Legislative Assembly of Ontario | Assemblée législative de l'Ontario

AUDI ALTERAM PARTEM

STANDING COMMITTEE ON PUBLIC ACCOUNTS

UNFUNDED LIABILITY OF THE WORKPLACE SAFETY AND INSURANCE BOARD

(Section 3.14, 2009 Annual Report of the Auditor General of Ontario)

2nd Session, 39th Parliament
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Legislative Assembly of Ontario

AUDI ALTERAM PARTEM

Assemblée législative de l'Ontario

The Honourable Steve Peters, MPP
Speaker of the Legislative Assembly

Sir,

Your Standing Committee on Public Accounts has the honour to present its Report and commends it to the House.

Norman W. Sterling, MPP
Chair

Queen's Park
October 2010

STANDING COMMITTEE ON PUBLIC ACCOUNTS*

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2nd Session, 39th Parliament

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*Paul Miller (Hamilton East–Stoney Creek) served as an ongoing substitution.

STANDING COMMITTEE ON PUBLIC ACCOUNTS

LIST OF CHANGES TO COMMITTEE MEMBERSHIP

MARIA VAN BOMMEL was replaced by WAYNE ARTHURS on September 22, 2010.

CONTENTS

INTRODUCTION	1
Acknowledgments	1
OVERVIEW	1
OBJECTIVE OF THE AUDITOR'S REVIEW	2
ISSUES RAISED IN THE REVIEW AND BEFORE THE COMMITTEE	2
New President and CEO	2
Stakeholder Consultations	3
Administrative Costs	3
Ontario's Workplace Safety and Insurance System	4
Schedule 1 and Schedule 2 Employers	4
Growth of the Unfunded Liability	4
Historical Perspective and Projections	5
Should We Be Concerned About the Unfunded Liability?	7
Eliminating the Unfunded Liability	8
Balancing Stakeholder Interests	9
Authority of the Board to Address the Unfunded Liability	9
Premium Revenues	11
Ontario's Approach to Setting Premiums	12
Benefit Costs	13
Legislative Changes Affecting Benefit Costs	15
Health Care Costs	18
Workplace/Behaviour Incentive Programs	19
Reducing New Claims	20
Investment Income	21
WSIB CLASSIFICATION IN THE PUBLIC ACCOUNTS OF THE PROVINCE	22
Future Strategy	22
LIST OF COMMITTEE RECOMMENDATIONS	24

INTRODUCTION

The Auditor General (Auditor) reported that the assets in the Workplace Safety and Insurance Board's (WSIB's) insurance fund are substantially less than what is needed to satisfy the estimated lifetime costs of all claims currently in the system. This unfunded liability, a measure of the difference between the value of the WSIB's assets and its estimated financial obligations at a point in time, totaled $11.5 billion as of December 31, 2008 – an increase of $3.4 billion from December 31, 2007. The increase in and size of the unfunded liability were key findings of the Auditor's review of the unfunded liability of the WSIB (section 3.14 of the Auditor's *2009 Annual Report*).

In February 2010 the Standing Committee on Public Accounts held public hearings on the Auditor's report. Senior officials from the Ministry of Labour (Ministry) and the WSIB participated in the hearings. (For a transcript of the Committee proceedings please see Committee *Hansard*, February 24, 2010.) The Committee endorses the Auditor's observations contained in section 3.14 of his report. These are summarized in this Committee report which also presents the Committee's findings, views, and recommendations. The Committee requests that the Ministry and the WSIB provide the Committee Clerk with their written responses to the Committee's recommendations within 120 calendar days of the tabling of the report with the Speaker of the Legislative Assembly, unless otherwise specified in a recommendation.

Acknowledgments

The Standing Committee on Public Accounts extends its appreciation to officials from the Ministry and the WSIB for their attendance at the hearings. The Committee also acknowledges the assistance provided during the hearings and report writing deliberations by the Office of the Auditor General, the Clerk of the Committee, and staff in the Legislative Research Service and the Legislative Library.

OVERVIEW

The primary purposes of the WSIB, a statutory corporation, are to provide income support and fund medical assistance to workers injured on the job. The WSIB also funds programs to help prevent workplace injuries, illnesses, and fatalities, and provides insurance benefits to the survivors of workers who die from a workplace injury or from an occupational illness.

The workplace safety and insurance system is financed through premiums charged on the insurable payrolls of employers; the WSIB receives no funding from the government. Under the *Workplace Safety and Insurance Act, 1997* (Act), the government has sole responsibility for setting benefits and coverage through legislation. The WSIB has direct responsibility for setting premium rates, within the following guideline:

> The Board has a duty to maintain the insurance fund so as not to burden unduly or unfairly any class of Schedule 1 employers [generally all private-sector employers] in future years with payments under the insurance plan in respect of accidents in previous years.[1]

The Auditor noted a number of competing interests which can influence the size and growth of the unfunded liability such as the level of benefits and coverage, premium rates, and investment returns. For example, employers want low premium levels while workers want high benefit-payment levels, both of which have a negative impact on the unfunded liability position. The Auditor said that it is incumbent on the WSIB and the government to try to balance such views against the need to maintain financial stability.

OBJECTIVE OF THE AUDITOR'S REVIEW

The Auditor noted that as this was more in the nature of an information review than a normal audit, he focused on providing information on the changes in the unfunded liability, the factors contributing to these changes, and the initiatives being undertaken by the WSIB to control the growth of the unfunded liability. He did not audit WSIB's finances or controls because these are examined annually by other auditors.

As well, in Chapter 2 on the public accounts in the *2009 Annual Report* the Auditor recommended the government reassess whether the WSIB should continue to be excluded from the province's accounts given the significant unfunded liability.

ISSUES RAISED IN THE REVIEW AND BEFORE THE COMMITTEE

Significant issues were raised by the Auditor and before the Committee. The Committee attaches particular importance to those issues discussed below.

New President and CEO

In January 2010 David Marshall became President and CEO of the WSIB. He is a former assistant Auditor General and deputy Receiver General for Canada and is also a certified general accountant who has held senior roles in the Toronto and New York banking sectors. The CEO advised the Committee that he had found the Auditor General's report on the unfunded liability to be extremely helpful in setting out the key issues.

[1] Ontario, Office of the Auditor General, *2009 Annual Report*, (Toronto: The Office, 2009), p. 314.

Mr. Marshall said that he received the following mandate from the Minister of Labour:

- to build a sound financial plan for the WSIB and address the unfunded liability;
- to ensure stability for workers, employers and stakeholders; and
- to ensure that the WSIB operations are, and are seen to be, value-added.

The Ministry added that the CEO's mandate includes improving the WSIB's efficiency and effectiveness. The Ministry considers the new CEO the ideal candidate to work with the Chair, the Board of Directors, and WSIB stakeholders to ensure development and implementation of a sound plan to address both service delivery and financial priorities.

Stakeholder Consultations

In February 2010 the Chair of the WSIB Board, Steven Mahoney, released his report on year-long Ontario-wide stakeholder consultations (*Report on Stakeholder Consultations*); managing the WSIB's unfunded liability is one of the report's five themes. Comments from the Chair's report are integrated into this Committee report.

According to the Chair, stakeholder consultations will continue in 2010.[2] He said in the past the WSIB would inform (not consult) stakeholders about the organization's goals. During consultations, stakeholders provided input. They also learned about the complexities of the compensation system. The Chair said that continued consultations will assist in building a sustainable financial future for the WSIB, with the goal of zero injuries, zero illnesses and zero fatalities.

Mr. Mahoney cited current WSIB goals as including the following: a 7% reduction in lost-time injuries; a 7% return on investments; and, a better reduction of the growth in health care costs. He described 2010 as a transformative year. He said that with a new president, the stakeholder consultation report, and a cooperative relationship with the Ministry, "we're going to see a new strategic plan."

Administrative Costs

The CEO noted that the WSIB's administrative costs have remained virtually unchanged over the last five years and that publicly available data indicate that the costs as a percentage of premium revenue are among the lowest of all the provincial boards. The CEO indicated to the Committee the WSIB Chief Financial Officer's assurance that the organization is in full compliance with the

[2] Mahoney, Steven, "Report on Stakeholder Consultations," Workplace Safety and Insurance Board, February 2010. Internet site at http://www.wsib.on.ca/wsib/wsibobj.nsf/LookupFiles/DownloadableFile2009ConsultationReport/$File/ChairConsultationReport2009.pdf, accessed 5 March 2010.

government's rules on expenses and procurement; the CEO has requested that all consulting and professional services contracts be posted on the WSIB website.

In response to a Committee question, the CFO said that WSIB executive bonuses have existed in the past. These were suspended during the economic downturn and none will be paid for 2009. The public salary disclosure rules for Ontario government agencies apply to all members of the WSIB who earn over $100,000 a year. The disclosed salary figures include bonus payments.

Ontario's Workplace Safety and Insurance System

Schedule 1 and Schedule 2 Employers

The WSIB is the largest Canadian workplace safety and insurance/workers' compensation organization. It administers the *Workplace Safety and Insurance Act* for both Schedule 1 and Schedule 2 employers. Schedule 1 employers are "generally all private sector employers" and Schedule 2 employers include the provincial government, Crown agencies, and some municipalities and school boards.

According to the CEO, because Schedule 2 is a pay-as-you-go system, there is no unfunded liability for Schedule 2 employers. Each year the Schedule 2 employers pay the full medical, wage loss, rehabilitation and return-to-work costs of all Schedule 2 employee injuries paid for in that year by the WSIB. The CEO contrasted this with Schedule 1 employers who have a "smoothing-out" of these costs. They do not pay the full amount of costs for injuries caused. At any point in time if the organization does not charge for the full cost, it will carry a liability, which is the unfunded liability at the WSIB. The CEO said that there are arguments for and against the WSIB collecting the full amount of current and future liabilities in each year from employers versus collecting only enough to be viable and leaving the difference to be reinvested by employers to create economic wealth.

Growth of the Unfunded Liability

According to the Auditor, from 2006 to 2008 the unfunded liability almost doubled, growing from $5.9 billion in 2006 to $11.5 billion in 2008, one of the highest levels in the WSIB's history. The WSIB's funding ratio, which represents the percentage of assets it has available to meet its financial obligations (the ratio of assets to liabilities) was 53.5% as of December 31, 2008. The average funding ratio for the boards in British Columbia, Alberta, Manitoba and Quebec was much better and averaged 102%.

The Auditor said that the WSIB's liabilities are increasing much faster in size than its assets and that the yearly rates of return on its assets have varied significantly since 2001.

The CEO said that even today, the system is not in crisis. He noted that the WSIB is financially able to meet its obligations as far into the future as can reasonably be seen, specifying this as being at least a quarter-century or more. He added that over the last 25 years, the average funding ratio has barely been above 50%, yet all obligations were met.

The CEO noted that currently there is actually a surplus when premiums collected are tallied against payments made. The payments made today comprise administration payments and ongoing claims due this year. The CEO said this means that "we're not making the unfunded liability worse." He said the issue is how to deal with the unfunded liability created by insufficient premium revenue in the past to meet the liabilities associated with worker injuries.

Historical Perspective and Projections

The Auditor said that in 1984 the WSIB adopted what it called a "full-funding" strategy to retire the unfunded liability over a 30-year period (by 2014). He noted the following:

- By 1994, the unfunded liability stood at $11.4 billion.
- In 1995, the government reduced benefits.
- In 1996, the government undertook a comprehensive review of the system.
- The review led to the passage of the *Workplace Safety and Insurance Act, 1997* (Bill 99) which resulted in a net reduction of $1.8 billion in future benefit costs and expected benefit liabilities.
- Subsequent to passage of the Act, the WSIB has consistently maintained its commitment to deal with the size and growth of the unfunded liability (for example, the WSIB's 2008 funding framework showed how the WSIB would meet its full funding target by 2014).

The Auditor said that achieving full funding, as planned in the 2008 funding framework, was an ambitious goal.

The CEO presented Chart 1 below which documents the 25-year historical record of the unfunded liability.

Year	Average Premium Rate	Revenues: Premiums for the year ($ M)	Revenues: Net Investment Income ($ M)	Assets: Total Investments Carrying Value ($ M)	Benefit Costs ($ M)	Admin Expenses ($ M)	Legislated Obligations ($ M)	UFL Reported ($ M)	Funding Ratio
1983	$1.88	$882	$167	$1,664	$1,500	$140	$6	$2,025	49.3%
1984	2.17	1,160	176	1,713	1,859	156	7	$2,710	44.3%
1985	2.31	1,424	186	1,926	4,089	185	7	$5,381	31.7%
1986	2.65	1,737	217	2,345	2,550	214	16	$6,207	32.4%
1987	2.88	2,092	273	3,352	2,560	267	22	$6,691	35.6%
1988	3.02	2,377	316	3,909	3,067	259	26	$7,350	38.0%
1989	3.12	2,678	409	4,621	3,899	281	26	$8,469	40.0%
1990	3.18	2,596	440	5,436	3,279	323	53	$9,088	40.8%
1991	3.20	2,505	450	5,674	3,784	343	87	$10,347	38.3%
1992	3.16	2,528	453	5,745	3,218	347	97	$11,028	37.4%
1993	2.95	2,283	521	5,814	2,865	343	100	$11,532	36.6%
1994	3.01	2,351	499	5,901	2,285	331	104	$11,402	37.4%
1995	3.00	2,653	593	6,472	2,284	339	113	$10,892	40.0%
1996	3.00	2,610	711	7,124	2,470	321	98	$10,460	42.9%
1997	2.85	2,569	839	8,029	2,342	341	117	$8,057	52.0%
1998	2.59	2,652	982	8,607	2,229	336	125	$7,098	56.8%
1999	2.42	2,768	1,042	9,552	2,374	387	145	$6,402	62.1%
2000	2.29	2,731	1,128	10,309	2,502	474	156	$5,675	66.8%
2001	2.13	2,726	765	10,674	2,814	497	162	$5,657	67.2%
2002	2.13	2,899	246	10,361	3,343	524	160	$6,591	63.8%
2003	2.19	2,929	456	10,037	3,256	501	172	$7,135	62.4%
2004	2.19	3,141	940	11,961	3,821	494	188	$6,420	68.0%
2005	2.19	3,190	1,223	12,827	3,812	494	200	$6,510	69.1%
2006	2.26	3,385	1,953	14,311	4,098	522	208	$5,997	73.2%
2007	2.26	3,523	(155)	13,754	4,712	537	218	$8,094	66.4%
2008	$2.26	$3,566	($2,170)	$11,107	$4,020	$527	$226	$11,469	53.5%

Chart 1: Workplace Safety and Insurance Board of Ontario
25-Year Historical Unfunded Liability with Revenues and Costs
($M = $ millions)

Chart 1 was provided by the WSIB with the following notes:

1. Source: Ten Year Histories in WSIB Annual Reports 1988, 1998, 2008; Claims Administration Costs sourced from yearly financial statements.
2. The financial results are reported as consolidated (Schedule 2 and Schedule 2).
3. Effective 2004, WSIB implemented a new accounting policy for valuation of investments. Investments are reported and valued at fair value. Under the previous accounting policy investments were carried at amortized cost.

The CEO drew attention to the following, with reference to Chart 1:

- in 2006 the funding ratio was as high as 73%, up from where it started in 1985 at about 31%; and
- projections at that time indicated that full funding could be achieved by 2014, even with the increase in benefits enacted in 2007.

The CEO said data in the chart illustrate "a credible record." He noted that the fund suffered a sharp setback in 2007 and 2008, which has "thrown the path to full funding entirely off track." During the economic downturn,

- investment returns fell;
- payrolls and premiums fell (there was reduction of revenues recovered from employer premiums as workers were laid off);
- injured workers were unable to find work to return to; and
- even a modest increase to injured workers' pensions became difficult to absorb.

According to the CEO, in early 2009 it became clear that the system had not built up enough reserves to meet these circumstances; the goal of achieving full funding by 2014 was not attainable. He said that he is not happy with the current 53.5% funding level: "that's one of the reasons I took this job: to see if I could put my shoulder to the wheel and make a difference." The Chair said that he would consult with stakeholders on a new timeline for retiring the unfunded liability and anticipates that the plan that both the Ministry and the WSIB hope to develop by the fall of 2010 will include information on this.

Should We Be Concerned About the Unfunded Liability?

The Auditor cited the 1996 government review of the WSIB as saying that between 1985 and 1995, the WSIB "transferred some $1.65 billion from the investment portfolio to general operations to pay for benefit programs," and expressed concern that withdrawals from the Investment Fund were still occurring. In the past seven years, the WSIB has transferred approximately $3.4 billion from investments in order to fund payments in workers' benefits. In addition it had to sell $550 million more in investments than it has purchased in order to cover cash shortfalls from operations.

The Auditor noted that some will argue that because the worker's compensation system is a perpetually ongoing operation, the unfunded liability is meaningless. He does not agree with this argument and is concerned that the trend of selling off investments to fund current operations and benefit payments is not financially sustainable. A key issue is whether a large unfunded liability poses a significant risk to the financial viability of the WSIB system.

The CEO said that eliminating the unfunded liability or at least achieving an acceptable level of funding to ensure a financially sound system is a complex challenge that must be tackled. He believes the current system does not provide sufficient reserves to cushion bad economic times or permit the WSIB to reduce premiums, and poses a constant downward pressure on workers' benefits. The Chair said eliminating the unfunded liability would facilitate a reduction in premiums or an increase in benefits or a combination of both.

Eliminating the Unfunded Liability

The Auditor said the WSIB has three primary levers at its disposal to reduce the unfunded liability:

- increasing premium revenues;
- reducing benefit costs (by reducing the number and duration of benefit claims and health-care costs and/or by reducing or eliminating benefits); and
- increasing investment income.

He also identified coverage as a factor affecting the unfunded liability.

The CEO said it is necessary to examine premium revenues, claims costs, health care costs and claims duration. He said that the WSIB faces the situation of having an unfunded liability of [more than] $11 billion at a time when many small businesses face economic difficulties. The WSIB must examine all available options: first, to reduce claims duration and increase accident prevention efforts in order to ensure the unfunded liability problem does not worsen; and then, to recover in the best-balanced way possible.

According to the Chair's stakeholder report all employer groups believe eliminating the unfunded liability is a key factor in long-term WSIB sustainability. The report also states that the "bottom line from the employer perspective remains delivering a WSIB system that assists Ontario's businesses in maintaining their productivity and profitability."[3] Stakeholders want more analysis of WSIB targets (and programs pursued in the past) to achieve full funding.

The following key themes for further discussion on the unfunded liability were noted in the stakeholder report:

- plans must be achievable and not financially onerous;
- initiatives must provide for fair and stable premium rates; and
- past strategies to achieve full funding must be fully re-examined for strengths, weaknesses and ongoing relevancy.[4]

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[3] Ibid., p. 8.
[4] Ibid., p. 12.

Balancing Stakeholder Interests

The Auditor noted that, as outlined in the WSIB's five-year strategic plan (2008-12), *The Road to Zero*, the WSIB's efforts to improve its funding position have focused primarily on reducing the number of new claims and reducing claims duration. The Auditor said that the balancing act between changing employer premiums and/or changing worker benefits is where the WSIB is most susceptible to the influence of the government of the day.

The Ministry said that the Auditor correctly noted that systems like the WSIB operate in a complex business environment because they serve a number of stakeholders with competing interests and views pertaining to the key issues of insurance benefits, coverage, and premium rates. The Ministry said that during the Chair's stakeholder consultations labour groups expressed concerns about inadequate benefit levels, the non-reporting of injuries, and the lack of return-to-work opportunities. Business groups focused on maintaining affordable premium rates. The Ministry agreed with the Auditor's observation that it is incumbent on both the WSIB and the government to try to balance such views against the need to maintain financial stability.

Authority of the Board to Address the Unfunded Liability

The Auditor noted the observation made in a 1995 Ontario Financial Review Commission (OFRC) report that the government's apparent influence over benefits, premiums, and coverage undermined the WSIB's ability to govern itself in an accountable fashion. He cited the OFRC's comment that "while the government has the responsibility for setting the Board's mandate, the Board must have the sole power to carry it out." He suggested the government and the WSIB may wish to consider whether there is clarity around the roles of the WSIB and the government in ensuring that the system is managed in a financially accountable manner and that the plan remains financially viable.

The Ministry said the relationship between the WSIB and the Ministry was established pursuant to the *Workplace Safety and Insurance Act* as well as through other governance and accountability requirements that apply to all agencies that any ministry may oversee. Under subsection 159(2) of the Act, "the [B]oard has the powers of a natural person," which include the authority to set premium rates, to consider and approve operating and capital budgets, to set investment policies and to make program changes. According to the Ministry, the Board is responsible for governing such day-to-day operations as program delivery, and administration of the insurance fund on behalf of employers and workers. However the Ministry also stated that the public expects openness, transparency and government oversight with respect to the practices of government agencies, boards and commissions. The Minister is accountable to the Legislature for the WSIB and therefore has an important oversight role.

Section 166 of the Act requires that the Ministry and the WSIB have a Memorandum of Understanding (MOU) in place which is renewed every five years (most recently in November 2009). Both the Act and the MOU require the Board to submit a five-year strategic plan to the Minister every year, as well as an annual statement of priorities for administering the Act and regulations, and the annual report for the Minister to review and table in the Legislature.

The Ministry said that the WSIB is bound by government directives on the following:

- travel, meals and hospitality;
- procurement (including new elements announced last fall which restrict single-sourcing of consulting contracts and prohibit the payment of meals and hospitality to consultants).

The WSIB has provided the Ministry with an attestation of compliance.

The Minister told the Chair and the CEO that he expects, under the leadership of the Board, all parties to do a better job of getting workers good health care, effective return-to-work assistance, labour market re-entry assistance and worthwhile employment when workers are able to return to work. The Ministry said that it will monitor the WSIB to ensure these goals remain priorities and that outcomes are successful. (Please refer to the *Legislative Changes Affecting Benefit Costs* section below for further information.)

The Auditor noted in his report that in the insurance business, sound financial management practices include ensuring the system's financial stability and sustainability for the beneficiaries by not only making the plan fully-funded but also setting aside reserves to address any major financial shocks that may affect the system.

The Committee asked the CEO if the government were to give the WSIB more autonomy to govern its own financial affairs whether this would contribute to the long-term financial sustainability of the WSIB. The CEO said that he does not believe that the current relationship with the government poses any impediment to financially responsible management by the WSIB: the WSIB is able to set its premiums, manage cases, and work with employers and injured workers. He said that the general view that there is pressure from the government on premium rates is probably overstating the case. The CEO thinks that the WSIB has the levers it needs to set premium rates at appropriate levels and that it now needs to exercise this authority.

Committee Recommendation

The Standing Committee on Public Accounts recommends that:

1. The Ministry of Labour shall report back to the Standing Committee on Public Accounts on whether the Ministry believes the Workplace Safety and Insurance Board's board of directors should have the autonomy to address the unfunded liability issue in order to govern its own financial affairs. The Ministry should also provide the Committee with its view on the benefits and drawbacks associated with opening Board appointments up to public application.

The Committee asked the WSIB if it would be willing to support legislative changes requiring the WSIB to become fully-funded. The CEO said this will be examined because recovery and changes in financial position take such a long time to effect. He added that legislation (compelling boards to be fully-funded) has helped other jurisdictions and that the WSIB will consult with the Ministry of Labour and other ministries and parties on this matter.

Committee Recommendation

The Standing Committee on Public Accounts recommends that:

2. The Workplace Safety and Insurance Board (WSIB) shall report back to the Standing Committee on Public Accounts on the outcome of its consultations with the Ministry of Labour and other ministries and parties regarding whether or not the WSIB would support legislative changes requiring it to eventually become fully-funded.

Premium Revenues

The Auditor noted that in 1996 the average premium rate was \$3 per \$100 of payroll – a decrease from the 1991 average of \$3.20. Since 1997, the average premium revenue has been reduced many times, bottoming out at \$2.13 in 2001 before increasing to \$2.26 in 2006, where it remained through 2009. The Auditor said that premium revenues have not increased enough to offset the costs of the benefits mandated under the Act. He said that the WSIB's lack of success in eliminating the unfunded liability has been more directly the result of benefit expenses not being adequately funded by the premium revenue and investment revenue streams, rather than the global economic downturn.

The CEO said that since 1999, the WSIB's premium rates have been among the most stable in the country and that, on average, premium rates are 12.7% lower now than they were 10 years ago. He also said "this break for employers has come at a cost to the system. Had we left premium rates at \$3...we would have balanced the books as early as 2006." The CEO noted that if, over the past 10 years, premium rates had only been adjusted for inflation, the WSIB would still be in a surplus position. This means, as noted earlier, that the WSIB has, in effect, deferred costs, leaving money in the hands of employers to invest and grow their businesses.

Ontario's Approach to Setting Premiums

The Auditor's report notes that in 2008 there were 154 employer rate groups. Premium rates are set each year on the basis of projecting a rate group's health and safety performance from the previous five years to the premium rate year. Premium rates can increase or decrease depending upon a rate group's work-place health and safety performance. The Auditor noted that Ontario's average premium rate is among the highest in Canada. He said that Ontario will eventually need to increase its premium rates if it hopes to make progress in eliminating its unfunded liability, unless downward revisions are made to the current benefits structure or investment returns recover dramatically.

The CEO said that the WSIB has the liberty and the burden of making decisions on premium rates. The Board will closely examine rates, will consult businesses, and will have to keep in mind what is a "bearable burden." A key theme that emerged from the Chair's stakeholder consultations was the need to discuss a new model for premium rate setting.[5] The Chair said that 36,000 of the 238,000 companies covered by WSIB were in rate groups that were "below the bar" for health and safety. The remaining 202,000 companies were "above the bar" and achieved good success on health and safety matters. Rates increased for the 36,000 "below the bar" companies and remained constant for the others.

The Chair noted that the WSIB has realigned its health and safety associations. In a letter written to those companies receiving a premium rate increase, the Chair asked the companies to work with these realigned associations in order to improve the companies' health and safety standings. The Chair said that one issue identified is that larger companies that can afford full time health and safety staff appear to have fewer health and safety issues than is the case with small- and medium-sized firms where employing such staff can be viewed as a financial burden. A bundle of health and safety programs is included in the cost of the premium that is intended to assist (at no extra cost) those 36,000 "below the bar" firms in improving their health and safety performance.

The Committee asked the Chair whether the sentence in his letter – "we are giving fair warning that if the unfunded liability is not addressed, premiums will increase" – constituted a warning to employers of an across-the-board rate increase. The Chair said this was not the case. The Chair and the Board wish to recognize good performers – those companies that have excellent health and safety records, work with their unions and staff, have joint health and safety committees, and provide safety equipment. Keeping premiums down is one form of recognition. The Chair noted that some in the labour movement believe companies distort their performance rating by not reporting injuries. The Chair said that the WSIB has looked into this (see Experience Rating section below).

The Chair noted again that had premium rates been left at $3.20, the WSIB would be in surplus. He said that although it is difficult to speak for decisions taken in the past, during difficult economic periods the current Board tries not to "drive

[5] Ibid., p. 8.

business out of business" by raising premiums too high. The Ministry said that the Chair and the CEO have committed to a review, which the Minister supports, of the way in which the WSIB sets premium rates.

Committee Recommendation

The Standing Committee on Public Accounts recommends that

3. Within three months of completing its review of the way it sets premium rates, the Workplace Safety and Insurance Board (WSIB) shall report back to the Standing Committee on Public Accounts on the outcome of this review. If the review recommends possible changes in the way that it sets premium rates, the WSIB should specify its timeline and the expected impact on the rates.

Extent of Coverage of Employers and Workers

The Auditor noted that premium revenues are also affected by the number of workers covered by the system. Ontario's coverage rate remains among the lowest in the country. The Auditor noted that the WSIB's analysis indicates that covering more workers might create additional revenues although these incremental revenues would not come close to solving the unfunded liability issue. The CEO cited the Auditor's figure of 72% coverage and said that as the composition of employment changes, the group of employers covered by the WSIB is shrinking relative to the group not covered. The CEO described this as a serious issue that will need to be examined in conjunction with the government.

The Ministry noted recent amendments to the *Workplace Safety and Insurance Act* which extend coverage to more independent operators in the construction industry. The amendments will take full effect in 2012. The Ministry said this is a major step by Ontario toward expanded coverage in the high-risk construction industry. The change will extend protection to about 90,000 more workers.

Benefit Costs

According to the Auditor, from 1999 to 2008, the WSIB's benefit costs increased by about 7% annually, almost doubling in this period. He said this was comparable with the experience of other provincial boards consulted. The WSIB cites increasing claims duration as a key contributor to the increase in costs.

The CEO said that some stakeholders told him that increased benefits for injured workers are an issue and that Ontario's benefit levels are too high. The CEO disagrees with these comments. He believes that the WSIB benefit package is both reasonable and comparable to what other jurisdictions pay. He said that between 1995 and 2007, inflation rose by almost 29% while many of the worker benefits increased by only 2.9%.

The WSIB noted two groups of locked-in claims cases. The first is a group of 130,000 claims that date back to an older (pre-1990) benefit system, which paid out lifetime awards for permanent disability (for workers who have suffered, and not recovered from, injuries that limit their earnings). Those benefits were determined by legislation. There is also a large group of post-1990 cases that are locked-in pursuant to post-1990 wage loss legislation. The WSIB has estimated a future wage loss to age 65 for these groups of claims and compensates accordingly. The WSIB said that for cases that have not yet been locked-in, and particularly for shorter term cases, that it is able to influence a number of factors including the following: service delivery model, experience rating, narcotic medication, and health care.

In response to a Committee question about multiple reviews of files, the WSIB noted a transition period related to a change in how it approached claims. During this transition period about 40,000 claims were transferred to staff members who had no prior involvement with the files. As a result, these staff members had to review the files. The WSIB said the reviews have now been completed and that case file staffing is stable.

Changes in Claims Pool

The Committee asked the WSIB about the evolution of the increase in the number of occupational diseases being dealt with and recognized. The WSIB said that over the last 10 years it had seen a significant increase (128%) in occupational disease claims. Many cases relate to workplace exposure that occurred 20 – 30 years ago. The increase tended to occur in spikes, in different communities, where employers had environments that gave rise to cancer. The WSIB said these cases can be challenging to adjudicate because of the difficulties in assessing work exposures and medical histories dating back 20 – 30 years for companies that are often no longer in business.

The WSIB said that during the past three years its response time has improved. Previously it might simultaneously have managed 700 – 800 cases that took more than 6 months to reach initial adjudication and the WSIB has consistently improved. The number of cases dealt with at any one time has now been reduced to about 100 and the WSIB has consistently improved. The WSIB believes that occupational disease claims have not yet peaked. Work environments have improved in many respects. Regulation and monitoring controls exist. However, the WSIB does not anticipate any abatement in the increase in claims for several years and said this will pose funding challenges as employers no longer in business can not contribute to payments.

Committee Recommendation

The Standing Committee on Public Accounts recommends that:

4. Given the Workplace Safety and Insurance Board's (WSIB's) assessment that occupational disease claims have not yet peaked and that these claims may increase for several years, the WSIB shall report back to the Standing Committee on Public Accounts on a strategy to manage occupational disease claims. The WSIB should also specify the anticipated impact of these claims on the WSIB's unfunded liability.

Legislative Changes Affecting Benefit Costs

The Ministry said that it has a role with regards to the WSIB in the following four areas: the appointment of board members and the CEO; agency oversight through the MOU; legislative provisions with respect to setting benefit levels; and, legislative provisions with respect to setting coverage.

The Ministry believes that it is the length and cost of allowed claims, not the type of legislated benefits, that are unusual in Ontario relative to other jurisdictions. It believes that the length of time injured workers stay on benefits, coupled with very high health and drug costs, is increasing the financial pressures on the system beyond anticipated levels, affecting the unfunded liability.

Self-Reliance Model and Claims Duration

The Auditor noted that changes under Bill 99 in 1997 generally reduced worker benefits, but the 2007 Budget Bill changes (which introduced a temporary indexing factor that increased some workers' benefits for three years) increased them. According to the Auditor, Bill 99 changed the claims process significantly, from a highly structured and prescriptive process to a "self-reliance model" which follows the philosophy that workplace parties – employers and workers – are in the best position to make practical decisions about the management of workplace injuries and should co-operate on this. This refocused the WSIB's role from direct intervention to monitoring the workplace parties, a shift that the WSIB believes may have resulted in increased claims duration since 1998.

The WSIB also noted during the hearings that the Board at one time was considered to have been too involved under the prescriptive process. Under the self-reliance model workplace parties were to work out resolutions, relying also on incentive programs. If matters were not resolved, labour market re-entry services would be employed (see Labour Market Re-entry section below for details).

The CEO said that the longer the duration of the claim (that is the longer an injured worker stays off work), the greater the costs, both financially and in human terms. Since 1998 claim duration levels have risen sharply, as has the average cost of benefits. The CEO cited both a study jointly conducted by the WSIB and the Institute of Work and Health, and a KPMG study which found that unintended effects of legislative changes were key drivers for the increase in claims duration. These changes caused the WSIB to be less involved early in the life cycle of a claim, questionable behaviours on the part of employers resulting from the way financial incentives were structured, and increased health care costs, specifically related to addictive narcotics.

The Committee asked whether it is possible to address the self-reliance model without addressing the legislation. The WSIB described steps that it has taken to do this. For example, it introduced a new service delivery model in 2009. The model created specialty programs and positions, such as return-to-work specialists in the workplace and a role for eligibility specialists to expedite eligibility decisions. The new model also set mandatory review times. The WSIB said that it has already seen duration improvements resulting from these changes. The intent is primarily to design interventionist roles which means that the WSIB is "getting away from [the self-reliance model] in many respects." The Committee asked whether the WSIB now has an interventionist self-reliance model. The WSIB said this characterization is correct but also noted the importance of having an incentive program that works effectively.

Government's Legislative Levers (Benefits and Coverage) and the Unfunded Liability

The Auditor said that his Office, while acknowledging that the government has the sole responsibility for setting benefits and coverage through legislation, wanted to highlight how a government's decision to increase benefits can impair the WSIB's ability to address the unfunded liability. The Ministry said the government has tried to strike a fair balance in difficult times when exercising its legislative role to establish benefits. For example, it recently approved a 0.5% increase to reflect the impact of inflation on workers' benefits but said that one factor in the decision was also a desire to minimize the impact on the unfunded liability. As the Ministry works with the WSIB on a strategy to ensure fiscal sustainability, it will review benefits issues raised by the Auditor and will determine whether its legislative framework is sound, or requires modification.

When asked by the Committee whether the WSIB and the Ministry consult on changing employer premiums the Ministry replied that there is an obligation to consult on anything that may have a major impact on the system. The Ministry said that there is a 100-year history in the relationship between the WSIB and the government and that it could not defend a statement saying there has never been political pressure or influence on the Board's decisions. The Ministry said that the government of the day has an obligation to ensure that the WSIB Board is aware of the economic environment in which it operates and of the expectations that are imposed on any agency to be prudent when making decisions: the Ministry asks the question, is the WSIB considering the right issues when it makes those decisions?

In response to a question from the Committee on whether it would consider comprehensive coverage of Ontario workers, the Ministry said that it is open to "discussing any and all of the levers that are affecting the fiscal strategy, going forward, for the WSIB." The government is currently examining its options regarding the legislated levers of benefits and coverage.

Committee Recommendation

The Standing Committee on Public Accounts recommends that:

5. The Ministry of Labour shall report back to the Standing Committee on Public Accounts on the outcomes of the Ministry's examination of its options regarding more comprehensive coverage levels of Ontario workers.

Labour Market Re-entry Program (LMR)

The Ministry noted that Tony Dean (a University of Toronto professor and Senior Research Fellow at the Harvard Kennedy School and former Cabinet Secretary) is chairing an expert advisory panel (comprising safety experts from labour groups, employers and academic institutions) to review Ontario's occupational health and safety prevention and enforcement system. The panel will recommend options to the Minister for improving the injury prevention system.

In his stakeholder consultation report the Chair discussed the Labour Market Re-entry (LMR) program, which is an outsourced program to assist injured workers in regaining meaningful employment. The Chair referred to findings from a recent KPMG audit of the LMR program. In 2008, LMR costs reached $160.3 million compared to $151.8 million in 2007, an increase of 5.6%. According to KPMG's audit, a new program should facilitate maintenance of the employment relationship (wherever possible) between the worker and injury employer, provide for effective and meaningful input and choice on the part of the worker, and reintegrate workers into safe and sustainable work. All this should occur within a reasonable cost structure. The Chair's report states that the WSIB

- recognizes that stakeholders are dissatisfied with the LMR program;
- is committed to becoming a leading practice organization in work re-integration; and
- is committed to improving outcomes for Ontario's workers and employers.[6]

The report additionally notes that stakeholders wish to change the focus from "return to work" to "return to health," and identified key themes for future discussion, including the following:

- reviewing the LMR program;
- improving service delivery for injured workers, including the WSIB's appeals process, to ensure responsive, respectful and person-focused service;
- optimizing the use of existing training facilities; and
- examining the fairness of incentive programs.[7]

During the hearings the WSIB stressed the importance of doing more to reconnect workers with the "injury employer" as opportunities for injured workers to succeed with other employers are far fewer. The WSIB said all evidence (though not the legislation) suggests focusing on retraining to achieve this. The WSIB did note cases where collective bargaining agreement terms can make it difficult for senior workers to return to low-impact jobs that they held. The WSIB also noted additional findings from the KPMG audit including the need for greater

[6] Ibid., p. 18
[7] Ibid., pp. 7-8.

accountability with providers, more monitoring, more choice for injured workers, and a better complaints-handling system.

The Ministry pointed to issues underlying return to work. These include psychological and physical damage caused by injury and accidents, excessive or inappropriate medication, and insufficient access to timely and appropriate training or rehabilitation that might encourage a worker to find a new career path. The Ministry said that injured workers face a stigma when seeking to return to work. Finding them meaningful opportunities can be challenging. The Minister is willing to provide the WSIB with support to effect necessary changes and will monitor progress in implementing the LMR audit recommendations.

Committee Recommendation

The Standing Committee on Public Accounts recommends that:

6. The Workplace Safety and Insurance Board (WSIB) shall report back to the Standing Committee on Public Accounts with the WSIB's assessment of its implementation of changes to its Labour Market Re-entry (LMR) Program, specifically noting how these changes are expected to impact claims duration and the unfunded liability.

Health Care Costs

The Auditor said that these costs refer to the health care costs incurred by an injured worker that are paid by the WSIB. The Chair's stakeholder report notes that expenditures on health care services totalled approximately $542 million in 2008 (13% of WSIB's annual claims costs). According to the Auditor, one of the primary drivers for increasing health care costs is the increased number of narcotic prescriptions for pain relief.

The CEO noted that addictive narcotics, such as OxyContin, are being prescribed more often and earlier, which contributes to increased claims duration. Studies reviewed by the WSIB indicate negative long-term outcomes for workers using such highly addictive medication. The WSIB developed an external drug advisory committee, worked with the Ontario Medical Association, and developed a new "narcotic-control formulary" which limits the narcotics that can be prescribed at different points in a claim. The WSIB has examined policies in other provinces and believes that it now has the most aggressive narcotic-control program in any workers' compensation system in Canada. Other policy changes to manage health care costs cited in the stakeholder report include a new fee for MRIs that has resulted in savings of $4 million annually, and the elimination of pharmacy dispensing top-up fees.

The CEO also noted that a sharp increase in the average age of workers at the date of injury has also contributed to increased benefit costs. Almost 50% of claims are coming from workers aged 45 or older.

Committee Recommendation

The Standing Committee of Public Accounts recommends that:

7. Within 120 days after the end of fiscal year 2010-2011, the Workplace Safety and Insurance Board (WSIB) shall report back to the Standing Committee on Public Accounts on the outcome of the implementation of its narcotic-control program, specifying cost savings accruing from the program, and any impact on claims durations.

Workplace/Behaviour Incentive Programs

Experience Rating (ER)

The Auditor noted that the objective of the WSIB's experience rating (ER) programs are to reward employers for results that reflect good practice (typically through rebates) and penalize employers for poor results (typically through surcharges). The CEO said the net result between the two is that employers overall have received bonus cheques worth more than $1 billion over the past 10 years.

The ER programs primarily rate employers relative to their number of employee lost-time-injury hours. The joint study conducted by the WSIB and the Institute for Work and Health noted that employers were still rewarded even as their injured workers claims' duration increased. The CEO said that as a former banker he has asked why bonus cheques have been handed out while the cost of claims has risen.

The CEO said the incentive scheme that is inherent in the lost-time injury number and the experience rating of employers relative to that number is in need of a serious overhaul. The lost-time injury rates have dropped 40% over the last decade. He said that a whole industry and complexity has grown up around counting the number and massaging it.

In addition, the CEO said that employers take on workers who have been injured in order not to report lost-time injuries and therefore suffer a penalty. Then, after a certain period, typically three years, which coincides with the time period during which employers are judged as to whether they will receive a penalty or a refund, workers re-appear on the WSIB's books.

According to the Chair's stakeholder report employers want ER programs to exist in some form. Labour groups feel it is urgent to undertake appropriate reforms if ER is to be an effective tool in improving health and safety and return to work outcomes.

The report notes recommendations, including the following:

- requiring written declarations each year from the President/CEO stating compliance with the *Occupational Health & Safety Act* and the *Workplace Safety and Insurance Act*;

- considering an audit and verification process;
- creating tougher penalties for infractions;
- empowering workers to report employers who are not reporting injuries in the workplace;
- obliging employers to demonstrate certain specified standards/conditions and fulfil statutory obligations in order to qualify for an ER rebate each year (e.g., employers with 5 – 20 employees must have a certified health and safety worker);
- ensuring the provision of full and proper safety equipment for all staff who require it for their job;
- reporting all reportable injuries to the Board; and
- having no fatalities.

The report also noted discussion of a prospective rating system as a key theme for future consideration. Under this model, each firm's performance and/or health and safety practices would be considered over a specified period of time to establish a firm specific premium rate for the upcoming year. An employer with a good record would pay a lower premium rate that one with a poor record. The issuance of cheques for rebates and bills for surcharges would cease under this model.[8]

Committee Recommendation

The Standing Committee on Public Accounts recommends that:

8. The Workplace Safety and Insurance Board (WSIB) shall report back to the Standing Committee on Public Accounts on decisions taken regarding implementation of recommendations contained in the Chair's *Report on Stakeholder Consultations* for the WSIB's experience rating program.

Reducing New Claims

The Auditor noted that in its 2008 funding framework, the WSIB set a goal of attaining a 7% reduction in new claims each year from 2008 through 2012. The 2008 target was not met. The CEO said that the unintended effect of changes to legislation, the impact of occupational diseases, and the effect of an aging workforce all can take years to identify and correct. The CEO said that chart 2 below, which illustrates this point, was prepared by a firm of actuaries that advises several workers' compensation boards across Canada.

[8] Ibid., pp. 9-10.

Chart 2: Total Costs for 2009 Injuries, Illnesses, and Fatalities						
Benefit	Total Costs	Duration				
		0	1-5	6-10	11+	1+
		2009	2010-14	2015-19	2020+	2010+
S.T.D.	$19	44%	43%	7%	6%	56%
L.T.D.	$41	1%	13%	16%	70%	99%
Voc. Rehab.	$3	7%	72%	13%	8%	93%
Health Care	$34	35%	29%	7%	29%	65%
Survivors	$3	10%	30%	21%	39%	90%
Total	$100	22%	29%	11%	38%	78%

Source: Eckler Presentation on Global Financial Trends Impacting Workers' Compensation Systems, Presentation to the Association of Workers' Compensation Boards of Canada, February 4, 2010.

Terms: S.T.D. is short-term disabilities; L.T.D. is long-term disabilities; Voc. Rehab. is vocational rehabilitation; and Survivors is survivor benefits.

The $100 in the Total Costs column represents full costs. The CEO noted that for short-term disabilities, 44% of the costs will be incurred in the year in which the injury occurred; most will be incurred just after the first year; and then costs will trail off in subsequent time periods. However, for long-term disabilities, only 1% of the total benefit cost of the injury will be visible in the first year; 70% of the cost will have to be paid 11-plus years after the injury occurred. The CEO said that it takes a long time to reverse the cost-impact of long-term injuries.

Committee Recommendation

The Standing Committee on Public Accounts recommends that:

9. Within six months, the Workplace Safety and Insurance Board (WSIB) shall report to the Standing Committee on Public Accounts on whether the WSIB had achieved its target of a 7% reduction of new claims in 2009 and, if not, what action is being taken in 2010 on this issue.

Investment Income

According to the Auditor, the December 31, 2008 carrying value of WSIB investments totalled $11.1 billion, a $2.6 billion decrease from the December 31, 2007 balance. The Auditor said that maintaining too few investments relative to liabilities, and liquidating investments to pay current operating expenses and benefit claims typically have a significant negative impact on the size of the unfunded liability and financial sustainability of the WSIB. He also noted that while the WSIB's targeted rate of return on investments was 7%, it averaged 6.6% from 1994-2008.

The CEO's review indicated satisfactory long-term WSIB investment performance. He noted that the 6.6% long-term average return at the end of 2008 increased to 7.6% at the end of 2009 and said the WSIB "has delivered what it has promised." The CEO agreed with the Auditor that fund volatility existed and said the fund (56% in equities) carried more exposure to the stock market than similar funds in other provinces (additional holdings included 6% in real estate and 35% in fixed income, primarily bonds). In early 2008 the WSIB revised its investment strategy to reduce volatility, while still targeting a return of 7%. The WSIB is moving into private equities, infrastructure and more private real estate holdings. Once the strategy is implemented, the WSIB will hold 15% of its investment portfolio in public equities. The organization is in the third year of its five-year transition period to implement this new strategy.

The Chair said that the WSIB lost $300 million in annual premium revenue as a result of job losses in Ontario. In addition, the investment fund lost over $3 billion due to the economic downturn. The CEO said that the real challenge for the investment fund is not how it has been managed but that it has been too small relative to the outstanding liability and needs to be increased.

WSIB Classification in the Public Accounts of the Province

In Chapter 2 of his *2009 Annual Report* the Auditor recommended the government should formally re-evaluate its current policy of excluding the WSIB from the province's financial statements. The WSIB is currently classified as a "trust" and consequently excluded from the province's financial results. However, given the size of the WSIB's current unfunded liability, the Auditor believes that it may no longer meet the accounting definition of a trust. The Ministry of Labour said that it has been supporting the Ministry of Finance in reviewing the Auditor General's comments with respect to Public Sector Accounting Board principles about what constitutes the definition of a trust, and the appropriate accounting treatment of the WSIB.

Future Strategy

The CEO said that his goal is to build collaboratively, as quickly as possible, a long-term financial plan with measurable benchmarks and milestones. Benchmarks might, for example, state that the WSIB has to achieve a specified rate of return, and reduce claims duration by a specified amount by a specified date. The Ministry said that the plan, expected (as noted earlier) to be drafted by the fall of 2010, will also include performance measures and public reporting. The Chair's stakeholder consultation report will serve as an important guide in developing the plan.

The CEO said that the situation is not a crisis in that the WSIB is able to pay all bills but that it is critical in a broader sense because the organization is "hamstrung." It does not have the flexibility to lower rates and is unable to increase benefits, even though they are not keeping pace with inflation.

The goal is to achieve full-funding with what the CEO described as a "cushion" to avoid having to adjust premium rates in the event of an economic downturn.

However, he also noted that trying to find $11 billion in a short period of time could place an impossible burden on businesses, especially since small and medium-sized enterprises primarily pay the premiums. He said that it would be neither feasible nor sensible to respond by jacking premium rates up. The WSIB needs to consult and take advice on striking the right balance. It needs to consider steps required to achieve full funding and then pull together a package to achieve this. According to the CEO, the WSIB must work both cost and income factors and try to bring them into balance.

Committee Recommendation

The Standing Committee on Public Accounts endorses and welcomes efforts by the Ministry of Labour and the Workplace Safety and Insurance Board to complete drafting a strategy by fall 2010 to address the issue of the WSIB's unfunded liability. It recommends that:

10. The Workplace Safety and Insurance Board (WSIB) shall update the Standing Committee on Public Accounts on its progress in drafting a strategy by December 31, 2010 to address the WSIB's unfunded liability. The update should include the results of its anticipated strategic plan and planned reductions in the unfunded liability position over the next five years.

LIST OF COMMITTEE RECOMMENDATIONS

1. The Ministry of Labour shall report back to the Standing Committee on Public Accounts on whether the Ministry believes the Workplace Safety and Insurance Board's board of directors should have the autonomy to address the unfunded liability issue in order to govern its own financial affairs. The Ministry should also provide the Committee with its view on the benefits and drawbacks associated with opening Board appointments up to public application.

2. The Workplace Safety and Insurance Board (WSIB) shall report back to the Standing Committee on Public Accounts on the outcome of its consultations with the Ministry of Labour and other ministries and parties regarding whether or not the WSIB would support legislative changes requiring it to eventually become fully-funded.

3. Within three months of completing its review of the way it sets premium rates, the Workplace Safety and Insurance Board (WSIB) shall report back to the Standing Committee on Public Accounts on the outcome of this review. If the review recommends possible changes in the way that it sets premium rates, the WSIB should specify its timeline and the expected impact on the rates.

4. Given the Workplace Safety and Insurance Board's (WSIB's) assessment that occupational disease claims have not yet peaked and that these claims may increase for several years, the WSIB shall report back to the Standing Committee on Public Accounts on a strategy to manage occupational disease claims. The WSIB should also specify the anticipated impact of these claims on the WSIB's unfunded liability.

5. The Ministry of Labour shall report back to the Standing Committee on Public Accounts on the outcomes of the Ministry's examination of its options regarding more comprehensive coverage levels of Ontario workers.

6. The Workplace Safety and Insurance Board (WSIB) shall report back to the Standing Committee on Public Accounts with the WSIB's assessment of its implementation of changes to its Labour Market Re-entry (LMR) Program, specifically noting how these changes are expected to impact claims duration and the unfunded liability.

7. Within 120 days after the end of fiscal year 2010-2011, the Workplace Safety and Insurance Board (WSIB) shall report back to the Standing Committee on Public Accounts on the outcome of the implementation of its narcotic-control program, specifying cost savings accruing from the program, and any impact on claims durations.

8. The Workplace Safety and Insurance Board (WSIB) shall report back to the Standing Committee on Public Accounts on decisions taken regarding implementation of recommendations contained in the Chair's *Report on Stakeholder Consultations* for the WSIB's experience rating program.

9. Within six months, the Workplace Safety and Insurance Board (WSIB) shall report to the Standing Committee on Public Accounts on whether the WSIB had achieved its target of a 7% reduction of new claims in 2009 and, if not, what action is being taken in 2010 on this issue.

10. The Workplace Safety and Insurance Board (WSIB) shall update the Standing Committee on Public Accounts on its progress in drafting a strategy by December 31, 2010 to address the WSIB's unfunded liability. The update should include the results of its anticipated strategic plan and planned reductions in the unfunded liability position over the next five years.