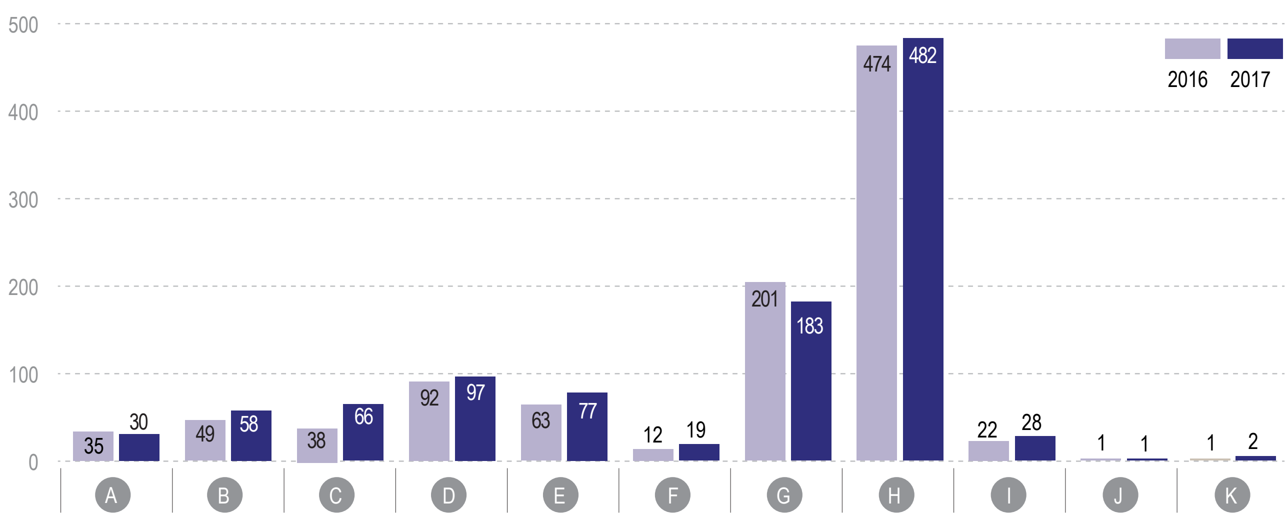

WorkSafeBC

Terrance J. Bogyo is an independent researcher, speaker and consultant specializing in workers' compensation and occupational health and safety issues. He is a member of the National Academy of Social Insurance study panel on workers' compensation data and an adjunct faculty member at Pacific Coast University for Workplace Health Sciences. More of his views can be found on his blog at www.WorkersCompPerspectives.blogspot.ca.

Accepted Claims by Event or Exposure

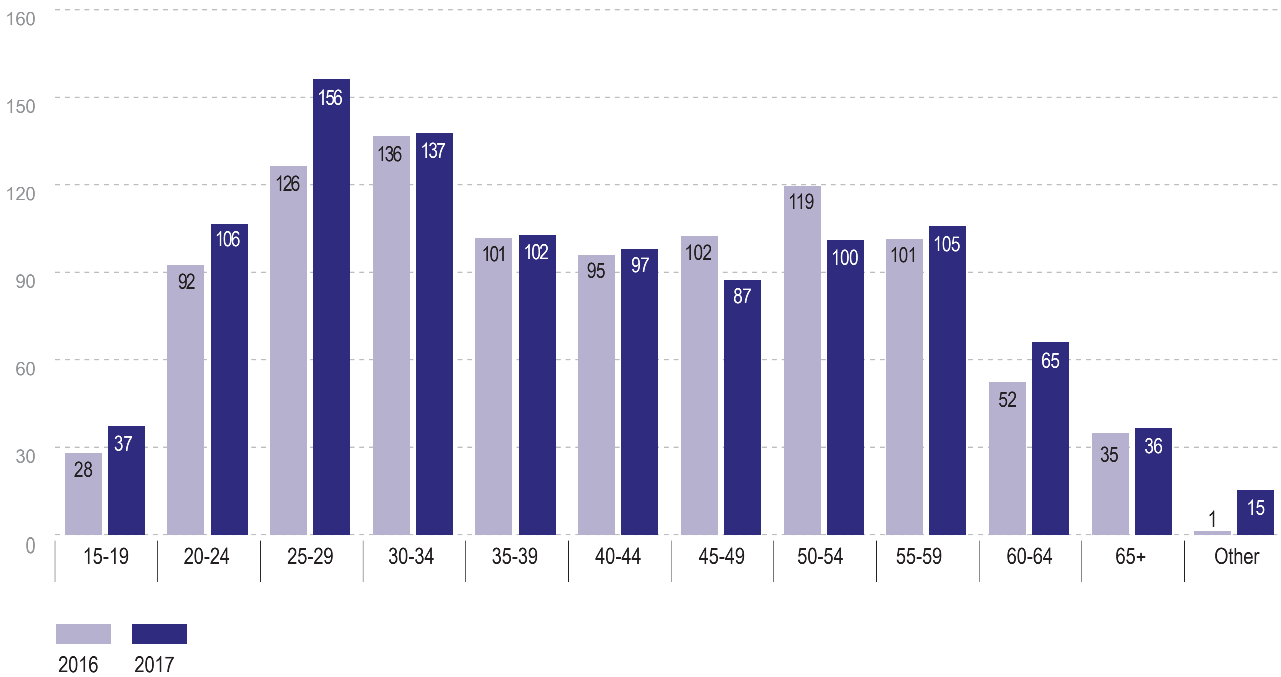


Accepted Claims by Occupation

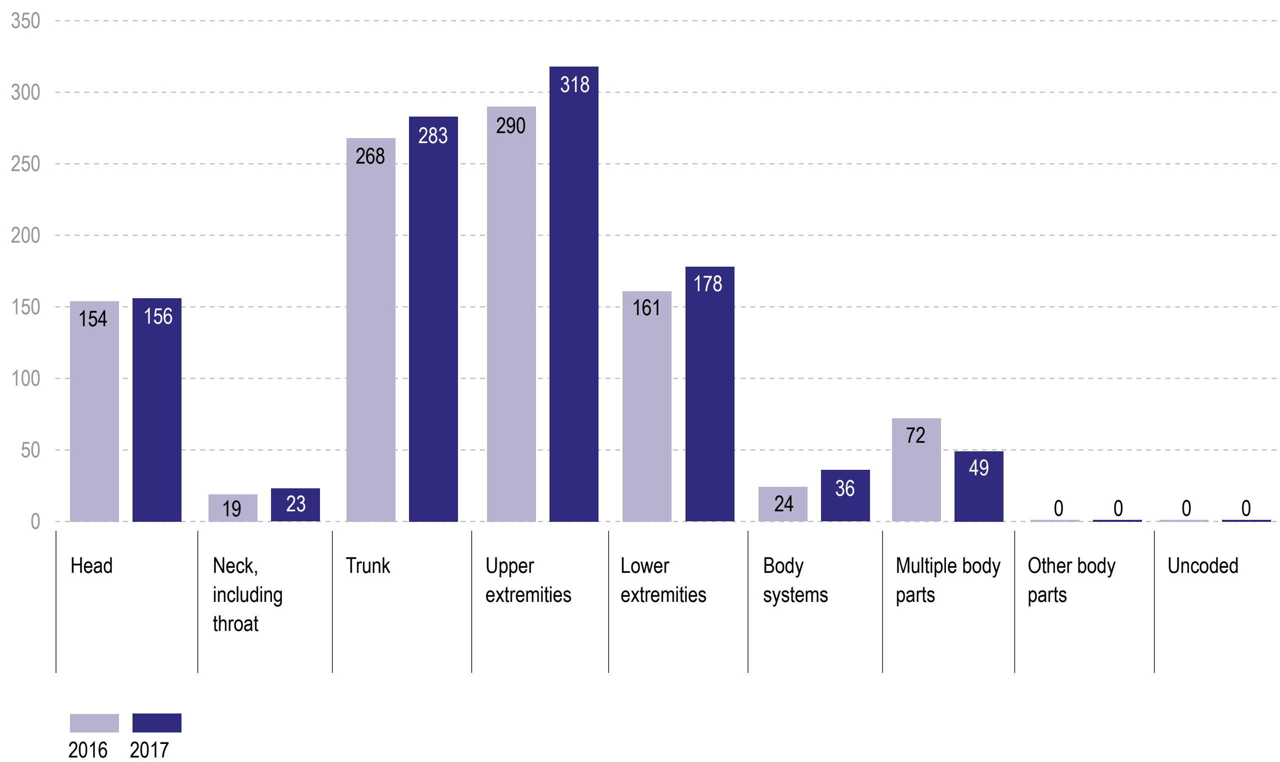


- A Management Occupations
- B Business, Finance and Administration Occupations
- C Natural and Applied Sciences and Related Occupations
- D Health Occupations
- E Occupations in Social Science, Education, Government Service and Religion
- F Occupations in Art, Culture, Recreation and Sport
- G Sales 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
- K Unknown or Uncoded

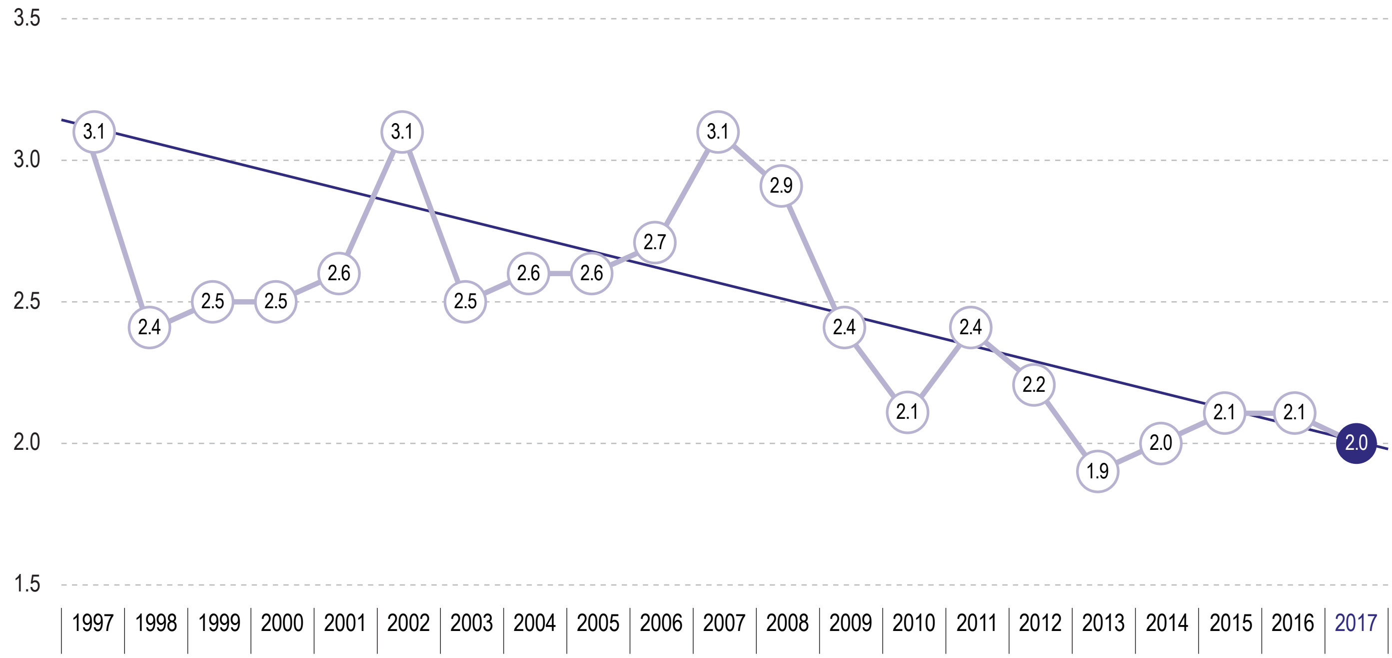
Accepted Claims by Age Group



Accepted Claims by Part of Body



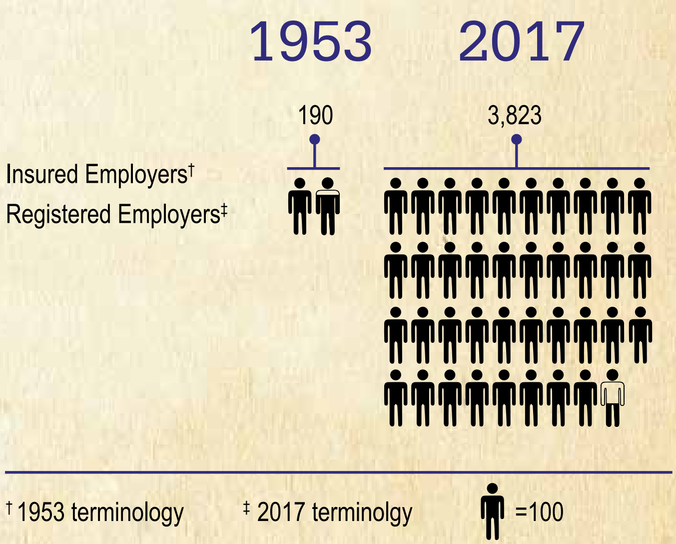
Lost Time Injury Rate per 100 Covered Workers



Then and Now

The Board's first official annual report was issued in 1953. It was a hand-typed, seven-page document, accompanied by a list of employers and their paid assessments, a statement of operation costs, and four statistical reports: Number of Accidents, Accident Cases Referred to Referee, Medical Costs per Industry, and Compensation Payments per Industry.

At the time, the Yukon workers' compensation system was being administered out of a newly-opened office in Edmonton. Yukon employers had just been ordered to carry workers' compensation insurance through the latest amendments to the *Workmen's Compensation Ordinance*. Other changes entitled injured workers to medical benefits and made it an offence for an employer not to report an accident. Provisions were established for a "referee" with powers of adjudication and dispute resolution, a role assumed by the Alberta Workmen's Compensation Board.



Captions and Credits

Front cover

Workers pose in front of an aerial bucket unloading pay dirt near Sulphur or Gold Run Creek.

YA, E. J. Hamacher fonds (Margaret and Rolf Hougen coll.), 2002/118, #306

Page 8

The Whitehorse "shipyard gang" who built and maintained the Yukon River sternwheelers, ca. late 1920s.

Yukon Archives, John Scott fonds 89/31 #154

Page 10: 1917–26

By the late 1910s, mighty dredges had excavated much of the Klondike River valley.

YA, A. K. Schellinger fonds 82/308, #5943

Page 10: 1927–36

Wreck of the sternwheeler Klondike in the Yukon River below Hootalinqua, June 1936.

YA, Claude and Mary Tidd fonds, 77/19, #8502

Page 10: 1937–46

Clearing the Alaska Highway right of way, 1942.

US Library of Congress, LC-USW33-000938-ZC

Page 10: 1947–56

Map of Yukon Territory, ca. early 1960s.

Adapted from W.R. Hamilton, The Yukon Story (Mitchell Press Ltd., 1964)

Page 10: 1957–66

Construction of a new federal building on Main Street in Whitehorse.

Yukon Archives, Rolf and Margaret Hougen fonds, 2010/91, #504

Page 10: 1967–76

Yukon First Nations leaders pose on the steps of the House of Parliament, Ottawa, in 1973.

YA, Judy Gingell coll., 98/74, #1

Page 10: 1977–86

Dignitaries attend Dempster Highway opening ceremonies at Flat Creek, 1979.

Rolf Hougen photo

Page 10: 1997–2006

"Celebrating Yukon Devolution" was created to commemorate the transfer of land and resource management to the Government of Yukon.

Nathalie Parenteau artwork commissioned by INAC

Page 11

Archives of the Law Society of Ontario, Archives Department collection, "Photograph of William Ralph Meredith", P173.

Financial Statements

Management's Discussion and Analysis

The Management's Discussion and Analysis provides further insight into the financial performance of the Compensation Fund (the Fund) for the year ended December 31, 2017. 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.

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 our actual results may differ materially from those expressed or implied.

Operating results

The 2017 operating surplus (prior to the funding surplus distribution) was higher than the previous year: $3.1 million versus $1.7 million in 2016. Higher-than-anticipated revenues were the main contributors to the increased surplus in 2017.

A surplus distribution of $9.9 million was issued to employers in 2017 due to the Fund's strong financial position. This payout created a net deficit of $6.9 million. In 2016, the surplus distribution was $9.6 million, contributing to a net deficit of $7.9 million.

Total comprehensive loss, which includes the operating loss less the funding policy surplus distributions plus the actuarial loss on post-employment benefits, was $7.0 million (loss) in 2017 versus $8.1 million (loss) in 2016.

Revenues

The Fund's revenue and income totalled $40.6 million in 2017 versus $32.0 million in 2016. The increase in overall revenue was directly attributable to an increase in both assessment revenue and net investment income.

Assessment revenue in 2017 was $22.9 million, up 13.4% from $20.2 million in 2016. The increase in assessment revenue can be attributed partially to the overall increase in assessable payroll in the Resources and Transportation Sector rate group as a result of the increase in mining-related activity during 2017.

Net investment income in 2017 was $15.5 million versus $10.8 million in 2016, an increase of $4.7 million. In 2017 the Fund earned an overall return of 7.8%, meeting the targeted benchmark return. The overall return for the past five years has been 9.2%. The investment portfolio's asset mix is 46.6% fixed income and 53.4% equities. The Yukon Workers' Compensation Health and Safety Board's disciplined, structured, conservative approach to managing its investment portfolio continues to help the Fund maintain a very strong financial position. 2017 was the ninth consecutive year of positive investment returns.

Expenses

Total claims expenses increased to $25.6 million in 2017 from $18.5 million in 2016. Claims costs were higher in 2017 due mainly to higher than expected costs associated with prior years' injuries.

Administration costs increased to $11.5 million in 2017 from $11.3 million in 2016, mainly due to costs associated with legislative amendments and an increase in system development expenses.

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, 2017, this liability was $151.2 million, an increase of approximately 5.6% over the previous year. The increase was created from actuarial adjustments relating to higher than expected costs associated with prior year claims, and a change in the discount rate. The discount rate was adjusted to better reflect the future expected investment returns of the Fund based on the conservative makeup of the portfolio.

The total assets of the Fund increased by $1.5 million in 2017. The increase in total assets is related mainly to a larger cash balance at year end, primarily related to the performance of the investments and the timing of cash flows around year end.

Funding 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 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.

At the end of 2017, the funding ratio was 143%, down from 150% in 2016. According to the Board's funding policy, when the funding ratio is outside the target range of 121% to 129%, the Fund is considered to be in a surplus position. The current surplus is being reduced in two ways. First, the surplus is being drawn down via a reduction in rates. The average estimated premium rate was set at $1.87 per $100 of payroll in 2017 (up from $1.85 in 2016), which is well below the actual cost of approximately $2.30 per $100 of payroll. Second, in late 2017 the Board distributed $9.9 million of its surplus reserves to employers. These actions continued a multi-year effort to reduce the reserves to their target level. Between 2012 and 2017, approximately $51 million has been distributed to Yukon employers through lower assessment rates and rebate payments.

Outlook

As noted in the story pages of this year's annual report, change is inevitable over time. The 2017 operating environment is very different from that of 1917. In fact, today's environment is very different from even five years ago. And it is not only the changes themselves, but the ever-accelerating speed of change that poses challenges for organizations such as ours. But within those challenges lie opportunities. Responding to these challenges and opportunities requires a strong financial position. Fortunately, we are in such a position. All our stakeholders benefit in a number of ways from this position of strength. It allows the Compensation Fund to weather future economic downturns, it helps reduce volatility in the rates paid by employers, it provides adequate resourcing to prevent injuries in the workplace, and it provides assurance that future financial commitments to injured workers and their families will be met.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

Management is also responsible for the integrity and objectivity of the financial statements of the Compensation Fund, including any amounts that must of necessity be based on management's best estimates, experience and judgement. The accompanying financial statements as at December 31, 2017 are prepared in accordance with International Financial Reporting Standards. Other financial information included in the Annual Report is consistent with these financial statements.

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

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

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

Kurt Dieckmann, MBA, CRSP
President and Chief Executive Officer

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

April 17, 2018

MORNEAU SHEPELL

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

ACTUARIAL STATEMENT OF OPINION

I have completed the actuarial valuation of the benefits liability of the Yukon Workers' Compensation Health and Safety Board (the "board") as at December 31, 2017 (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 $151,152,000. This includes provisions for benefits expected to be paid after the valuation date for claims that occurred on or before the valuation date. A provision for future claims arising from long latency occupational diseases is included in this valuation. This liability includes future administrative expenses for all benefits, with the exception of the Annuity benefit. It does not include any accrued liability for claims arising from self-insured accounts.
5. The liability as at the valuation date for Annuity contributions and interest already set aside by the board up to the valuation date for purposes of providing pension benefits to injured workers was obtained from the board's finance division and is included in item 4 above.
6. The amount of the actuarial liabilities makes appropriate provision for all personal injury compensation obligations and the financial statements fairly present the results of the valuation.
7. This report has been prepared, and my opinions given, in accordance with accepted actuarial practice in Canada.
8. The valuation is based on the provisions of the Workers' Compensation Act of the Yukon Territory and on the board's policies and practices in effect on the valuation date.

Thane MacKay, F.C.I.A.

This report has been peer reviewed by Mark Simpson, FCIA.

Office of the Auditor General of Canada
Bureau du vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Compensation Fund

Report on the Financial Statements

I have audited the accompanying financial statements of the Compensation Fund, which comprise the statement of financial position as at 31 December 2017, and the statement of operations and comprehensive income, statement of changes in funded position (equity) and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Compensation Fund as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

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

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

David Irving

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

17 April 2018
Edmonton, Canada

Compensation Fund
Statement of Financial Position
As at December 31

(In Canadian Dollars)

	Note	2017 ($000s)	2016 ($000s)
ASSETS			
Cash		$ 2,232	$ 178
Accounts receivable	6	1,932	1,934
Prepaid expenses		203	250
Investments	7	209,439	209,502
Property and equipment	8	9,217	9,430
Intangible assets	9	3,011	3,289
Total assets		**$ 226,034**	**$ 224,583**
LIABILITIES			
Accounts payable and accrued liabilities	10	4,062	3,483
Surplus distributions payable	14	215	117
Deferred portion of government grant	11	146	183
Benefits liability	12	151,152	143,109
Employee benefits	13	2,722	2,992
Total liabilities		158,297	149,884
FUNDED POSITION (EQUITY)	14		
Reserves		67,737	74,699
Total equity		67,737	74,699
Total liabilities and equity		**$ 226,034**	**$ 224,583**

Commitments and Contingencies (notes 16 and 18)

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

Approved by the Yukon Workers' Compensation Health and Safety Board

Mark Pike
Chair

Compensation Fund
Statement of Operations and Comprehensive Income
For the year ended December 31

(In Canadian Dollars)

	Note	2017 ($000s)	2016 ($000s)
Revenue and Income			
Assessment revenue		$ 22,912	$ 20,210
Net investment income	7	15,521	10,761
Recoveries and other receipts		2,135	1,030
		40,568	32,001
Expenses			
Claims expenses	12	25,600	18,530
Administration	17		
General and Administration		8,344	8,214
Occupational Health and Safety		2,223	2,321
Workers' Advocate		454	492
Act Amendments		153	-
Yukon Chamber		151	142
Appeal Tribunal		130	114
Prevention		450	455
		37,505	30,268
Operating surplus		3,063	1,733
Funding policy surplus distributions	14	(9,945)	(9,618)
Net deficit		(6,882)	(7,885)
Other comprehensive loss			
All items presented in other comprehensive loss will not be reclassified to operating surplus in subsequent periods:			
Actuarial loss on post-employment benefits	13	(80)	(204)
Total comprehensive loss		**$ (6,962)**	**$ (8,089)**

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 Canadian Dollars)

	Stabilization Reserve ($000s)	Adverse Events Reserve ($000s)	Total ($000s)
Balance at January 1, 2016	**$ 60,208**	**$ 22,580**	**$ 82,788**
Net deficit for 2016	(7,885)	-	(7,885)
Other comprehensive loss	(204)	-	(204)
Total comprehensive loss for 2016	(8,089)	-	(8,089)
Transfer to / from Adverse Events Reserve	(215)	215	-
Balance at December 31, 2016	**$ 51,904**	**$ 22,795**	**$ 74,699**
Net deficit for 2017	(6,882)	-	(6,882)
Other comprehensive loss	(80)	-	(80)
Total comprehensive loss for 2017	(6,962)	-	(6,962)
Transfer to / from Adverse Events Reserve	(880)	880	-
Balance at December 31, 2017	**$ 44,062**	**$ 23,675**	**$ 67,737**

Capital Management and Reserves (note 14)

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

Compensation Fund
Statement of Cash Flows
For the year ended December 31

(In Canadian Dollars)

	2017 ($000s)	2016 ($000s)
Operating activities		
Cash received from:		
Employers, for assessments	$ 22,557	$ 19,922
Investment revenue - interest	2,793	2,897
Investment revenue - dividends	2,888	3,210
Recoveries and other receipts	2,092	960
	30,330	26,989
Cash paid:		
To employers, for surplus distributions	(9,847)	(9,873)
For claims	(17,242)	(16,675)
To employees and suppliers, for administration and prevention	(11,051)	(11,386)
	(38,140)	(37,934)
Total cash used by operating activities	(7,810)	(10,945)
Investing activities		
Net sale of investments	10,622	14,705
Purchases of property and equipment	(301)	(671)
Purchases of intangible assets	(415)	(257)
Total cash provided (used) by investing activities	9,906	13,777
Foreign exchange loss on cash held in foreign currency	(42)	-
Increase in cash	**2,054**	**2,832**
Cash (bank overdraft), beginning of year	178	(2,654)
Cash, end of year	**$ 2,232**	**$ 178**

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

Compensation Fund
Notes to the Financial Statements
December 31, 2017

(In Canadian Dollars)

1. Reporting Entity

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

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

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

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

2. Statement of Compliance and Basis of Preparation

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

The Board of Directors approved and authorized for issue the 2017 financial statements on April 17, 2018.

Basis of Measurement

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

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

Critical Accounting Estimates and Judgements

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

Compensation Fund
Notes to the Financial Statements
December 31, 2017
(In Canadian Dollars)

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

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

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

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

3. Application of New and Revised IFRS

(a) Amendments to IFRS effective for the current year

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

Amendments to IAS 7 *Statement of Cash Flows*
In January 2016, the IASB issued amendments to IAS 7 to require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. These amendments are effective for annual periods beginning on or after January 1, 2017. The adoption of these amendments had no impact on the Fund's financial statements.

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

Amendments to IFRS 4 *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
In September 2016, the IASB issued amendments to IFRS 4 *Insurance Contracts* which permits insurers that meet specified criteria to apply a temporary exemption from IFRS 9, for annual periods beginning on or after January 1, 2018. The Board is eligible for the temporary exemption, and will be applying this amendment for annual periods beginning January 1, 2018 until the temporary exemption expires for annual reporting periods after January 1, 2021.

IFRS 9 *Financial Instruments*
In July 2014, the IASB issued the final version of IFRS 9 to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes a substantially reformed approach to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. The Board is eligible and will be using the temporary exemption

Compensation Fund
Notes to the Financial Statements
December 31, 2017
(In Canadian Dollars)

allowed for based on amendments to IFRS 4 issued in September 2016 which delays implementation of IFRS 9 to 2021.

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

IFRS 17 *Insurance* Contracts
IFRS 17 *Insurance Contracts* was issued in May 2017 and is effective for years beginning on or after January 1, 2021, to be applied retrospectively. If full retrospective application is impractical, the modified retrospective or fair value methods may be used. IFRS 17 will replace IFRS 4 *Insurance Contracts* and is expected to change the way insurance contract liabilities are recognized and measured. It will also change the presentation and disclosures of the Fund's Financial Statements. The Board is assessing the impact of this standard and expects that it could potentially have a significant impact on the Fund's Financial Statements.

4. Significant Accounting Policies

The following is a summary of the significant accounting policies:

(a) Cash

For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash includes cash on hand and bank balances net of any bank overdrafts. Foreign currency transactions incurred within operating activities are translated based on the exchange rate at the time of the transaction. Any gains or losses incurred as result of translation are recorded in the Statement of Operations and Comprehensive Income. The cash balance remaining in the account at year end is translated at the exchange rate in effect as of December 31, 2017.

Cash and short-term investments held by custodians for investment purposes are not available for general use and are included in investments.

(b) Assessments and 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

Compensation Fund
Notes to the Financial Statements
December 31, 2017
(In Canadian Dollars)

receivable and payable are adjusted based on the difference between estimated and actual payrolls.

The Government of Yukon pays certain claims costs to the Compensation Fund for claims prior to 1993 and reimburses the cost of supplementary benefits pursuant to the Yukon Workers' Compensation Supplementary Benefits Ordinance. Supplementary compensation benefits are granted, pursuant to the Yukon Workers' Compensation Supplementary Benefits Ordinance, to all persons receiving compensation on or after October 1, 1973 for accidents prior to that date. Compensation is increased to the amount that would have been granted had the accident occurred after the Act came into force. The cost of these benefits is recovered from the Yukon Consolidated Revenue Fund. Effective January 1, 1993, all Government employees were covered by the Fund. The Government also reimburses the Compensation Fund for all claims costs associated with those injured workers, who are designated as workers employed by the Government under section 6 of the Act. These amounts are recorded in recoveries and other receipts in the year in which the related expenses are incurred (note 15(a)).

(c) Recoveries from third parties

Since July 1, 2008, under section 51 of the *Workers' Compensation Act*, the Board is deemed to be an assignee of a cause of action in respect of a worker's injury that arose out of a work-related injury. If settled, or as a result of a Court decision, the legal costs and costs associated with the claim create the settlement. Out of the settlement are paid the legal costs, and legal disbursements, and all past, present and future costs. Any funds remaining will be paid to the worker. The amount recovered for past, present and future costs is used to 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. Short-term investments held by the investment managers for investment purposes are included in Investments.

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

Compensation Fund
Notes to the Financial Statements
December 31, 2017

(In Canadian Dollars)

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

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

Other financial assets and liabilities
Accounts receivable are classified as loans and receivables. Bank overdraft, 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, bank overdraft, 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 which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Changes in valuation methods may result in transfers into or out of an instrument's assigned level. The Board's policy is to recognize transfers into or out of the fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no such transfers between levels in 2017 (2016 – 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 profit or loss.

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

Compensation Fund
Notes to the Financial Statements
December 31, 2017
(In Canadian Dollars)

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

(e) Property and equipment

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

Buildings and fixtures	10 – 50 years
Furniture and equipment	5 – 15 years
Computer equipment	5 years

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

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

(f) Intangible assets

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

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

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

Systems and software	5 – 19 years

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

(g) Impairment of non-financial assets

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

Compensation Fund
Notes to the Financial Statements
December 31, 2017
(In Canadian Dollars)

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

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

The Board assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Board estimates the asset's recoverable amount. As at December 31, 2017, management conducted an impairment review at the entity level, which confirmed that there were no indicators of impairment—changes in the legislative, economic or business environment—that would have a material impact on the Board's ability to generate future economic benefits from its operating (non-financial) assets.

(h) Government grants

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

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

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

(i) Benefits liability

The benefits liability is determined annually and represents the actuarial present value of all future benefit payments expected to be made for claims which have occurred in the current fiscal year or in any prior year. The benefits liability includes a provision for future payments on claims that have not been finalized to date. It also includes a provision for all benefits provided by current legislation, policies and administrative practices in respect of existing claims as well as future claims management costs. A provision has been made for claims related to known latent occupational diseases which may have

Compensation Fund
Notes to the Financial Statements
December 31, 2017

(In Canadian Dollars)

occurred in the current or previous years, but which may not be recognized and reported for a number of years due to the extended latency period of such diseases. Due to the nature of the estimated liability for long latent occupational diseases and the extent of related historical claims information available, this liability is more uncertain by its nature than other benefits liabilities (note 12).

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

- Medical aid includes benefits for medical aid, emergency transportation, traditional aboriginal healing, 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.

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

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

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

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

(j) Employee benefits

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

Other long-term employee benefits
Benefits that are expected to be settled beyond twelve months are determined based on an actuarial valuation as the best estimate of future cash flows discounted to present value with actuarial gains and losses recognized in profit and loss as incurred. These

Compensation Fund
Notes to the Financial Statements
December 31, 2017
(In Canadian Dollars)

benefits include long service vacation leave, sick leave, and special leave benefits earned but not used.

Post employment benefits

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

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

(k) Leases

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

The Board has entered into operating leases for office space, rental accommodation for travel, and vehicles. The leases have an average life of 1 year (2016 – 1 year).

(l) Funding policy surplus distributions

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

5. Risk Management

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

The Board’s management is responsible for monitoring performance and recommending changes to the Investment Policy. The Board of Directors is ultimately responsible for

Compensation Fund
Notes to the Financial Statements
December 31, 2017
(In Canadian Dollars)

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, 2017.

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

Fixed Income Portfolio Credit Ratings

Ratings	AAA	AA	A	BBB	**31-Dec-17** ($000's)	**31-Dec-16** ($000's)
Fixed Income Securities	$ 35,409	$ 15,488	$ 27,902	$ 8,132	$ 86,931	$ 87,579

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 $1,932,000 (2016 – $1,934,000). Allowances for doubtful accounts are provided for potential losses that have been incurred at the reporting date. The amounts disclosed on the Statement of Financial Position are net of these allowances for bad debts. Accounts receivable are considered for impairment on a case-by-case basis when they are past due or when objective evidence is received that a customer may default. At December 31, 2017, there were no accounts receivable that were past due but not impaired. The Board takes into consideration the customer's payment history, their credit worthiness and the current economic environment in which the customer operates to assess impairment. The Board recognizes a bad debt provision when management considers that the expected recovery is less than the carrying amount receivable.

Compensation Fund
Notes to the Financial Statements
December 31, 2017

(In Canadian Dollars)

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, 2017, approximately 92% (2016 – 84%) 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's accounts payable and accrued liabilities had a carrying value of $4,062,000 as at December 31, 2017 (2016 – $3,483,000) and were all payable within a year.

The Fund's surplus distributions payable had a carrying value of $215,000 as at December 31, 2017 (2016 - $117,000) and are expected to be paid in 2018 (note 14).

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

Management estimates that approximately $9 million will be withdrawn from the investment fund during 2018 to fund the difference between operating revenues and expenses. The amount withdrawn will be a combination of maturing fixed income securities, sales of equities, and interest and dividend income earned.

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

Compensation Fund
Notes to the Financial Statements
December 31, 2017
(In Canadian Dollars)

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

	Target		Actual	
	Minimum	Maximum	**31-Dec-17**	**31-Dec-16**
Equities				
Canadian	0%	25%	16.6%	18.1%
United States	0%	25%	17.3%	18.6%
International	0%	25%	19.5%	19.2%
Fixed Income				
Short-term investments	0%	10%	5.1%	2.3%
Bonds	35%	85%	41.5%	41.8%
			100.0%	100.0%

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

	31-Dec-17 ($000's)		**31-Dec-16** ($000's)	
Percentage decrease in fair value	-10%	-20%	-10%	-20%
Equities				
Canadian	$ (3,482)	$ (6,963)	$ (3,782)	$ (7,564)
United States	(3,629)	(7,259)	(3,899)	(7,799)
International	(4,081)	(8,163)	(4,024)	(8,048)
Total impact on operating results and equity	$ (11,192)	$ (22,385)	$ (11,705)	$ (23,411)

Inflation risk

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

Interest rate risk

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

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

	31-Dec-17 ($000's)		**31-Dec-16** ($000's)	
Positive bp change in nominal interest rate	+50bp	+100bp	+50bp	+100bp
Bonds	$ (3,079)	$ (6,158)	$ (3,142)	$ (6,283)
Total impact on operating results and equity	$ (3,079)	$ (6,158)	$ (3,142)	$ (6,283)

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

Compensation Fund
Notes to the Financial Statements
December 31, 2017

(In Canadian Dollars)

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-17 ($000's)	31-Dec-16 ($000's)
	< 1 year	1 - 5 years	5 - 10 years	> 10 years	Total	Total
Bonds	$ 2,549	$ 34,603	$ 26,953	$ 22,826	$ 86,931	$ 87,579
Average effective yield	1.75%	2.31%	2.70%	2.97%	2.59%	2.45%

(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.

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

Currency	31-Dec-17 ($000's)	31-Dec-16 ($000's)
US Dollar	$ 39,100	$ 41,900
Euro	$ 15,200	$ 16,600
Pound	$ 8,000	$ 6,800
Yen	$ 5,500	$ 4,700
Swiss Franc	$ 3,900	$ 3,700

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

Currency	31-Dec-17 ($000's)	31-Dec-16 ($000's)
US Dollar	$ (3,556)	$ (3,813)
Euro	$ (1,381)	$ (1,506)
Pound	$ (728)	$ (622)
Yen	$ (503)	$ (425)
Swiss Franc	$ (354)	$ (341)

Compensation Fund
Notes to the Financial Statements
December 31, 2017

(In Canadian Dollars)

6. Accounts Receivable

	31-Dec-17 ($000s)	31-Dec-16 ($000s)
Assessments		
Assessed and due from employers	$ 1,895	$ 1,694
Allowance for doubtful accounts	(93)	(250)
	$ 1,801	$ 1,444
Other		
Other receivables and recoveries	$ 161	$ 513
Allowance for doubtful accounts	(31)	(23)
	$ 130	$ 490
	$ 1,932	$ 1,934

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

Reconciliation of allowance for doubtful accounts

	31-Dec-17 ($000's)	31-Dec-16 ($000's)
Balance, beginning of year	$ 273	$ 254
Accounts written off	(217)	(57)
Recoveries and other adjustments	(21)	(9)
Current year provision	89	85
Balance, end of year	$ 124	$ 273

Compensation Fund
Notes to the Financial Statements
December 31, 2017

(In 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-17 ($000s) Fair Value	31-Dec-16 ($000s) Fair Value
Fixed-term securities		
Federal bonds	$ 24,709	$ 18,611
Provincial bonds	13,383	13,483
Corporate bonds	48,839	55,485
	86,931	87,579
Equities		
Canadian	34,817	37,819
United States	36,293	38,993
International	40,814	40,240
	111,924	117,052
Other investments		
Cash on account	392	133
Short-term investments	9,709	4,223
Accrued interest receivable	570	599
	10,671	4,955
Investments, sub-total	209,526	209,586
Management fee accrual	(87)	(84)
	$ 209,439	$ 209,502

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

	2017 ($000s)	2016 ($000s)
Interest	$ 2,772	$ 2,900
Dividends	2,888	3,210
Realized gains in the year	12,091	6,965
Unrealized loss in fair value in the year	(1,508)	(1,553)
Investment management fees	(722)	(761)
	$ 15,521	$ 10,761

Compensation Fund
Notes to the Financial Statements
December 31, 2017
(In Canadian Dollars)

Fair Value Hierarchy

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

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

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

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

As at December 31, 2017, the Fund held the following financial instruments measured at fair value:

	Level 1 ($000s)	Level 2 ($000s)	Level 3 ($000s)	Total ($000s)
Cash and Cash Equivalents	$ 10,584	$ -	$ -	$ 10,584
Bonds	12,217	74,714	-	86,931
Equities	52,985	-	-	52,985
Pooled Funds	-	58,939	-	58,939
Total Investments	$ 75,786	$ 133,653	$ -	$ 209,439

As at December 31, 2016, the Fund held the following financial instruments measured at fair value:

	Level 1 ($000s)	Level 2 ($000s)	Level 3 ($000s)	Total ($000s)
Cash and Cash Equivalents	$ 4,871	$ -	$ -	$ 4,871
Bonds	5,973	81,606	-	87,579
Equities	58,102	-	-	58,102
Pooled Funds	-	58,950	-	58,950
Total Investments	$ 68,946	$ 140,556	$ -	$ 209,502

Compensation Fund
Notes to the Financial Statements
December 31, 2017

(In Canadian Dollars)

8. Property and Equipment

	Land ($000s)	Buildings and Fixtures ($000s)	Furniture and Equipment ($000s)	Computer and Equipment ($000s)	Assets under construction ($000s)	Total ($000s)
Cost						
At January 1, 2016	$ 1,045	$ 9,496	$ 1,372	$ 729	$ -	$ 12,642
Additions	-	266	172	104	39	581
Disposals	-	-	(12)	(61)	-	(73)
Transfers		144	(144)	-	-	-
At December 31, 2016	**$ 1,045**	**$ 9,906**	**$ 1,388**	**$ 772**	**$ 39**	**$ 13,150**
Depreciation and impairment						
At January 1, 2016	$ -	$ 2,147	$ 717	$ 517	$ -	$ 3,381
Depreciation	-	203	111	98	-	412
Disposals	-	-	(12)	(61)	-	(73)
Impairment	-	-	-	-	-	-
At December 31, 2016	**$ -**	**$ 2,350**	**$ 816**	**$ 554**	**$ -**	**$ 3,720**
Net book value						
At December 31, 2016	**$ 1,045**	**$ 7,556**	**$ 572**	**$ 218**	**$ 39**	**$ 9,430**
Cost						
At January 1, 2017	$ 1,045	$ 9,906	$ 1,388	$ 772	$ 39	$ 13,150
Additions	-	-	133	104	79	316
Disposals	-	(24)	(46)	(58)	-	(128)
Transfers	-	102	-	-	(102)	-
At December 31, 2017	**$ 1,045**	**$ 9,984**	**$ 1,475**	**$ 818**	**$ 16**	**$ 13,338**
Depreciation and impairment						
At January 1, 2017	$ -	$ 2,350	$ 816	$ 554	$ -	$ 3,720
Depreciation	-	299	111	107	-	517
Disposals	-	(12)	(46)	(58)	-	(116)
Impairment	-	-	-	-	-	-
At December 31, 2017	**$ -**	**$ 2,637**	**$ 881**	**$ 603**	**$ -**	**$ 4,121**
Net book value						
At December 31, 2017	**$ 1,045**	**$ 7,347**	**$ 594**	**$ 215**	**$ 16**	**$ 9,217**

During the year ended December 31, 2017 the Board reviewed all capital assets and using judgement determined if any changes in useful life were required. This review resulted in changes to the expected useful life of certain items included in buildings and fixtures. The effect of these changes on depreciation expenses in current and future periods is as follows:

	2017 ($000s)	**2018** ($000s)	**2019** ($000s)	**2020** ($000s)	**2021** ($000s)
Increase in depreciation expense	67	67	2	2	2

Compensation Fund
Notes to the Financial Statements
December 31, 2017

(In Canadian Dollars)

9. Intangible Assets

	Internal Software Development Costs (1) ($000s)	Software Systems Under Development ($000s)	Software Costs ($000s)	Total ($000s)
Cost				
At January 1, 2016	$ 8,731	$ -	$ 1,017	$ 9,748
Additions	253	29	16	298
Disposals	(206)	-	(37)	(243)
At December 31, 2016	**$ 8,778**	**$ 29**	**$ 996**	**$ 9,803**
Amortization and impairment				
At January 1, 2016	$ 5,286	$ -	$ 755	$ 6,041
Amortization	619	-	56	675
Disposals	(165)	-	(37)	(202)
Impairment	-	-	-	-
At December 31, 2016	**$ 5,740**	**$ -**	**$ 774**	**$ 6,514**
Net book value				
At December 31, 2016	**$ 3,038**	**$ 29**	**$ 222**	**$ 3,289**
Cost				
At January 1, 2017	$ 8,778	$ 29	$ 996	$ 9,803
Additions	254	108	49	411
Disposals	-	-	(49)	(49)
Transfer systems to production	22	(29)	7	-
At December 31, 2017	**$ 9,054**	**$ 108**	**$ 1,003**	**$ 10,165**
Amortization and impairment				
At January 1, 2017	$ 5,740	$ -	$ 774	$ 6,514
Amortization	629	-	60	689
Disposals	-	-	(49)	(49)
Impairment	-	-	-	-
At December 31, 2017	**$ 6,369**	**$ -**	**$ 785**	**$ 7,154**
Net book value				
At December 31, 2017	**$ 2,685**	**$ 108**	**$ 218**	**$ 3,011**

(1) Included in internal software development costs is the claims management system which has a net book value of $1,276,000 (2016 – $1,531,000) and a remaining amortization period of 5 years.

System research and analysis costs expensed in 2017 were $150,000 (2016 – $23,000).

During the year ended December 31, 2017 the Board reviewed all intangible assets and using judgement determined if any changes in useful life were required. This review resulted in changes to the expected useful life of certain items included in internal software development costs. The effect of these changes on amortization expenses in current and future periods is as follows:

	2017 ($000s)	2018 ($000s)	2019 ($000s)	2020 ($000s)	2021 ($000s)
Increase/(decrease) in amortization expense	(71)	(71)	35	35	35

Compensation Fund
Notes to the Financial Statements
December 31, 2017

(In Canadian Dollars)

10. Accounts Payable and Accrued Liabilities

	31-Dec-17 ($000s)	31-Dec-16 ($000s)
Payable		
Assessments refundable	$ 1,753	$ 1,676
Other payables and accrued liabilities	2,309	1,807
	$ 4,062	$ 3,483

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

11. Government Grants

In 2017, the Fund received $330,000 for the Mine Safety Program Grant (2016 – $330,000). This was accounted for as income in the period.

The Fund did not receive any funds in 2017 for the purpose of upgrading mine safety equipment (2016 – nil). The deferred portion of the government grant as at December 31, 2017 was $146,000 (2016 – $183,000) and $37,000 (2016 – $42,000) was expensed and released into income during the year.

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

Compensation Fund
Notes to the Financial Statements
December 31, 2017
(In Canadian Dollars)

12. Benefits Liability

2017
($000s)

	Medical Aid	Compensation	Pension	Annuity	Occupational Disease Provision	Total
Balance, beginning of year	$ 23,651	$ 67,819	$ 31,115	$ 7,811	$ 12,713	$ 143,109
Add claims costs incurred:						
Current year injuries	6,881	7,982	-	-	-	14,863
Prior years' injuries	3,349	3,572	3,101	-	-	10,022
Latent occupational disease provision	-	-	-	-	715	715
	10,230	11,554	3,101	-	715	25,600
Less claims payments made:						
Current year injuries	3,006	1,335	-	-	-	4,341
Claims management	451	200	-	-	-	651
Prior years' injuries	3,018	6,412	2,490	(970)	-	10,950
Claims management	453	788	374	-	-	1,615
	6,928	8,735	2,864	(970)	-	17,557
Balance, end of year	$ 26,953	$ 70,638	$ 31,352	$ 8,781	$ 13,428	$ 151,152

2016
($000s)

	Medical Aid	Compensation	Pension	Annuity	Occupational Disease Provision	Total
Balance, beginning of year	$ 22,727	$ 68,905	$ 29,269	$ 7,535	$ 12,522	$ 140,958
Add claims costs incurred:						
Current year injuries	5,725	7,459	-	-	-	13,184
Prior years' injuries	922	(299)	4,532	-	-	5,155
Latent occupational disease provision	-	-	-	-	191	191
	6,647	7,160	4,532	-	191	18,530
Less claims payments made:						
Current year injuries	2,648	1,433	-	-	-	4,081
Claims management	397	215	-	-	-	612
Prior years' injuries	2,329	5,799	2,336	(276)	-	10,188
Claims management	349	799	350	-	-	1,498
	5,723	8,246	2,686	(276)	-	16,379
Balance, end of year	$ 23,651	$ 67,819	$ 31,115	$ 7,811	$ 12,713	$ 143,109

Compensation Fund
Notes to the Financial Statements
December 31, 2017

(In Canadian Dollars)

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

	2017 ($ 000's)	2016 ($ 000's)
Balance, beginning of year	$ 143,109	$ 140,958
Add:		
Provision for current year's claims	9,871	8,492
Interest allocated	7,570	7,464
Experience (gain) loss	3,167	(2,119)
	20,608	13,837
Deduct:		
Payments for prior years' claims	12,565	11,686
Balance, end of year	$151,152	$ 143,109

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

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

Key aspects of processes established to mitigate insurance risks include:

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

Compensation Fund
Notes to the Financial Statements
December 31, 2017
(In Canadian Dollars)

(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 financial impact of changing interest rates on the benefits liability is expected to be offset in the longer term by similar changes in claims inflation.

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

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

(f) Liquidity risk

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

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

Compensation Fund
Notes to the Financial Statements
December 31, 2017
(In Canadian Dollars)

Expected timing of future payments for outstanding claims:

	2017	2016
Up to 1 year	5%	5%
Over 1 year and up to 5 years	15%	16%
Over 5 years and up to 10 years	18%	20%
Over 10 years	62%	59%
Total	100%	100%

(g) Actuarial assumptions and methods

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

	31-Dec-17	31-Dec-16
Discount rate for medical aid benefits - net (1, 3)	0.80%	1.00%
Discount rate for compensation benefits - net (2, 3)	3.25%	3.40%
Discount rate for survivor and other pension benefits - net (2)	3.25%	3.40%

(1) Net of a discount rate attributable to inflation of 4.75% (2016 – 4.75%).

(2) Net of a discount rate attributable to inflation of 2.25% (2016 – 2.25%).

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

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

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

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

The Medical Aid liability represents the present value of expected future benefit payments for medical services in respect of all claims arising from injuries that occurred on or before December 31, 2017. 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

Compensation Fund
Notes to the Financial Statements
December 31, 2017
(In Canadian Dollars)

occurred on or before December 31, 2017. The Short Term Compensation liability is included in the Compensation liability category for financial reporting purposes.

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

The Long Term Compensation liability represents the present value of expected future long-term loss of earnings payments for injury years 2011 and prior, including future inflationary adjustments, for individuals still in receipt of a long-term loss of earnings award at December 31, 2017. The Long Term Compensation liability is calculated on a seriatim, or individual basis using the discounted cash flow method. Loss of earnings benefits are indexed annually in the month following the anniversary of the date of when the injured worker's loss of earnings began. Mortality rates are used to determine the future life expectancy of individuals in receipt of a long-term loss of earnings award. A provision with respect to the ten percent annuity contribution required on loss of earnings benefits paid beyond 24 months is included in the Long Term Compensation liability. The Long Term Compensation is included in the Compensation liability for financial reporting purposes.

The Pension liability represents the present value of expected future pension payments, including future inflationary adjustments, to individuals who have been approved for a pension or survivor award at December 31, 2017. The Pension liability is calculated on a seriatim basis using the discounted cash flow method. Pension benefits are indexed annually on January 1st of each year. Mortality rates are used to determine the future life expectancy of individuals in receipt of a pension award.

The Future Long Term Compensation liability represents the present value of future long-term loss of earnings awards that have not yet reached long-term status as of December 31, 2017. These future awards are in respect of all claims arising from injuries which occurred on or before December 31, 2017. 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, 2017. A provision with respect to the ten percent annuity contribution required on future loss of earnings benefits paid beyond 24 months following injury is included in the Future Long Term Compensation liability. The Future Long Term Compensation liability is included in the Compensation liability category for financial reporting purposes.

The Occupational Disease provision represents a portion of the present value of the expected future cost of claims that have not yet been filed but are expected to manifest themselves in the future as a result of cumulative exposure to a causative agent in the workplace (i.e. long latency cases). Only a portion of the total provision is held based on

Compensation Fund
Notes to the Financial Statements
December 31, 2017

(In Canadian Dollars)

the accumulated exposure up to the valuation date relative to total exposure before an occupational disease manifests itself. Occupational diseases differ from occupational injuries in that there can be a considerable time lag between the exposure, the manifestation of the disease and the identification of the ensuing disability as a workers' compensation claim. Furthermore, while the circumstances of an injury usually make it clear whether it is work related or not, the link between an occupational disease and the workplace may be difficult to establish.

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

The administration rate represents the present value of the expected future costs required to provide administrative services for the continuation of claims management and maintenance of existing claims. The administration rate applied at December 31, 2017 is 15% (15% for December 31, 2016), and is applied to all liability components with the exception of the Annuity liability.

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

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

	Increase (decrease) in benefits liability	
	2017 ($000s)	**2016** ($000s)
Change in runoff factors	$ 1,118	$ (99)
Update of first year inflation	(449)	(631)
Change in mortality table	-	4,368
Change in discount rate	1,697	-
Other changes in actuarial assumptions	2,092	649
	$ 4,458	$ 4,287
Change in old age security	-	(4,519)
Annuity top up	-	747
(Favourable) unfavourable claims experience during year	(2,707)	(3,320)
	$ 1,751	$ (2,805)
Actual versus expected claims paid on prior years' injuries	1,416	686
	$ 3,167	$ (2,119)

Compensation Fund
Notes to the Financial Statements
December 31, 2017
(In Canadian Dollars)

On March 22, 2016, the Government of Canada announced during the Budget Speech that the eligibility age for Old Age Security pension benefits would decrease from age 67 to 65. This change was passed into law and received Assent on June 22, 2016, and it had an effect on the benefits liability by decreasing it as the loss of earning benefits for those workers affected by the change will no longer be paid beyond age 65. This decrease resulted in a $4,519,000 experience gain in 2016 which is included in the significant changes in the benefits liability as at December 31, 2016 for experience gains or losses.

(h) Liability sensitivity

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

Medical benefits represent approximately 20% (2016 – 20%) 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:

	31-Dec-17 ($000s)		31-Dec-16 ($000s)	
Percentage change in assumed rates	+1%	-1%	+1%	-1%
Increase (decrease) in claims expense and benefits liability from change in net discount rate	$ (12,449)	$ 14,682	$ (11,191)	$ 13,094
Increase (decrease) in claims expense and benefits liability from change in excess medical inflation rate	3,341	(2,785)	2,945	(2,458)

Compensation Fund
Notes to the Financial Statements
December 31, 2017

(In Canadian Dollars)

(i) Claims Development

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

Estimate of Ultimate Claim Payments	2008 ($000s)	2009 ($000s)	2010 ($000s)	2011 ($000s)	2012 ($000s)	2013 ($000s)	2014 ($000s)	2015 ($000s)	2016 ($000s)	2017 ($000s)	Total ($000s)
At end of accident year	24,593	21,560	26,001	28,402	24,192	24,513	24,789	19,067	18,600	21,347	
One year later	19,487	18,820	23,288	26,111	25,187	20,973	25,327	19,126	25,298		
Two years later	17,116	18,092	23,006	25,087	22,366	20,821	25,644	20,206			
Three years later	16,422	17,895	21,645	21,837	22,418	20,327	25,866				
Four years later	15,667	17,497	17,971	20,488	22,386	20,675					
Five years later	15,248	14,601	16,857	20,024	23,706						
Six years later	11,284	12,098	14,205	21,596							
Seven years later	11,147	11,855	14,410								
Eight years later	10,925	11,082									
Nine years later	11,251										
Cumulative Payments											
At end of accident year	3,082	2,454	3,182	3,721	4,433	3,438	3,757	3,801	3,879	4,129	
One year later	4,707	3,963	4,787	5,618	7,404	5,113	6,590	6,081	6,673		
Two years later	5,198	4,500	5,394	6,222	8,277	5,910	7,890	6,773			
Three years later	5,371	4,880	5,635	6,648	8,999	6,394	9,018				
Four years later	5,469	5,067	5,833	6,910	9,540	6,719					
Five years later	5,653	5,254	6,085	7,211	10,073						
Six years later	5,453	5,408	6,318	7,450							
Seven years later	5,590	5,581	6,462								
Eight years later	5,697	5,708									
Nive years later	5,837										
Estimate of Future Payments	5,414	5,374	7,948	14,146	13,633	13,956	16,848	13,433	18,625	17,218	126,595
2007 and prior claims											106,168
Effect of Discounting											(111,133)
Effect of Admin Expenses											16,094
Effect of Occupational Disease Liability											13,428
Balance Sheet Liability											151,152

During the year ended December 31, 2017, 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 the Financial Statements
December 31, 2017
(In Canadian Dollars)

13. Employee Benefits

	31-Dec-17 ($000s)	31-Dec-16 ($000s)
Short-term employee benefits	$ 432	$ 583
Other long-term employee benefits (a)	883	854
Post-employment benefits (b)	1,407	1,555
	$ 2,722	$ 2,992

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

(a) Other Long-term Employee Benefits

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

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

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

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

	31-Dec-17 ($000s)	31-Dec-16 ($000s)
Long service vacation benefits	$ 59	$ 38
Accumulating sick and special leave benefits	824	816
Total	$ 883	$ 854

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

	2017 ($000s)	2016 ($000s)
Benefits, beginning of the year	$ 854	$ 856
Current service cost	66	67
Payments made during the year	(123)	(94)
Interest cost	29	27
Actuarial (gain) loss and other changes	57	(2)
Benefits, end of the year	$ 883	$ 854

Compensation Fund
Notes to the Financial Statements
December 31, 2017
(In Canadian Dollars)

Actuarial (gain) loss remeasurements:

	2017 ($000s)	2016 ($000s)
Effect of changes in financial assumptions	$ (2)	$ (22)
Effect of changes in demographic assumptions	59	20
Remeasurements (gain) loss in profit or loss	$ 57	$ (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.

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

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

	2017 ($000s)	2016 ($000s)
Benefits, beginning of the year	$ 1,555	$ 1,338
Current service cost	86	90
Payments made during the year	(365)	(121)
Interest cost	51	44
Actuarial loss and other changes	80	204
Benefits, end of the year	$ 1,407	$ 1,555

Actuarial loss remeasurements:

	2017 ($000s)	2016 ($000s)
Effect of changes in financial assumptions	$ (3)	$ (37)
Effect of changes in demographic assumptions	83	241
Remeasurements loss in other comprehensive income	$ 80	$ 204

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

The key assumptions used to calculate the retirement and severance benefit are the discount rate and the wage inflation rate. The discount rate of 3.10% (2016 – 3.50%) 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 1.5% for

Compensation Fund
Notes to the Financial Statements
December 31, 2017
(In Canadian Dollars)

2018 based on negotiated wage increases, and 1.5% for 2019 and beyond (2016 – 1.5% in 2017) based on management's best estimate.

The expected Fund contributions for retirement and severance for the next year are $255,000 (2017 – $491,000). The weighted average duration of the retirement and severance benefit is 6.7 years (2016 – 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:

	31-Dec-17 ($000s)		31-Dec-16 ($000s)	
Percentage change in assumed rates	+1%	-1%	+1%	-1%
Discount rate	$ (87)	$ 97	$ (93)	$ 105
Wage Inflation rate	$ 98	$ (89)	$ 81	$ (73)

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

(iii) Public Service Pension Plan

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

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

	2017		2016	
Contribution rate for the year	Up to Maximum	Above Maximum	Up to Maximum	Above Maximum
For employees eligible before January 1, 2013	1.01	7.74	1.15	6.67
For employees eligible after January 1, 2013	1.00	7.74	1.11	6.67
Maximum salary limit	$ 163,100	No limit	$ 161,700	No limit

Compensation Fund
Notes to the Financial Statements
December 31, 2017
(In Canadian Dollars)

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

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

	2017 ($000s)	2016 ($000s)
Employees' contributions	$ 640	$ 614
Fund contributions	$ 663	$ 724

The expected contributions to the Plan for the next year are $636,000 (2017 – $604,000) employee contributions and $624,000 (2017 – $622,000) 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 $952,000 in 2017 (2016 - $950,000).

14. Capital Management, Surplus Distributions and Reserves

(a) Capital Management

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

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

The Board of Directors uses the Funding Ratio (Assets/Liabilities) to manage capital. At December 31, 2017, the Funding Ratio was 143% (2016 – 150%). 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

Compensation Fund
Notes to the Financial Statements
December 31, 2017
(In Canadian Dollars)

levels. The Fund is considered fully funded when there are sufficient funds for the payment of all present and future compensation, including the cost of administration.

(b) Surplus Distributions

In 2017, in order to bring the Funding Ratio closer to target, the Board of Directors approved a surplus distribution of $9,997,000 (2016 - $10,030,000) to be paid out to eligible employers.

Reconciliation of funding policy surplus distributions:

	31-Dec-17 ($000s)	31-Dec-16 ($000s)
Current year surplus distributions released	$ 9,763	$ 9,746
Current year surplus distributions withheld	234	284
	9,997	10,030
Prior year surplus distribution adjustments	(33)	(245)
Current year surplus distribution adjustment	(19)	(167)
Funding policy surplus distributions	$ 9,945	$ 9,618

An amount of $9,763,000 was paid relating to the 2017 approved surplus distribution (2016 – $9,746,000). Distributions paid are conditional upon employers being compliant with the *Workers' Compensation Act* and *Occupational Health and Safety Act*. At December 31, 2017, $234,000 (2016 - $284,000) in surplus distributions were withheld due to non-compliance by employers.

Reconciliation of surplus distributions payable:

	31-Dec-17 ($000s)	31-Dec-16 ($000s)
Surplus distributions payable, beginning of year	$ 117	$ 372
Amounts paid for prior year surplus distributions	(84)	(127)
Prior year surplus distribution adjustments	(33)	(245)
Current year surplus distributions withheld	234	284
Current year surplus distribution adjustment	(19)	(167)
Surplus distributions payable, end of year	$ 215	$ 117

(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 ten percent of the benefits liability. In 2017 the benefits liability was $151,152,000 (2016 – $143,109,000). The target was $15,115,000 as at December 31,

Compensation Fund
Notes to the Financial Statements
December 31, 2017
(In Canadian Dollars)

2017 (2016 – $14,311,000). The operating range for this reserve is determined as the target level balance plus or minus three and a half percent of the benefits liability. At December 31, 2017, the Stabilization Reserve has a balance of $44,062,000 (2016 – $51,904,000).

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

A rebate in 2017 was included in the assessment rates as required by the Funding Policy based on the 2016 funded position.

(ii) Adverse Events Reserve

The Adverse Events Reserve is to provide funding for infrequent, unexpected adverse claims experience and catastrophic events to protect employers from the sudden impact of the costs of these types of events. The target level for this reserve is $23,675,000 (2016 – $22,795,000), which has been set at 100 times the maximum wage rate plus ten percent of the benefits liability and is calculated annually upon completion of the actuarial valuation of the benefits liability. Costs related to catastrophic and adverse events and latent occupational diseases are charged to this reserve, resulting in a charge of nil for 2017 (2016 – nil). This reserve is limited to its target level. Funds in excess of the target level are transferred to the Stabilization Reserve, with nil funds transferred in 2017 (2016 – nil). At December 31, 2017, the Adverse Events Reserve has a balance of $23,675,000 (2016 – $22,795,000).

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

15. Related Party Transactions

(a) Government of Yukon

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

During 2017, the Compensation Fund paid the Government $220,000 (2016 – $226,000) for computer, office supplies, payroll processing, recruitment, and vehicle services. The Fund also reimbursed the Government for payroll costs of $8,986,000 (2016 – $8,740,000).

Reimbursements for claims costs received from the Government were $366,000 in 2017 (2016 – $512,000) (note 4(b)).

Compensation Fund
Notes to the Financial Statements
December 31, 2017
(In Canadian Dollars)

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

Revenues and recoveries from the Government for the year ended December 31, 2017 totalled $6,290,000 (2016 – $6,079,000), including the Mine Safety Program Grant (note 11).

During 2017, the Board issued a $2,446,000 (2016 – $2,331,000) surplus distribution to the Government.

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

	31-Dec-17	31-Dec-16
	($000s)	($000s)
Due to the Government of Yukon	$ (1,602)	$ (1,038)
Due from the Government of Yukon - Recoveries	109	129
Due from the Government of Yukon - Assessments	265	257
Net amount due	$ (1,228)	$ (652)

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 2017, the Fund reimbursed the Government $454,000 (2016 – $492,000) 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:

	2017	2016
	($000s)	($000s)
Short-term employee compensation and benefits	$ 1,053	$ 1,335
Other long-term employee benefits	28	24
Post employment benefits	168	316
Total remuneration	$ 1,249	$ 1,675

Contributions made to the Public Service Pension Plan by the Fund for key management personnel was $112,000 (2016 – $153,000) and are included in post employment benefits.

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

Compensation Fund
Notes to the Financial Statements
December 31, 2017

(In Canadian Dollars)

16. Commitments

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

	Contribution agreements ($000s)	Computer systems support ($000s)	Professional services ($000s)	Building maintenance ($000s)	Other ($000s)	Total ($000s)
2018	$ 801	$ 28	$ 303	$ 57	$ 38	$ 1,227
2019	559	-	252	-	21	832
2020	570	-	260	-	12	842
2021	581	-	-	-	-	581
2022	593	-	-	-	-	593
	$ 3,104	$ 28	$ 815	$ 57	$ 71	$ 4,075

17. Administration Expenses

	2017 ($000s)	2016 ($000s)
Salaries and benefits	$ 8,322	$ 8,626
Consulting and professional	1,287	1,076
Amortization - intangible assets	689	675
Statutory funding obligations	584	606
Depreciation - property and equipment	518	412
Buildings	435	413
General administration	416	316
Computer systems	352	309
Automobile and travel	246	244
Communications	215	217
Staffing and recruitment	200	155
System development analysis expense	150	23
Board expenses	117	95
Printing and publications	61	77
Supplies and stationery	51	48
Furniture and equipment	42	44
Lease expense	36	57
	$ 13,721	$ 13,393
Less: claims administration expense transferred to claims expenses (note 12)	(2,266)	(2,110)
	$ 11,455	$ 11,283

Certain comparative figures have been reclassified to conform to the current year's presentation (note 19).

18. Contingencies

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

Compensation Fund
Notes to the Financial Statements
December 31, 2017

(In Canadian Dollars)

19. Reclassification

In the administration expenses note, statutory funding obligation is now identified as a separate expense category to provide clarity where previously the costs were included in each of the categories. Statutory funding obligations are defined as costs related to the Workers Advocate Office and the Appeal Tribunal.

	Revised 2016 ($000s)	2016 ($000s)
Salaries and benefits	$ 8,626	$ 9,073
Consulting and professional	1,076	1,078
Amortization - intangible assets	675	675
Statutory funding obligations	606	-
Buildings	413	424
Depreciation - property and equipment	412	412
General administration	316	364
Computer systems	309	309
Automobile and travel	244	255
Communications	217	222
Staffing and recruitment	155	164
Board expenses	95	127
Printing and publications	77	78
Lease expense	57	92
Supplies and stationery	48	52
Furniture and equipment	44	45
System development analysis expense	23	23
	$ 13,393	$ 13,393
Less: claims administration expense transferred to claims expenses (note 12)	(2,110)	(2,110)
	$ 11,283	$ 11,283

Yukon Workers' Compensation
Health and Safety Board