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Mercredi 2 octobre 2013

Standing Committee on Public Accounts

Comité permanent des comptes publics

2011 Annual Report, Auditor General: Workplace Safety and Insurance Board

Rapport annuel 2011, vérificateur général : Commission de la sécurité professionnelle et de l'assurance contre les accidents du travail

Chair: Norm Miller
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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

COMITÉ PERMANENT DES COMPTES PUBLICS

Wednesday 2 October 2013

Mercredi 2 octobre 2013

The committee met at 1233 in room 151, following a closed session.

2011 ANNUAL REPORT, AUDITOR GENERAL

WORKPLACE SAFETY AND INSURANCE BOARD

Consideration of section 4.14, unfunded liability of the Workplace Safety and Insurance Board.

The Chair (Mr. Norm Miller): I'd like to call the meeting to order. This afternoon, the committee is looking at section 4.14 of the 2011 annual report of the Auditor General, unfunded liability of the WSIB.

First of all, I'd ask the presenters this afternoon to introduce themselves. I'd like to welcome you to the committee. You have 20 minutes for a presentation to begin with, then we'll go to questioning from the three parties.

Ms. Cynthia Morton: Hello. My name is Cynthia Morton, and I'm the Deputy Minister of Labour. I'll be doing a brief introduction on behalf of the government.

Mr. David Marshall: I'm David Marshall, the president and CEO of the WSIB.

Mrs. Elizabeth Witmer: I'm Elizabeth Witmer, the chair of the WSIB. I'll be making a presentation once the deputy is finished.

Mr. John Slinger: I'm John Slinger, the chief operating officer of the WSIB.

The Chair (Mr. Norm Miller): Welcome. Go ahead with your presentation, then.

Ms. Cynthia Morton: Thank you very much and thank you for the opportunity to address the committee. As you know, we're here today to discuss chapter 4.14 of the Auditor General's 2011 annual report, which dealt with the unfunded liability of the Workplace Safety and Insurance Board. That chapter in the 2011 report was a follow-up to the original report of the Auditor General in 2009.

Generally, to note, the WSIB does play such a significant role in protecting this province's workers, families and employers through the no-fault insurance system. It is a strong and eventually will be—we have full confidence—a well-funded system that serves a crucial role in Ontario's economy, and to help ensure fairness to injured workers as well.

The Auditor General's report in 2009 and its follow-up in 2011 called upon the government to ensure that the legislative framework reflected the appropriate balance in the relationship between the government and the WSIB. As a result, Bill 135 was introduced, which changed the powers of the government—the Minister of Labour—and changed the responsibilities and accountabilities of the WSIB to achieve sufficiency in the financial plan of the WSIB.

I would like to just briefly describe to you how the roles of both government and the WSIB are now spelled out in legislation, regulation and the memorandum of understanding between the minister and the chair; and how these different roles and the regulatory and legislative framework that has been changed as a result of Bill 135 are all intended to achieve the goal of fiscal sustainability for the workers' compensation system.

The Bill 135 amendments have established a significant new rigour and clearer accountability in the Ministry of Labour-government-WSIB relationship and, most importantly, have enhanced the transparency of reporting on the fiscal health of the workers' compensation system to the public of Ontario.

In general, the Minister of Labour is accountable to the Legislature for the WSIB and therefore has an important oversight role to play. The WSIB works at arm's length from the ministry and has the statutory authority to determine its own practices and procedures.

Section 159 of the WSIA, which is the governing legislation—and I believe you all have it—provides the board with the powers of a natural person, which include, among other things, the authority to set premium rates, to consider and approve its operating and capital budgets, to establish investment policies and to make program changes.

The oversight and interactions that operationalize the statutory relationship between the ministry and the board are governed by quite a comprehensive best practice memorandum of understanding that lays out protocols for communication and co-operation while maintaining the appropriate independence of the board.

Specifically, the Auditor General's 2009 report made reference to a number of provisions in the WSIA that provided the government with elements of control over the WSIB that the Auditor General believed compromised the independence of the WSIB.

As a result, in 2010 the government repealed these provisions of WSIA through Bill 135 to reaffirm the independence of the WSIB. The sections of the act that were repealed were subsection 96(4), which had formerly allowed the Lieutenant Governor in Council to direct the WSIB to increase premium rates; section 100, which had allowed the Lieutenant Governor in Council to direct that an amount be advanced from the Consolidated Revenue Fund to the WSIB to make benefit payments; and finally, section 167, which had allowed the minister to issue a policy direction approved by the Lieutenant Governor in Council to the WSIB. All of these provisions were repealed through Bill 135, removing the government's authority to do any of those things.

In addition to the Auditor General expressing concerns in his 2009 report about these control mechanisms in the statute that were repealed, the report was overwhelmingly focused on the need for both the government and the WSIB to pay greater attention to the rising unfunded liability and to put in place a plan of action that would retire this debt. This need to address the unfunded liability is the basis for all other reforms that you will see in Bill 135.

What Bill 135 requires the WSIB to do is essentially achieve what is called sufficiency of funding. The bill requires the WSIB to report to the Minister of Labour along the way of achieving sufficiency of funding on its progress. The government and the WSIB, having now received the legislative framework of Bill 135, sought the advice of Professor Harry Arthurs on how to define what sufficiency of funding meant. Did it mean full funding of the WSIB or did it mean something less?

Professor Arthurs issued a report called Funding Fairness, which was released in May 2012. That report recommended that the WSIB move to a fully funded system, a 100%-funded system, and based on that recommendation, the government passed regulation 141/12.

That regulation requires that the WSIB insurance fund reach the following sufficiency ratios on its path to achieving full funding: 60% full funding by December 31, 2017; 80% of full funding to be achieved by December 31, 2022; and 100% funding to be achieved by December 31, 2027.

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These funding sufficiency ratios set goals for the WSIB to reach on their way to full funding by 2027, and they are to be supported by what is called a sufficiency plan, prepared by the WSIB and provided to the Minister of Labour.

The WSIB recently prepared its first sufficiency plan and submitted it to the Minister of Labour in June 2013. I believe that we've provided the plan to the committee and it is publicly available on the WSIB's website.

This plan was at the request of the Minister of Labour before he formally accepted and adopted the plan, shared with both the Ministry of Finance and the Auditor General's office. The minister wanted the assurances of both that in their opinion, as well as the minister's, the sufficiency plan was appropriate. As a result of the feedback received, both from the Auditor General's office and the Ministry of Finance, the Minister of Labour accepted the sufficiency plan and it is now posted and publicly available.

Based on the review of the WSIB's progress in achieving their regulatory obligations of 60% funding by 2017, the minister is confident, based on the plan submitted, that goal will be achieved.

The chair of the WSIB, Ms. Witmer, and Mr. Marshall will be able to provide the committee with information about the steps the WSIB is taking to move to that fully funded system, as well as further details on the progress made to date.

I think I'll stop there.

Mrs. Elizabeth Witmer: Good afternoon, Mr. Chair and members of the Standing Committee on Public Accounts. We appreciate the opportunity to address you today to report back on the significant progress that we have made to ensure the financial sustainability of the board for employers and workers since the Auditor General's 2011 report.

As you know, the board's costs were totally out of control, and action was desperately needed to ensure the financial sustainability of the board to ensure that it could protect the 4.2 million workers and the 255,000 employers it serves from the consequences of workplace injuries and illnesses, while delivering services to the quarter of a million people who are receiving benefits and support from the board at any given time.

So the transformation of the WSIB began. It was led by our very capable president and CEO, David Marshall. I would say to you that the transformation has been truly impressive and it does ensure that the system is not only fiscally accountable and sustainable for workers and employers, but, it is much more responsive to their needs. Our ultimate goal is to transform the WSIB into the best workplace insurance system in Canada.

Where are we today as we move forward with that goal? I want to look first at the financial transformation of the board as it pertains to our unfunded liability. As you know, that was the biggest threat to our system, and aggressive action, of course, has been taken by the government and by the board. You've heard from the deputy that legislation was passed that requires us to reach 60% funding by 2017, 80% by 2022 and full funding by 2027.

I'm very pleased to say that we are currently approaching 60% and we are on track to meeting that requirement in 2017. However, we can never forget that our system is at a very delicate stage. I want to emphasize the fact that the next funding requirement of 80% by 2022 will be much more challenging to achieve, so it is absolutely vital that we maintain our course.

Contributing to our positive financial outcome is the fact that we have diversified our investment portfolio. I would say to you that we are getting better investment returns as a result.

As well, we've made operational changes and there is stronger financial discipline within the system, which is helping us get our unfunded liability under control. It was

$14.2 billion when I arrived in May 2012. Today, we are under $13.2 billion, so we have seen a billion-dollar decrease.

Another reason for the reduction in the UFL is that we have focused on return to work. As a result, our claim costs are coming down. We now have one of the lowest new claims costs among all the provinces in Canada.

As well, in 2011, because of fiscal discipline and operational changes, for the first time in 10 years, and again in 2012, we balanced our books, and we actually had an operating surplus. As a result, we no longer need to borrow from the investment fund, as we had been doing. Instead we are able to provide funds to the fund. In fact, this year, we have already added $500 million.

If you take a look at the unfunded liability and its costs, without the unfunded liability, we actually would have one of the most competitive premium rates in Canada because currently one third of employers' premiums go toward paying off the UFL. However, we did increase premium rates. We have seen an increase in insurable earnings, and so as a result, I am pleased to emphasize that board's annual revenue now covers our operating costs.

Of course, as a result of these financial improvements, we were able to freeze premium rates for 2014.

But let's take a look at what has really influenced the outcome. We have focused on helping injured workers return to work. We have transformed our medical strategy, our work transition and our return-to-work programs. As a result, we have seen a reduction in our benefits costs from $3.2 billion in 2009 to $2.7 billion in 2012.

Let's look at return to work. We have completely transformed our approach to helping get injured workers back to work. We are now actively participating in their recovery and return to work. We added 300 return-to-work and work transition specialists to help workers either return to their current workplace or assist those with more complicated cases, who can't return to their current workplace, find new employment opportunities. In 2012, these specialists made 23,000 work site visits to support employers and workers. Nowadays, as soon as a claim is registered, we have immediate intervention by a case manager. So this proactive approach is getting better results. In 2012, 92% of all workers were back to work with no wage loss, compared to 85% in 2009.

Under our work transition program, which is for people who can't return to their original workplace, 69% of injured workers now successfully obtain employment after completing their programs. That is an increase from the previous 36%. We are very encouraged because there are people behind these numbers, and we want to do what we can to return them to good health and to a well-paying job.

Let's look now at the transformation of our medical strategy, which is really critical to getting our injured workers back to work. Not only are we improving our health services, but we're reducing our overall health costs. Leading up to 2009, health costs were escalating at a rate of about 8.5% each year. Since 2009, our costs each year have decreased by 10.5%; however, the cost for each injured worker is increasing. We are paying more to support them.

Our new medical strategy allows injured workers to get access to expert medical diagnosis, tests and surgery faster than before, through an integrated service model. We have become a leader in appropriate narcotic treatment. We have expanded our programs of care. These are effective in treating injuries such as low back or shoulder injuries or fractures. For more complex injuries and occupational diseases, we've introduced a network of specialized assessment and treatment services across the province to help injured workers recover more quickly.

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Our health transformation is creating a system that delivers long-lasting, better health outcomes to those recovering from injuries and illnesses. Improvements in WSIB support for injured workers are putting over two million person-days per year back into the economy by lowering days lost from injury. In fact, I'd say to you that the WSIB is now an industry leader. Other insurers and jurisdictions in Canada are coming to us for advice on best practices like our narcotics strategy, our health care strategy and our approaches to supporting return to work.

Before I conclude, I just want to touch briefly on the issue of occupational disease. These claims are complex. They do pose a risk to the insurance fund. As a result, we have developed a plan to manage this risk. Before allowing a claim, we do review the scientific research, and we gather the medical information to ensure that there is significant evidence to link a worker's current medical condition to workplace exposures, work history and other factors. Moreover, we have set aside more than $1.4 billion for future occupational disease claims. We know they are going to come, and the money is there to pay them.

I think you will see that our transformation is achieving not only positive financial results but better outcomes for injured workers and employers. We believe we are well positioned for the future. We are solving our current and potential challenges.

I want to thank David Marshall, his senior management team and the entire WSIB staff, as well as my board, because this would not have been possible without their hard work and commitment to providing the best system for the workers and the employers that we serve.

I want to emphasize, though, that we are at a delicate stage. The next 80% funding requirement is going to be more challenging than achieving this first 60%, so we need to keep making gains. We need to build on our achievements, and we need to recognize that the system is still very fragile.

As Professor Arthurs said, we are at the tipping point, and the success could easily be undone, but we are going to maintain our focus. We believe that if we operate the system properly, it is entirely affordable, it will be sustainable, and we can meet the future needs of employers and workers. Thank you.

The Chair (Mr. Norm Miller): Thank you very much for that opening statement. I guess we'll go to the opposition for up to 20 minutes of questioning. Who would like to go first? Mr. Barrett?

Mr. Toby Barrett: Yes. Thank you, Chair.

Thank you for coming before this standing committee. Of course, for a number of years, public accounts has been concerned, as we all are, with the unfunded liability. It's quite heartening to hear of a $1-billion—perhaps plus—reduction in the unfunded liability to, this year, $13.2 billion, I think it was, which is double what it was 10 years ago.

We know that the unfunded liability over the years—there have been other measures that have been able to reduce it. Just very briefly—it's maybe a request. I won't take much more time on this part of it. I have some of the figures for the unfunded liability—say, for the past 10 years—and I know there has been a concern and plans put forward going back to something like 1982. I would like to get, perhaps, a chart with the year and the dollar figure of the unfunded liability—I know it's in many of these reports—not only going back, but also going forward. As you have indicated, the plan is to balance it in 2027. I'd like to have a projected dollar figure, year by year, going up to, obviously, 2027, where it would be zero. Okay?

Now, a question: We know that something like 30% of workers are not covered. We know that on January 1 of this year, amendments were made to the act to bring in the construction people, the partners, the independent operators. Just a progress report: First of all, how many individuals would that be? That's my first question. Second, how many have signed up to date?

Mrs. Elizabeth Witmer: Thank you very much, Mr. Barrett. Yes, Bill 119, of course, was passed, and people had to come into compliance on January 1. I will say to you it had originally been anticipated that there may be between 45,000 to 90,000 independent operators who are required to come into compliance with the legislation. However, having said that, as of today, we have only about 20,000 individuals who have registered with us.

As we approach the end of the year, we are going to focus on raising the public awareness. We've done a lot this past year to make people aware of the fact that they need to register, but we are going to raise public awareness of the fact that they need to register because, beginning on January 1, 2014, if people are not in compliance, obviously, just as others who don't register, they will be subject to fines and penalties.

Mr. Toby Barrett: Okay. I don't know whether you have the figure. What is their premium rate for $100? Does it vary?

Mrs. Elizabeth Witmer: Mr. Slinger?

Mr. John Slinger: It does vary, depending on the industry—depending on the type of work they do.

Mr. Toby Barrett: Okay. Has anybody filed a claim? Do we know?

Mrs. Elizabeth Witmer: Yes, we've had fatalities, and people have filed claims.

Mr. Toby Barrett: Just another general question, and I know our labour critic has some questions as well. With an insurance board or an insurance system like this, I find in reading, well, Arthurs's report for example—again, rightfully so, the focus is on the unfunded liability; and much of the discussion—and I've found too with the Auditor General's papers that much of the discussion focuses on funding. It obviously focuses perhaps more on employers' premiums, increasing employers' premiums, adjustments to the investment portfolio, which you made mention of. Much of it seems to focus on the revenue side.

I raise this question. I sat on the board of an insurance company for a number of years and I found we didn't—we obviously talked about premiums, but that was only a part of it. We had to serve our policyholders. That was the mandate of our board: our customers. We talked about other things, like fraud.

That discussion is going on right now in the Legislature and in some of these circles with respect to insurance, particularly auto insurance. We talk a lot about fraud; we talk a lot about cutting costs. I don't hear so much talk about funding, other than—I guess I can't speak for the other two parties; they're talking about a 15% premium cut. I don't think WSIB is talking about a 15% premium cut.

Mrs. Elizabeth Witmer: No, we're not going to be doing that.

Mr. Toby Barrett: What I do wish to know is what deliberations, what approaches are being taken as far as cutting costs, taking a look at efficiencies, rent? I know we've heard a bit about the program with respect to narcotic analgesics. How significant would that be in finding savings? My question is more on the spending side, not the revenue side.

Mrs. Elizabeth Witmer: I'm going to allow Mr. Marshall, who really has spearheaded the transformation in order to achieve the efficiencies that I think you've spoken about. Mr. Marshall?

Mr. David Marshall: Sure. Mr. Barrett, the focus of our work has been balanced on all possible ways to get to security of funding. The chair talked about raising premium rates, but we've also, and probably very importantly, focused on the fundamentals of our business, which is really getting workers back to work earlier and better medical care. I could say overall that expenses on benefits have actually reduced by half a billion dollars a year since 2009 to the end of 2012. That has been achieved by paying attention to claims early and finding out which claims are likely to need the most attention—for example, back injuries in construction—and getting them the appropriate medical care.

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We now decide on the eligibility of 90% of claims within two weeks. Our research showed that if you don't get a worker back to work within 90 days of their injury, the chances they'll ever work again drop by 50%, so every day counts, and so we get to the claim as quickly as we can. We then make sure that we focus on the claims that are going to be most difficult for the worker, and we then proceed to create a medical plan for them and immediately start to talk to the employer about helping the worker back so that they don't sit at home with painkillers. They come back to some modified work and eventually get to full recovery.

Our chair spoke about the fact that we hired an extra 300 people to just focus on return to work, and they made 23,000 visits in person to employer premises to negotiate return to work on behalf of workers. In Ontario we went from, in 2009, having the worst record in Canada for helping workers back to work to the best record today in that area. So that has contributed to the fundamental improvement, if you like, in our operation.

Mr. Toby Barrett: Just the latter part of my question—fraud, do you still have a fraud unit?

Mr. David Marshall: We do have an investigations unit. John, do you want to just talk about how we approach that?

Mr. John Slinger: Thanks, David. We established an investigation unit, I think in about 1996, and new legislation was brought in which actually gave us the authority to lay our own charges under the Provincial Offences Act for false and misleading statements given to us. So that changed things fairly dramatically from the days where we would have to go to the police and convince them that there had been an offence. Since having our own ability to charge, and recruiting former police officers as our senior investigators, we've seen significant improvements.

I will say that fraud is not where we start when we talk about compliance. We would rather be able to educate and get voluntary compliance, but there's no question that in a system as large as ours there will always be circumstances where you need to investigate and potentially lay charges and take appropriate action.

Mr. Toby Barrett: Thank you. I'd like to go over to Monte.

The Chair (Mr. Norm Miller): Mr. McNaughton?

Mr. Monte McNaughton: Excellent. Just to follow up on Mr. Barrett's point on the fraud, do you have a dollar figure assigned or a percentage of an overall spending?

Mr. John Slinger: Yes. I will say it would roughly be in the magnitude of $10 million to $20 million a year that we saved through our fraud investigations. Obviously it includes both stopping a benefit that shouldn't be paid or a registration that an employer had not taken. It involves obviously the translation of that into future savings as well.

Mr. Monte McNaughton: Okay. What I really wanted to ask you about—and it's something I learned this morning, but it's just about the new accounting standard. As of right now, the unfunded liability is just over $13 billion. With the new accounting standard, what would today's unfunded liability actually be at?

Mr. David Marshall: I think you're referring, Mr. McNaughton, to the potential for the liabilities of the insurance fund to be valued at going market rates for the long bond.

Mr. Monte McNaughton: Yes.

Mr. David Marshall: Obviously, every change in the interest rate which we use to value the liabilities has a big impact on the total. Again, it relates to what the interest rates would be at the time this regulation came into effect—

Mr. Monte McNaughton: But say today, just so we understand it—

Mr. David Marshall: Actually, it's interesting today because it's creeping upward already, but if you were to ask us this—let's say when interest rates were very low, say at 3.5% or so, 4%, that would add about $3 billion to the liability right off the bat.

Mr. Monte McNaughton: So it would actually be higher than the $13 billion today. It would be at least $16 billion.

Mr. David Marshall: If it came into effect today, right. What we have proposed to the government is that, since we are unlikely to be wound up on a day-to-day basis, it may be worthwhile to look through day-to-day variations, good and bad. As interest rates rise, it will come down, in a sense, without us having taken any action.

Mr. Monte McNaughton: Or the return on investment and things like that.

Mr. David Marshall: Yes. So, rather than that, to look through to, say, a five-year average of rates so that we don't—to meet the legislated requirements, if $3 billion adds to the liability, we have to collect that from employers to reach our legislated goals, and that would be manifestly unfair, only to see rates change a little while later. To focus on the real issue, which is proper funding, the fact is that we are a going concern, and maybe look at an average over five years. That's what we've talked to the government about.

Mr. Monte McNaughton: Okay. Just furthermore to that, there are obviously independent reports, such as the C.D. Howe Institute, that peg the unfunded liability at around $20 billion. I don't know what calculation they're using, but is it possible that some of these outside think tanks are using this new accounting standard to come up with that inflated number?

Mr. David Marshall: Yes, Mr. McNaughton. They have actually used a 2.5% discount rate to discount the liabilities, but something I can assure you is that we have used independent firms of outside actuaries to scrub our liability very, very thoroughly. They've gone to every aspect that we are doing. Indeed, we have added to the liability, if you like, on our own by almost $5 billion since we last came before your committee, in order to make sure that we were very conservative in the calculations. We are on top of it.

Mr. Monte McNaughton: I'm definitely not questioning it. I just learned that this morning about this new accounting standard, so I think that's news, probably, to many.

One other thing I wanted to ask you about is—and, again, this was new to me this morning—this idea of a locked-in feature: that after six years, basically, there are no more visits from the WSIB and they are locked into benefits for life, essentially. It's my understanding that Ontario is the only jurisdiction in Ontario that has that feature.

Mrs. Elizabeth Witmer: Yes.

Mr. Monte McNaughton: From the WSIB's perspective, would that be something that you would like to see changed? Would that help achieve fiscal results?

Mrs. Elizabeth Witmer: Right. Well, that would be the prerogative of the government of the day to make that decision, obviously, so that's something that we would leave in their hands, to make that decision.

Mr. Monte McNaughton: Okay. And then just, I guess, my final question would be on employer premiums. Maybe I missed it, but just going forward, say, over the next few years, what's going to happen to employer premiums? Because right now, obviously, they're the highest in the country.

Mrs. Elizabeth Witmer: Right, and they will remain higher until such time as we eliminate the unfunded liability. As I think I said in my opening remarks, right now one third of their premiums go to the discharge of the unfunded liability.

However, as a result of the progress we have made and the financial discipline we currently have, we are able to freeze the premiums for 2014. We recognize that that is important, because it allows employers, obviously, to devote the resources to the creation of jobs and increased productivity.

Mr. Monte McNaughton: Okay. That's it for me. Thank you.

The Chair (Mr. Norm Miller): Mr. Arnott?

Mr. Ted Arnott: Thank you, Mr. Chair. Madam Chair, it's great to see you back here at Queen's Park with your senior staff, and I want to compliment you on the great job that you have done at the WSIB since you assumed that role—just over a year ago, I guess. It's very satisfying to learn of the progress and some of the specifics of what you have been able to accomplish there.

You mentioned the investment portfolio and stronger returns as being a positive development through diversification. Are you at liberty to give us more information about that? Certainly, if we can generate better returns through the investment portfolio over time, we would be in a position, obviously, to reduce the unfunded liability more quickly and hopefully achieve the goal of full funding sooner than 2027. That would certainly be our objective, I think. Perhaps you can give us some more information about how the investment portfolio is currently being managed and what steps are being taken going forward.

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Mrs. Elizabeth Witmer: We'd be happy to do that. Currently, I believe, it stands at about $18 billion. I'm going to ask Mr. Marshall to let you know how we are investing our money differently today than we did a few years ago and why we have such great returns.

Mr. David Marshall: Mr. Arnott, the issue of the investment fund is extremely important for us because it's about $18 billion and it's such a huge and important part of our funding picture.

Over the last 10 years or so, we had to actually withdraw money from the fund to pay day-to-day expenses. I think the Auditor General actually pointed that out, and other commentators have observed that that was a very, very risky thing to be doing. At the same time, it put pressure on our managers to maximize return and, therefore, risk.

Over the last three years we have now started to change that whole profile. Because, as the chair pointed out, our premiums are now covering all our costs—benefit costs and administration—and with some to spare, we are now actually putting money back in the fund and allowing the income of the fund to accumulate on a compound basis. That is a very, very valuable feature that we now have.

About three years ago, before the board adopted a new strategic investment plan, we were invested 65% in public equities—shares on the stock market—30% in bonds and about 5% in real estate. That made us very vulnerable to changes in equities. It was good if it was going well and very bad if it wasn't going well. The risk profile was about 11% to 12% in that kind of a mix.

There is now a new strategic investment plan that the Ministers of Labour and Finance have accepted, which we filed with them, that totally changes that profile. We are now going from 65% in public equities to 30%, as well as bonds, cutting the risk in half, and increasing our investment in infrastructure and real estate to balance the portfolio. We won't, in a sense, hit it out of the park, but we won't tank either. Our risk profile has actually come down in half, and that allows us, in a sense, to have steady progress.

Mr. Ted Arnott: Thank you very much for the answer. Another question to you, Mr. Marshall.

The Chair (Mr. Norm Miller): Very quickly.

Mr. Ted Arnott: Yes. You had indicated that if people don't get back to work after a workplace accident within 90 days, 50% of them won't go back to work at all. Of that 50%, how many will go back to work within a few weeks or months of that?

Mr. David Marshall: The 90-day demarcation is kind of a general point to see—you want to make sure that you get people back really soon. As the chair pointed out, obviously some workers are very, very badly injured and are never going to get back to work. Others take longer, perhaps because they're young workers or their skills are not that transferrable, and we have a program to help them.

What happens is that if they're not back for a year after their injury, we then take special measures by retraining them in a new profession or a new skill. We have put in place many new avenues for workers that never existed before. We have community college training, trades training and other things like that, and we've been very successful. I think the chair pointed out that about 70% of the workers who haven't gotten back after a year actually do get back now, because we're helping them. That means that we don't have to help them basically replace their income until they're 65, and they're not working. So it's a good benefit for everyone. We keep working with them all the way.

The Chair (Mr. Norm Miller): Thank you. We'll move to the NDP. Who would like to ask questions?

Mr. Taras Natyshak: I'll start.

The Chair (Mr. Norm Miller): Mr. Natyshak.

Mr. Taras Natyshak: Thank you very much, Chair. Thank you very much for appearing once again. It was my pleasure to see you here last year. I think we could spend more than just half of a day or half of an afternoon with you all, but I do appreciate you appearing before the committee here again today.

My first question, I would guess, would be pointed to Mr. Marshall. We've heard that the average length of labour market re-entry programs has been cut from about 19 months down to about five months. My question is quite simple. You've indicated that you have had greater success in labour market re-entry programs. How does cutting the average length of retraining then equal a greater success in putting people into work? Could you explain that?

Mrs. Elizabeth Witmer: Mr. Slinger will respond to that.

Mr. Taras Natyshak: Very good.

Mr. John Slinger: I think that number is probably something that you read a year or two ago, shortly after the program came out. These were some of the preliminary numbers that came out from the new program. Those would have been new cases going directly into the new program, and many of those workers were getting back to work, with some retraining, with their injury employer. We now find, as the system matures, probably around 12 months is our average time taken through the LMR program, which actually would include about a three-month planning/assessment period and then 12 months actually in a program. Those would be the numbers today based on our—

Mr. Taras Natyshak: Today, there is an average of around 12 months in LMR—

Mr. John Slinger: Correct. In a program, that's correct.

Mr. Taras Natyshak: Do you have any hard data on that?

Mr. John Slinger: Absolutely, yes.

Mr. Taras Natyshak: Okay.

Mr. Jagmeet Singh: And would you be able to table that with the committee?

Mr. John Slinger: Well, I don't make those decisions, but the information is available.

Mr. Taras Natyshak: Very good.

Mr. Jagmeet Singh: Okay. Thank you. Go ahead.

Mr. Taras Natyshak: Of course our offices are bombarded by calls—

Mrs. Elizabeth Witmer: I remember it well.

Mr. Taras Natyshak: I'm certain that you do. It continues today, and I don't see a clear path to being able to lower the amount of calls that come in. They truly do occupy and make up about 50% of the casework that comes into our office: Folks who are having trouble accessing benefits, folks who have been deemed, folks who are nearing the threshold of their six-year lock-in period and finding themselves subsequently cut off. These are questions that obviously make up some of my questions.

The more stringent eligibility criteria that have been applied, starting in 2011-12—can you provide us with some data on how many and what percentage of the claims didn't meet the eligibility criteria in 2011 and 2012 or the first half of 2013?

Mrs. Elizabeth Witmer: I'm going to ask Mr. Slinger, but I would say to you, we are allowing the same number of claims today as we did in the past, and I believe it stands around 80%. Mr. Slinger can give you some of the details. Now, you're in the Windsor area?

Mr. Taras Natyshak: Yes.

Mr. John Slinger: So that's correct. We have not changed. It's been a stable rate probably for the last 10 or 15 years.

Mr. Jagmeet Singh: Our understanding is that the criteria have become more stringent. Is that not correct, then?

Mr. John Slinger: It has not. In fact, I think the good news about eligibility, as David mentioned, is that over 90% of decisions are now being made within two weeks, which means workers are getting their benefits earlier, and there has been no change in the allowed/denied rate.

Mr. Taras Natyshak: So if workers are receiving their benefits earlier, those workers who are being denied are being denied earlier too because of a new formula or—

Mr. John Slinger: No, it's—

Mr. Taras Natyshak: —some stringent—

Mr. John Slinger: Really, it's a direct result of the new service delivery model. I think when we were here the last time, we probably talked about the fact that we have dramatically changed all of our front-line service and we've done it largely to put us in a position to better serve workers in terms of their health care and return to work.

We had a model in the past that had a consolidated adjudicator responsible for every issue in a claim over a six-year-plus period. We found that that was too big a job and they couldn't have the expertise or focus they needed to handle unique situations, and a unique situation is initial entitlement, and unless you have people who do nothing but that and have the best possible skills and practice, it was frankly taking 30 days. It was more like 65% within two weeks. A lot of cases were waiting 60 days, 90 days for decisions. We found that that was a problem, not only because a worker would go without benefits, but also because our ability to start focusing on return to work took longer. A worker who was involved in fighting with us for benefits over an extended period of time would probably spend more of their time focused on the disability and less time focusing on return to work.

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This is something that we learned when we did some work with the Institute for Work and Health. We found that when our outcomes started really to go downhill in about 1999, there was a strong correlation between how long it took us to make initial eligibility decisions and their early return to work. We felt that we needed to close that gap significantly in order to get into the return-to-work conversation much earlier.

Mr. Jagmeet Singh: There was a value-for-money audit done by KPMG in 2010. Am I mistaken that they reported that there was an increase in claim denials?

Mr. John Slinger: They didn't report that, and that has never been the case.

Mr. Jagmeet Singh: Okay.

Mr. Taras Natyshak: To the question of the six-year threshold, the cut-off—again, we're finding deep concerns and, just on my personal basis, finding a higher incidence of folks coming in at, or nearing, that date, being cut off. I would like to know if you have any data on how many people this has happened to over the last year, two years, three years. How many people are finding themselves nearing that date and having their eligibility eliminated, or their benefits cancelled?

Mr. John Slinger: That's a really good question. I think an answer to that really lies in the system that we have, the legislative system. I think it's important to understand that people talk about a wage loss system. This is an estimated wage loss system. It's not an actual wage loss system.

The legislation requires us, at a certain point in time—no later than six years—to estimate the likely earning loss for that work to age 65. So a benefit adjustment always occurs once we've concluded a plan and worked with the worker to get back to work. We are required by the statute to estimate those wages. That has been a system in place since 1990.

Now, I will say that when you have a worker coming to you saying, "Well, the board estimated that I could earn this, but I haven't yet found that job," we have employers who, of course, come to us and say, "We estimated a wage loss, and then they want back to work after the six years after being locked in and got a job at no wage loss and now they get both."

So inherent in this estimation—if you can kind of appreciate the challenge of us estimating forward potentially five, 10, 15, 20 or 25 years what the worker is likely able to earn with this particular condition, that's why the lock-in is a challenge.

To us the real answer lies in, what are the long-term results for these folks? In other words, if a worker is injured, how are they doing in the long term? This has been an extremely important issue for us for years.

We engaged in work with the Institute for Work and Health all the way back into the 1990s to do a longitudinal study on outcomes for injured workers in terms of how well they were approximating their earnings. The institute looked at three years' worth of injuries with permanent impairments that were locked in, followed those cases over a 10-year period and compared that group of injured workers with a comparable group of non-injured workers—same age, same earnings at the time of injury, occupation and so on. And—

Mr. Taras Natyshak: Mr. Slinger, if I might—

Mr. John Slinger: Well, I think this is—

Mr. Taras Natyshak: I fully expect that you could continue on that train of that thought for quite some time—

Mr. John Slinger: I'm going to give you an answer in just a second.

Mr. Taras Natyshak: No. The question was simply do you have data in terms of—

Mr. John Slinger: I have data.

Mr. Taras Natyshak: —the cut-off for folks who are nearing the age of 65 or in their 60s who are nearing the six-year threshold. That's the data that I want, a sheer number that you either tally, or you don't.

Mr. John Slinger: The data of the study showed that combining—and we used CRA data. When we looked at the injured workers' earnings plus what they received from us in terms of permanent impairment awards and loss-of-earnings awards, and compared that with the same group of non-injured workers, the injured workers were making 105% of the wages of the non-injured workers. What that tells us is how challenging it is to forecast forward. Now, that could say—

Mr. Jagmeet Singh: Because we are on limited time, my concern is—we'll have that tabled for us: the percentage of workers who are cut off after a six-year period and the number of workers, in general, who are cut off. That's all we're looking for. That would help us—

Mr. John Slinger: Well, I think that if you're looking at this issue, obviously, as legislators, you want to look at it from a public policy point of view. That is the public policy issue.

Mr. Jagmeet Singh: Sure.

Mr. John Slinger: How well are we able to estimate forward the benefit adequacy for those workers? That longitudinal study, which is a significant one, actually showed that when you combine benefits with earnings, those workers actually did slightly better than non-injured workers. Now—

Mr. Jagmeet Singh: Sir, we're asking the questions, and that's not the question that we're asking at this point in time. I'm very interested in that, but maybe in a later question.

Mr. John Slinger: I'm sorry.

Mr. Jagmeet Singh: Our question now, sir, is on permanent impairment awards. I'm going to ask you a question about that. I'll read the question to you, and hopefully you can answer the question in a succinct manner, please. There appear to be fewer injured workers who have received permanent impairment awards. That's what the appearance is to us. Has the board changed its approach towards determining when a worker is entitled to a permanent impairment award, and has it changed its approach to determining the level of the impairment awards? Has that happened?

Mr. John Slinger: So two questions.

Mr. Jagmeet Singh: Two questions.

Mr. John Slinger: The first question: No, we haven't changed. The proportion of lost-time injuries that go to permanent impairment is going down. The good thing is that it's going down to levels that we have previously seen when we managed cases and did more around return to work. As we have brought that return-to-work function back, what we have found is that the cases that used to go to permanent impairment—for example, the low-back soft-tissue strain that became a permanent impairment—really became a permanent impairment because the medical treatment was poor. We were seeing prescriptions for narcotic medication increasing by 100% over 10 years. We weren't seeing good health care being applied in those cases. In addition, we weren't facilitating return to work; we were leaving workers off work. The result of that is that workers were being permanently impaired in relatively minor injuries, and that was a major problem for us. The combination of our medical strategy and our return-to-work strategy has, in fact, reduced the incidence of permanent impairment, which is precisely what we would have anticipated based on our past history.

Mr. Jagmeet Singh: So you haven't changed your approach to it—

Mr. John Slinger: Correct.

Mr. Jagmeet Singh: —but there has been a reduction in the level of permanent awards.

Mr. John Slinger: And it has actually put us in a position where we are now into the realm of other provinces. In other words, we were an outlier in that we had a much higher rate of permanent impairment awards than, in fact, other provinces. We are now back to where other provinces are because, again, we are more actively managing these issues.

Mr. Taras Natyshak: How long do you track workers who have returned to work? How do you track them post return to work?

Mr. Jagmeet Singh: And this question is to the panel. It doesn't have to be Mr. Slinger who answers.

Mr. John Slinger: Well, we're tracking them for 10 years, because we're continuing the longitudinal study with the Institute for Work and Health. We are expecting an update by the end of the year with respect to a newer group of injuries with later accident dates. Our view is that, if you don't look 10 years out, it's very difficult to determine whether or not you have adequately compensated or estimated their earning capacity.

Mr. Taras Natyshak: Do your return-to-work numbers include people who the board has deemed to have returned to work but possibly have not actually returned to work?

Mr. John Slinger: All of our return-to-work numbers are actual return to work.

Mr. Taras Natyshak: They are currently employed and working?

Mr. John Slinger: They are all return to work at the point that we left them when we finished with their claims.

Mr. Jagmeet Singh: The next question is—how much time do we have left?

The Chair (Mr. Norm Miller): You have five minutes.

Mr. Jagmeet Singh: Perfect. The next question is regarding coverage. The Auditor General has said that coverage is a major level in dealing with the unfunded liability. He—at the time, he—also says that Ontario's coverage is lower than in many other provinces. I know the decision to extend coverage is a government decision, but could you comment on Ontario's coverage versus the coverage that exists in other provinces? Where do we rank in terms of other provinces?

Mrs. Elizabeth Witmer: Rank?

Mr. Jagmeet Singh: In terms of the coverage that we provide.

Mr. David Marshall: Mr. Singh, about 70% of the workers in Ontario are covered, in terms of the employers and the workers, so about 30% of the workers are not covered in Ontario. That's the lowest percentage of the other provinces at this stage.

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Mr. Jagmeet Singh: Ontario's is?

Mr. David Marshall: Yes.

Mr. Jagmeet Singh: Would increasing the coverage—there are some sectors that are exempt at this point—would that assist, and how would that impact be on addressing the unfunded liability issue?

The Chair (Mr. Norm Miller): Excuse me, Mr. Marshall, if you could bend that microphone a little closer and speak up a bit. They're having trouble picking you up on Hansard.

Mrs. Elizabeth Witmer: I think as far as the issue of coverage is concerned, since that is the prerogative of the government of the day, that's a decision that obviously would need to be made by the government of the day. We really couldn't speak to that.

Mr. Taras Natyshak: Thanks, Chair. At this point, premium rates, you stated, are covering all expenses: benefits claims, operational claims.

Mrs. Elizabeth Witmer: Yes, they are.

Mr. Taras Natyshak: I don't know if I caught the figure where the investment fund, over the last two years, has actually improved and made some money.

Mrs. Elizabeth Witmer: Yes, it has.

Mr. Taras Natyshak: And you've been able to earmark that for—Ms. Witmer, you'd mentioned that there's a fund in anticipation of occupational diseases. Was that always there, or is this a part of the revenue coming from the investment fund? Can you give me some timelines on where the increase in revenue is coming from?

Mrs. Elizabeth Witmer: Sure.

Mr. David Marshall: Mr. Natyshak, the additional reserve for long-latency occupational disease is something that we've added onto the liability of the insurance fund. In other words, it's an amount we have to be able to meet, if you like.

Mr. Taras Natyshak: So there's not a pool sitting there waiting; you've added that as a liability.

Mr. David Marshall: No. We've added the total liability. And what I was referring to, is instead of having to withdraw money at about $500 million a year to pay our benefits and administration, we've now been able to put money back into the investment fund. We put in about $150 million a year in the last two years; this year we've already put in about $500 million—

Mr. Taras Natyshak: Based on returns from the investment fund?

Mr. David Marshall: No. This is based on the premiums exceeding our cash cost. Then anything we earn in the fund, which is close to $1 billion a year, remains in the fund and can compound. Then you earn interest on that as well.

Mr. Taras Natyshak: So the fund—is it earning about $1 billion a year?

Mr. David Marshall: Yes.

Mr. Taras Natyshak: An $18-billion fund has got a—

Mr. David Marshall: Close to $900-and-some-million a year, yes—$960 million a year.

Mr. Taras Natyshak: Go ahead, Jagmeet.

Mr. Jagmeet Singh: I just want to finish off on the coverage question. I know it's a government decision whether or not to expand that coverage or not, but just in terms of your assessment, would you be able to provide your opinion on, if it was expanded—not whether we should or not, because you're right, that's a government decision—what would the impact of that be on reducing the unfunded liability? Would it have a significant impact? Do you have an assessment on that?

Mr. David Marshall: We haven't done that analysis, Mr. Singh, but in principle, it shouldn't have any impact because you would charge the new entrants what their costs were to cover insurance, so it's not a case of somehow getting extra money. I mean, to a very small extent, I guess, the administration costs could be spread over more employers, but it shouldn't make a huge difference because we would then get claims and we'd have to charge them a rate that was appropriate for their cost.

Mr. Taras Natyshak: This morning, the Auditor General presented us with her report, and in that she mentioned that in 2009, the investment fund took quite a substantial hit, adding, of course, to the unfunded liability. What percentage of the overall unfunded liability—either in 2008—did that make, and what are the remnants of that in today's time, in real time? How much of that market hit are we still paying down, attempting to pay down, versus the actual, as I see it, liability of benefits? Are we paying liability on the market hit or the liability on benefits forecasted?

Mr. David Marshall: The Auditor General is quite right: It was a bad loss in 2008. But of course, the markets rebounded after that, so in the next three years, we actually kind of came back to par. We recovered that loss and are back to where we were before, and then we're adding new returns over that. So it's not, at the moment, impacting our liability—our funding ratio, I should say.

The Chair (Mr. Norm Miller): Thank you, and we'll move to the government. Who would like to go? Mr. Dhillon, go ahead.

Mr. Vic Dhillon: Thank you very much for appearing before the committee today. Can you tell us how the funding ratio is calculated and the type of oversight that is employed? Do you see this as being a conservative calculation?

Mrs. Elizabeth Witmer: I do believe it's a conservative calculation, definitely. I'll let Mr. Marshall explain what's going on since he has certainly been involved with this from the time he was appointed to the job.

Mr. David Marshall: Chair—sorry, Mr.—

Mrs. Elizabeth Witmer: Dhillon.

Mr. David Marshall: Mr. Dhillon, the funding ratio is an expression of whether you have enough money to pay the liabilities on the books. So it's expressed as a percentage. How we calculate it is we take the liabilities of the insurance fund—that is, the amount that we are likely to have to pay to workers who are injured already. It doesn't anticipate new injuries. It takes the amount that we have to pay workers today and into the future—and these could last as much as 30 years into the future. We then discount it to see, if we had enough money in the bank today and were able to earn a certain amount of interest, how much money would we need in the bank today. We then look at how much money we do have, and the ratio is then expressed as 50% or 100%. How we calculate it is that we have a team of actuaries and we have a chief actuary who ensures that the estimate of the liability is done according to sound actuarial standards. We also have our external auditors who employ their own actuaries to check our numbers. We also have an actuarial advisory committee when we consult about the proper calculation of our liability. Of course, the asset side is very clear.

I should say there's a slight wrinkle that occurs in all of this because of changes in interest rates, and that is that our employee pension fund—because interest rates have been low, the funding of the pension fund has been inadequate as well. We have to take any deficiency in the pension fund—at the moment it's about $1.4 billion—and we have to add it to the liability of the insurance fund. So that is another thing we have to recoup, but that's how we calculate it.

Mr. Vic Dhillon: Between 2009 and 2012 there was a decrease of approximately $500 million for the benefits paid out. How true is it? Does that reflect a decrease in benefits to the worker?

Mr. David Marshall: No, not at all. We've done research that shows that if a worker needed a single day off work—so number of days off work—the worker in 2012 was getting in fact slightly more, even after accounting for inflation, than the worker was in 2009. The difference is really that they were off for fewer days. I have in fact provided the Clerk with a very short exhibit that will really show you that whole dynamic. If you like, I can take you through that, but it doesn't represent any cut in benefits. It's fewer days off work.

Mrs. Elizabeth Witmer: We also have fewer claims today than before. We have seen a decrease.

Mr. Vic Dhillon: In your annual report, the UFL in 2011 was approximately 52%—no, the funding ratio was 52%. It's been reduced by quite an impressive amount of 5% to approximately 58%, which is about $1 billion. Can you tell us what steps you took to make such a huge change to the financial situation?

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Mrs. Elizabeth Witmer: Sure. I think we've spoken about some of the initiatives that we have undertaken. Certainly, our proactive approach to return to work and helping workers get back to work more quickly and safely than ever before contributed to a decrease in benefit costs. Our new medical system, as well, has contributed to a decrease in overall costs, although the cost per injured worker has increased. Our investment portfolio, the diversification, has certainly contributed to the success as well.

Mr. Vic Dhillon: What kind of strategies would you say that you employed to increase your investments and assets?

Mrs. Elizabeth Witmer: I would say to you, we took a look at our entire organization. Really, I think our responsibility is to provide the support and the services and the benefits to injured workers when they're injured. I think our primary focus really has been on doing what we can to improve the outcomes for injured workers in helping them get safely and quickly back to work, making sure we have a medical strategy in place that allows them access to the health services that are needed. I think, as a result, everything has followed. But our focus has always been on that injured worker and what we can do to improve their outcome.

Mr. Vic Dhillon: There has been a history at the WSIB of withdrawing money from its investment fund to pay day-to-day expenses. Can you tell us what the WSIB is doing to fix that situation?

Mrs. Elizabeth Witmer: I think you've heard from our president and CEO that the last number of years, since 2011 and now in 2012 and also in 2013, we were able to meet our operational obligations. In fact, we actually have money left over. Instead of the investment fund giving us money for our operations, we now are able to return to the investment fund. This year, that is happening one more time. We're very optimistic. I think we've looked hard to find administrative and operational efficiencies within our organization. We're doing so much more in order to deal with claims and adjudicate those as quickly as possible. All of that is contributing to a positive outcome.

Mr. Vic Dhillon: Thank you. I think my colleague may have—

The Chair (Mr. Norm Miller): Ms. Jaczek.

Ms. Helena Jaczek: Thank you. First of all, I would like to congratulate the board of directors and the management. Having been on government agencies a couple of years ago, it's certainly heartening to see the progress you've made and also the type of what I would deem collaboration with the ministry, as we heard from the deputy in terms of some of the changes to the legislation that have been made to date.

I'd like to talk a little bit more about the locked-in feature related to the six years and then, in perpetuity, up until age 65 that worker receives benefits. We know we're the only province in Canada that has that feature, and I'm wondering—and it may be to Mr. Slinger—have you analyzed what percentage of workers who are deemed at year 6 to still require benefits? How many go on to be able to return to work beyond that six-year mark?

Mr. John Slinger: This would be a group that is probably 4.5% now, but with the trends in the newer claims, it will be significantly lower. In other words, those cases that lock in right now, those 4.6%, started out in an old system where those things didn't occur in the same way as they do now.

In terms of after the six-year lock-in, that's where we rely on the work that we do with the Institute for Work and Health, and this is where we look at the longitudinal study. And at that point, what we're most interested in looking at is how well they've been able to restore their earnings by looking at CRA data. One of the challenges with return to work is, if you went in at one point in time you could find someone back to work; if you went in the next day they might not be back to work. But if you look at their earnings information, it gives you much better information to really base your analysis on.

Ms. Helena Jaczek: Okay. So my question really is, have you looked ahead based on those numbers—the 4.5%—and have you done a cost-benefit analysis of whether it would be worth it on an ongoing basis to monitor those workers? Obviously there would be costs associated with that ongoing work, versus the potential savings on the benefits side.

Mr. David Marshall: Maybe I can answer.

Mr. John Slinger: Sure, David.

Mr. David Marshall: Perhaps I could answer that. John is so familiar with everything, but perhaps I can give you a bit of context. The big goal is to try to get people back before six years. I think this lock-in provision might have been introduced not to keep bothering workers; six years after an injury, if you can't get back, there's probably not much hope.

Our focus has been to get people back. Now, as some of them reach, as John pointed out, the six-year mark—fewer are reaching that mark. Those who are are better equipped than they ever were before, which is why they don't need as much support. But at that point, we have to estimate what they could earn. John has told us that studies have shown that after that six-year point, adding to what we give them and other work they might be able to find, they are able to get back pretty much 100% of what they were earning before. That's a good-news story.

I think most workers are honest, and they do their best. In some cases, because it's an arbitrary cut-off, you get a behaviour that when you're approaching the six-year mark, you might be reluctant to find something because you can get locked in and then find it later, and we have seen instances of that. It's probably a good thing to remove, in a sense, this artificial barrier, and then we can continue working with the individuals. But most workers are doing their best.

It wouldn't add anything to our cost, because we would just continue working with them. Indeed, if they are not able to work, we would make a decision, a sort of final determination that this worker probably is not going to be able to get back, estimate their wages and take it there.

Ms. Helena Jaczek: Ms. Witmer did allude to the fact that this sort of decision was up to the government of the day, but obviously we would value your advice. That is really where your opinion—after all, you're so close to the situation. We would value that kind of commentary related to this locked-in provision. If you had your choice, would you prefer to have it removed?

Mr. David Marshall: Yes.

Ms. Helena Jaczek: Thank you. Also, as it relates to one of the questions that related to coverage—and again, Ms. Witmer, you alluded to the fact that it was a question for the government—is there any opinion whatsoever in terms of the fact that we only cover 70% of workers? Have you come to any conclusion, or are you, in essence, neutral?

Mrs. Elizabeth Witmer: It's not an issue that we discuss at all, Dr. Jaczek.

Ms. Helena Jaczek: It is what it is?

Mrs. Elizabeth Witmer: It is what it is, and we work within the boundaries that are established by the legislation.

Ms. Helena Jaczek: In relation to the statement you made that there are fewer claims now than in previous years, can you attribute that to any particular reason? Is it better prevention? Are we seeing fewer accidents? Could you speak about that, and is it in any particular sector?

Mrs. Elizabeth Witmer: Right. Well, I think there are greater efforts being made than ever before in focusing on prevention of illnesses and injuries within the workplace. Of course, we know that there are efforts within the workplaces in order to ensure that safety is first and foremost. So I think as a result of that—certainly, that's one of the reasons for fewer claims. We hope that that will continue and that we can do everything we can, working with the Ministry of Labour, in order to make our workplaces as healthy and safe as can be.

Ms. Helena Jaczek: When you refer to occupational risk, are you referring to, perhaps, the legislation involving firefighters, that there is a presumptive issue around certain disease entities—if they succumb to certain diseases, firefighters are protected? I wasn't quite clear what you meant by occupational risk.

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Mrs. Elizabeth Witmer: Disease and illness.

Ms. Helena Jaczek: Oh, okay. Could you elaborate a little bit? This is part of the unfunded liability?

Mr. David Marshall: Yes, it's part of the unfunded liability. For those diseases that we see incidence of today, we estimate how many more claims might come. The Actuarial Standards Board came up with a standard requiring us to estimate occupational disease incidents that may be accumulating today but just haven't come forward yet.

A simple way to understand it could be, let's say, noise-induced hearing loss. People today are deteriorating in workplaces. They haven't yet come forward, but they're going to come forward. The Actuarial Standards Board has asked that we try to estimate that kind of long latency occupational hazard. We've followed their standards and it comes to about $1.4 billion at the end of 2012, and we've added that to our liability so that, in a sense, we're not going to get caught out, you know; you might think you're fully funded and then find more claims coming forward.

Mrs. Elizabeth Witmer: Just in response to that question, the number of new claims each year does remain quite high. Just to give you some indication, there has been a significant increase over the last 10 years of almost 20%. That's why it's really important that we do have—

Interjection.

Mrs. Elizabeth Witmer: That's an occupational disease, yes.

Ms. Helena Jaczek: Maybe just once again—because when you hear things like "$500 million has been saved in terms of benefits being paid out," I think there could be this concern on the surface that, somehow, workers are not receiving their due. What we've heard today would argue against that. Can we just have that reassurance yet again?

Mrs. Elizabeth Witmer: Well, as I've said, we are allowing the same number of claims as we always have—at about 80%. The number of claims we're seeing is reduced from what we saw before.

However, the difference, I think, as far as our costs are concerned is that we are now more proactive. From the time that a claim is filed, we get to work and we work with that injured worker and we work with that employer to do everything we can in order to provide the medical services that are necessary, if they are, or to get that injured worker back to his or her former place of employment, and if not the former job, to modified work. If that doesn't work out for the more complex, serious cases, then we have the work transition program.

I think we're more creative than ever before, so it's the savings that are accruing because people are able to get back to work more quickly that are contributing to the savings.

I just want to give you one example because I think our back-to-work people are quite creative. There was one situation, it was a truck driver. He was in his mid-50s, and I'll call him John. He was injured and he couldn't drive his truck anymore.

The worker and the employer met with the return-to-work specialist. The return-to-work specialist started talking about, well, if John can't get back to driving his truck—"John, what is it you'd like to do? What could you maybe do within this operation?" He said, "I've always wanted to learn how to operate a computer."

So John was placed in a program. He received computer training. He's now quite computer literate. In fact, he went back to his old workplace at the trucking business, and he adds a lot of value because he knew the operation, and we've heard from his employer about the value that he adds. Plus, John, who is in his mid-50s—to have been able to learn a skill that he never had before—feels pretty confident and pretty good about himself. But we paid for all that training. We did pay for him until his wages were similar to what he received before.

I think that's what we're doing. We're just much more proactive. Our return-to-work specialists are more creative, and we try to encourage the employer to find a place for that employee if he or she can.

Mr. Vic Dhillon: Do we have any more time left?

The Chair (Mr. Norm Miller): You have a couple of minutes in this round, and there will be another round.

Mr. Vic Dhillon: Prior to 2009, the benefit costs were going up—

Mrs. Elizabeth Witmer: That's right.

Mr. Vic Dhillon: —whereas the actual injury rates were going down. What have you done to reverse this trend?

Mrs. Elizabeth Witmer: David?

Mr. David Marshall: Yes. As I mentioned, we have provided this particular chart that I have here so that you can look at it. The Clerk has copies. I don't know if you want to distribute it, but it might help the members to understand.

The Chair (Mr. Norm Miller): Which chart is that?

Mr. David Marshall: It's an exhibit that—did we provide it? Do you want to just give it to the Clerk?

It really helps you understand exactly what you've been asking. Perhaps what I'll do is I'll talk to it because your time is limited. In 1999, we used to spend $2 billion on benefits, and there were 90,000 claims coming to us.

Mr. Vic Dhillon: In 1999?

Mr. David Marshall: In 1999. By the time we reached 2009, there were only 52,000 claims coming, a 40% reduction. But our costs shot up from $2 billion to $3.2 billion. That's a 60% increase in costs. At the same time, the claims were coming down.

That's the first exhibit. You can see here, that's an unsustainable situation. You can't have claims coming down—yes, that's the first chart. You have claims coming down and costs going up. The reason that costs were going up is that workers had inappropriate medical care and very little help going back to work. At this point, by the time we reached 2009, Ontario had the worst record by far of getting workers back to work in all the provinces of Canada.

So you reach that peak of $3.2 billion being spent on 40% less claims, and, in about 2009, under our chief operating officer, John Slinger, we reorganized the service delivery teams and we focused on getting eligibility done quickly, getting to claims and medical care better and so forth, which we've talked about.

What you can see is that by the time we reached 2012, we were spending $2.6 billion. That's actually $600 million less. This is a more recent number—but $2.7 billion being spent, a reduction of $500 million in annual expense, and that is because we have focused on getting workers back to work, better medical care and all the things that our chair has talked about.

At this point in time, I can tell you that we have the best record now in Canada of getting workers back to work at the one-year mark. So when you see that, really, the improvement has been, naturally, less claims, but, then again, better management. We're trending now in the same direction.

If you turn the page, you'll see that after years of losses, we have achieved a surplus of income over expense—you know, about $900 million a year in losses. We achieved a surplus in 2012, and we are on target to achieve a surplus again in 2013.

If you turn the page again, you'll see what we talked about, where we have been drawing out of the investment fund all those red lines at the rate of $500 million a year. We're now putting the money back in again, into the investment fund. So these are the impacts of better management of claims.

The Chair (Mr. Norm Miller): And thank you for that. You'll get another round.

We'll move to the opposition again. Mr. Barrett, go ahead.

Mr. Toby Barrett: Thank you, Chair. How many minutes in the second round?

The Chair (Mr. Norm Miller): You have about 15 minutes.

Mr. Toby Barrett: Yes. Thank you for this chart. We see lost-time claims have dropped from 110,000 in the early to mid-1990s down to maybe closer to 40,000 today.

Mr. David Marshall: Correct.

Mr. Toby Barrett: Just a couple of questions. Claims are going down, and that's great. With the number of caseworkers, for example, within the system, how many cases on average do caseworkers carry? And how many caseworkers are there for that matter? I just want to get a feel for that.

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Mr. John Slinger: We have about 600, but within that, we have short-term case managers, we have long-term case managers, and then we have some who are engaged in some specialty teams as well. We have average caseloads of probably 25 cases per case manager. They're lower for the short-term case managers and higher for the long-term case managers because the short-term case managers' work is much more intensive with each claim. So those are the caseload numbers.

We have felt quite strongly that maintaining very good caseload numbers—this would compare to 95 to 100, 10 years ago. We feel that to provide the level of oversight, scrutiny and support that you need, you really need to keep those caseloads lower. In addition, of course, they're supported by nurses in their teams and they're all supported by our 300 return-to-work staff.

Mr. Toby Barrett: So there are also, I guess we can call them caseworkers, in addition—how many nurses and how many return-to-work staff?

Mr. John Slinger: We have about 200 nurses, and we have 300 return-to-work staff.

Mr. Toby Barrett: So the return-to-work—that has been beefed up. I think you mentioned there were additional staff hired.

Mr. John Slinger: Correct. It's pretty much all net new 300 in the area of return-to-work.

Mr. Toby Barrett: So it's 300 new hires there?

Mr. John Slinger: Well, it was a combination of 100 folks who were retrained from other roles and then 200 new to the organization.

Mr. Toby Barrett: Okay. I appreciate the detail on this.

You mentioned short-term cases and long-term cases. What timeline do we look at there?

Mr. John Slinger: We look to move a case from short-term to long-term between six months and a year. It's usually the point at which we believe there may be a permanent impairment and we have to start taking some different action. In fact, we engage a different type of return-to-work person. We have work transition specialists in the later stages of claims, who don't only work with injury employers, but also work with community colleges and a variety of other sources to get workers retrained.

Mr. Toby Barrett: How many, roughly?

Mr. John Slinger: There are 200 of those folks and 100 of the return-to-work specialists—so short-term, 100, and the long-term are 200.

Mr. Toby Barrett: With this number of workers, how does that compare in other jurisdictions, in the West perhaps—I think Alberta has been mentioned in some of our research. How do they do it out there as far as caseworkers, caseloads?

Mr. David Marshall: Mr. Barrett, I should say that after having added extra people, we are still reducing our overall costs in administration. The reason we keep this kind of focus is that we're in a transition. We're trying to make sure that this major task of getting people back to work earlier is given full attention. So we keep very tight control over our administration expenses and, in fact, they're coming down overall.

In terms of Alberta and other provinces, they've been operating more or less in this fashion for quite some time. So they've had an opportunity to optimize—we're catching up—

Mr. Toby Barrett: So it's Alberta and—what was the other province?

Mr. David Marshall: British Columbia also has a good program; in fact, many other jurisdictions do.

Mr. Toby Barrett: With respect to prevention, that has been taken away from WSIB?

Mrs. Elizabeth Witmer: Yes, that's now handled by the Ministry of Labour, and there's a chief prevention officer. Although, we sit on a council, so we still have a responsibility, as well, to help keep workplaces healthy and safe.

Mr. Toby Barrett: I used to work very closely with IAPA, Industrial Accident Prevention Association, in Kitchener–Waterloo. We would have an annual day there. As the president of our local Farm Safety Association—hospital safety, construction safety, mining safety: Have those organizations all disappeared?

Mrs. Elizabeth Witmer: No, they are still around, although many of them have amalgamated and some of them have different names.

Mr. Toby Barrett: And they're under the ministry?

Mrs. Elizabeth Witmer: They're under the Ministry of Labour now.

Mr. Toby Barrett: I see. How much funding would they get from the ministry to help?

Mrs. Elizabeth Witmer: Well, first of all, the prevention function at the Ministry of Labour is funded by the Workplace Safety Insurance Board—

Mr. Toby Barrett: Through WSIB, yes.

Mrs. Elizabeth Witmer: —so it's the premiums that we are paid by the employers that are then transferred to the Ministry of Labour for the prevention function.

Mr. Toby Barrett: And they get roughly the same amount of money in their different forms?

Ms. Cynthia Morton: The commitment was that when they were transferred to the Ministry of Labour they would maintain the same level of funding that they had received when they were originally accountable to the WSIB. Prevention, like all health and safety funding, is funded from workers' compensation, and that's a statutory provision.

Mr. Toby Barrett: Okay. One other quick question. I know there was some discussion of occupational disease and what kind of claims may be coming in the future. Hearing loss: I know I worked at American Can when I was 18; everybody I worked with, we don't hear very well now. Nobody told us to wear earplugs in the 1960s.

How do we deal with this, with ailments that occur—we see them as people age—that may or may not be related to work they did 40 years ago? How do we measure that? I know with asbestos and some of that, there have been some lawsuits to give us some direction, but how are we going to deal with some of this?

Mrs. Elizabeth Witmer: That's right, and think of the young people today who have music all the time.

Mr. Toby Barrett: Yes.

Mrs. Elizabeth Witmer: I will let Mr. Slinger address that, because I will tell you that this is an issue of interest and concern to us. I know that we have taken a look at how we can best address it.

Mr. John Slinger: The chair had mentioned that occupational disease claims have continued to go up while other injury claims have gone down. One of those is noise-induced hearing loss. We do compensate for noise-induced hearing loss, and we have specific criteria that set out the kind of noise exposure that's required over what period of time. We obviously have hearing tests administered, and we get medical opinions.

Obviously, if a worker is found to be entitled—of course, as you probably know, this often goes back 20, 30, or 40 years in the workplace, when there was really no protection, and those kinds of exposures are sometimes difficult to document. Sometimes they're easy to document, when you know the mill they were in or whatever, and the length of time, and usually the hearing loss tests reveal a certain pattern that is very consistent with being noise-induced.

Obviously, you have to look at other potential factors. If, in fact, you rule those out, you are left with injured workers who are entitled to receive benefits. The form of benefits generally would be a permanent impairment award, which is a non-economic loss award, ordinarily a lump sum, and also, obviously, health care. That health care is mostly in the form of hearing devices to assist in their hearing. We probably receive 3,000 new noise-induced hearing-loss cases every year.

Now, those wouldn't show up in your lost-time injuries. We just talked about the reduction in lost-time injuries. These are generally not lost-time injuries. These are cases that often come years after the exposure and, in many cases, years after the individual worker left the workplace.

Mr. Toby Barrett: Certainly.

The Chair (Mr. Norm Miller): Thank you. Mr. McNaughton?

Mr. Monte McNaughton: I was just going to add to that. I'm still relatively new here at Queen's Park, but now I know why MPPs are hard-of-hearing: because of question period. I'm sure you get 107 claims per year from MPPs.

I just wanted, in closing, to ask a couple of questions. One, how many employees work for the WSIB?

Mrs. Elizabeth Witmer: I know it's around 4,000 employees at the current time. As you know, we have the regional offices as well. Your closest one, I guess, would be London.

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Mr. Monte McNaughton: London.

Mrs. Elizabeth Witmer: And then we have one in Windsor as well—Thunder Bay, Timmins, Sudbury, Sault Ste. Marie, North Bay, Ottawa, Kingston, Hamilton, St. Catharines.

Mr. Monte McNaughton: Great, right across the province.

Mrs. Elizabeth Witmer: Right across the province, yes.

Mr. Monte McNaughton: Okay.

Mrs. Elizabeth Witmer: Although I would say to you that most of the claims now—I mean, it's not walk-in; people are filing them differently than before.

Mr. Monte McNaughton: Okay. I have no other questions. Thanks.

The Chair (Mr. Norm Miller): Very well. Then we'll move on the NDP. Mr. Singh.

Mr. Jagmeet Singh: Thank you once again. One of the issues that's come up when we were being briefed and something that I've noticed is that Ontario premiums, in terms of the WSIB, are quite high. I'm not sure if this is correct: Are they the highest in Canada or are they—the absolute highest or one of the highest?

Mr. David Marshall: One of the highest.

Mr. Jagmeet Singh: One of the highest.

Mr. David Marshall: I believe Nova Scotia is higher than ours, yes.

Mr. Jagmeet Singh: Is there a particular reason that you can ascertain as to why our premiums are higher than other provinces? Is there a population issue? Well, Nova Scotia's the highest, so that's not the issue.

Mrs. Elizabeth Witmer: I think it's one of the reasons I pointed out in my opening comments, and that is that one third of the money that employers pay us goes towards our unfunded liability. Other jurisdictions, except for a few, do not have an unfunded liability. If we had no unfunded liability, you would see our premiums come down by at least a third.

Mr. Jagmeet Singh: At least a third.

Mrs. Elizabeth Witmer: Yes.

Mr. Jagmeet Singh: This is a bit of an accounting question, but I want to put this to you. The six-year period, and somebody gets locked in after that: I have a hypothesis on this and I don't know if this is true, and that's why I'm asking for some guidance. I'm assuming that the reason why that initially began is there must have been some trend, that if someone was disabled or was receiving disability or some compensation for six years, the cost of reassessing again and again—it was too expensive to reassess, and generally speaking, if someone was impaired for that long or disabled for that long, chances are they were going to continue for the rest of their life.

Does the impact of that being a guarantee, that after year 6 or year 7, you're immediately guaranteed—does that result in an accounting mechanism where it looks a lot worse than it really is, whereas other jurisdictions that don't have a lock-in period—but it turns out to be the same thing anyways that after six years, though they continually assess that person, that person, that individual, ends up needing income replacement or compensation until they're 65 anyway, but it's just because it's not locked in that it doesn't show up on the books the same way; whereas in our province, it's just because it's locked in, so the actuaries, when they punch that in—it looks like it's a bigger cost than it really is. That's my hypothesis. I don't know if that's exactly right or not.

Mrs. Elizabeth Witmer: Mr. Marshall will respond to you, Mr. Singh.

Mr. David Marshall: Mr. Singh, no, it's not just an accounting issue. As you say, the other provinces also have some workers who are going to be on claim for a long time. Each worker's future cost, then, is estimated by the actuaries.

What we have seen, though, as we compare individuals who are at four years after injury, five years after injury, with provinces that don't have a lock-in—we notice a drag feature happening to us. In other words, people at about four or five years tend to hang in a bit longer to try to get to that six-year mark. That's what's causing the extra cost—not everybody, but it does happen; and in our case, if they do get a job after six years, we can't reduce that cost.

We have auto workers who have gone back, earning more than they were when they were injured and continuing with our benefits because they can't be changed, and then continuing to earn. In another province, if that happens, then of course the benefits are adjusted. So it does have real-world cost impact.

Mr. Jagmeet Singh: What about the accounting side of it, though? Just the fact that someone's being locked in when the actuaries assess the cost of the system in Ontario—is that lock-in mechanism disproportionately weighing in on a cost where it's not as much of a cost, just on that accounting level? I understand that there are certain folks who in other systems maybe would have gone back to employment and not received any benefits. I understand that situation. But in general, just simply by the fact that there's that lock-in, does that negatively impact the accounting process, if you know what I'm saying?

Mr. David Marshall: I know what you're saying. No, it doesn't. I mean, the fact that it's locked in—it has to be estimated. So you can't, if you like, estimate any reduction. You have to estimate what it is. So it has no accounting impact.

Mr. Jagmeet Singh: Okay. So you've addressed this, and perhaps you can provide, maybe, an explanation. On a colloquial level, without statistics, we as MPPs often feel—and I speak for my colleague and I know for myself as well—that there seems to be a trend that folks who are coming to our offices are telling us that there seems to be stricter guidelines or that they're not getting approval. Folks who work on the advocacy side are telling us that it seems that the WSIB is denying more claims. I know that you've stated that your rate is 80% and it hasn't changed. Is there any reason that you could come up with that explains why this perception exists, that people are perceiving that there seems to be some sort of either more stringent application criteria or they're being rejected? They feel that that's going on. Perhaps there might be some explanation.

Mrs. Elizabeth Witmer: Mr. Slinger?

Mr. John Slinger: I think when you look at exhibit 1 that was produced and you see where costs were going relative to injuries—I think our chair referred to it as, "Costs were out of control." I think there was a real sense that we would pay for everything. I would say that as we have been able to reduce our case loads and specialize our staff and get access to better health care and earlier assessments, we are finding that there are circumstances where not all of a worker's problem is related to the work injury. I think that as that green line grew through to 2009, I would say there were expectation levels on the part of representatives that we would accept almost anything. I would say that we are now more disciplined and provide more scrutiny and ask for more medical evidence than we ever have. Now, to me, that's just doing the jobs we should have been doing all along, and that's an administration which obviously has to take into account the important balancing need between employers and the use of their money and an appropriate way to fund work-related injuries, and injured workers' need to feel protected on the job.

We were in serious, out-of-balance mode for those 10 years. As we've brought that back into balance, there may be some worker advocates who have been used to having certain things claimed and allowed without asking, and now that isn't the case. We are providing more scrutiny and, quite frankly, it's the difference of going from a totally non-sustainable model to one that now is much more consistent with the models that operate in every other province.

Mr. Jagmeet Singh: My colleague has a question, or a few.

Mr. Taras Natyshak: Yes, a couple. Appeals have gone up since 2008, annually. The data that I have is 8,900 in 2008 to 11,400. And the granting of hearing those appeals has gone down from 10,000 in 2008 to 4,000 in 2011. Is that close to—do you have figures similar to that?

Mr. John Slinger: The appeal volumes have gone up, yet the reversal rate has gone down. That is correct. In other words, the appeals area—I'll just let you know I don't operate the appeals area; I'm the operations guy. We have a group of about 80 of our most senior decision-makers who are in our appeals area and they deal with the appeals.

Mr. Taras Natyshak: So we know that appeals have gone up—

Mr. John Slinger: But the reversal rate has gone down. In other words, they're allowing at a lower rate than they did before.

Mr. Taras Natyshak: They're allowing?

Mr. John Slinger: Less appeals.

Mr. Taras Natyshak: Less appeals?

Mr. John Slinger: Correct.

Mr. Taras Natyshak: Mr. Marshall, you had said that there are sometimes auto workers who will return to work under a current claim and they will make more money than they were previously. Do we have statistics on how many people actually—how many injured workers? I would like to know. Is it a dozen, is it a baker's dozen, is it 100 or is it 1,000? How many workers do we know who currently have claims, who have returned to work and actually make more money now, post-injury, than they did prior?

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Mr. David Marshall: So, Taras, of course we don't follow them, because that's the law. I mean, after six years, they continue with their benefits. We don't ask them to declare to us what they're earning. We do see examples of it. Employers bring us examples and ask why we are continuing wages when they are back to work.

On the other hand, as Mr. Slinger pointed out, the Institute for Work and Health has tracked a group of workers after they've been locked in and they find that they're replacing their pre-injury income, even compared with those who are not injured, to an average of about 105%. So obviously we would provide them, depending on when they were injured and what the law was at the time, with a 90% replacement if they were judged to be fully incapable of working, or 85% more recently. Then they're able to earn some more.

In fact, there are groups of workers, according to the Institute for Work and Health's study, that are actually earning 126% of what the non-injured—

Mr. Taras Natyshak: I would like to meet these workers. I have yet to come across one in my day-to-day—

Mr. David Marshall: Yes, and it was a pretty wide-ranging study.

Mr. Taras Natyshak: Do you have statistics on injured workers who have gone through the process, from employment, fully employed, injured at work, made application for benefits, then subsequently denied benefits? Do you know how many of them who have been denied benefits under WSIB then fall on to social assistance rolls? Do we track them on to where they go next? What percentage of those who are denied immediately go right to social assistance?

Mr. David Marshall: No, we don't track them. But what I can tell you is that we've instituted a quality control process in which our chief statistician takes samples every quarter of our eligibility decisions. We have discussed with our external auditor in terms of the proper procedures and quality of the sample. We find that the accuracy of our eligibility decisions as they are redone and compared is about 95% or 96% accuracy. Given that this is a judgment situation, we do our best to make sure that our decisions are fair to workers.

Mr. Jagmeet Singh: Just a couple of quick questions, and I welcome my colleague to jump back in. With respect to the unfunded liability, do you have a breakdown, or can you just estimate what the percentage is in terms of the source of it? What percentage of it is due to investment, if there's any residual investment crash from the 2008 period? What percentage of it is based on having to estimate the costs of someone who's going to be locked in? Do you have a breakdown, percentage-wise, of that cost?

Mr. David Marshall: Yes, we do. What might help: If I were to say that the liability itself is on one side of the balance sheet, if you like, and then the assets on the other. So if your assets grow or drop, we know that movement, obviously, in a sense, if you're saying if we made a loss. The composition of the liability itself—we have a very detailed breakdown.

It might interest you to know that there are over 100,000 workers who we are paying and helping who were injured before 1990. So we have the various groupings as to when the legislation changed, which workers are covered under which kind of benefit scheme and what the liability is for those workers. So that's available.

Mr. Jagmeet Singh: And that's available.

Mr. David Marshall: In fact, our chief actuary makes a report every year and shows that breakdown.

Mr. Jagmeet Singh: Okay. Perfect.

And I have a question about consolidation, just if you're able to answer this question, if you're not—my perception of the question—and some provinces have decided to consolidate, some have not. I know Ontario, obviously, has not. Just to lay to rest any concerns about it—or in the future, whatever political parties decide to do or not—just to provide some sort of objective basis for a decision for why to do it or why not to do it, my feeling on this is that keeping WSIB not consolidated, keeping it separate from the province's balance sheets, perhaps takes away some of the pressure that would fall on the government, to say, "We need to reduce the benefits so that we can reduce the deficit, so that it looks like our books not in such a deficit," if the program is not running in a surplus.

I feel that the danger of that type of consolidation will result in, perhaps, a negative impact on the benefits received by the people who are being served. Do you have any comments on that assertion, one way or the other? And if you don't, you don't.

Mr. David Marshall: Not really, Mr. Singh. I guess the government has to decide that.

Mr. Jagmeet Singh: So, in general, in the scheme of the WSIB, like any insurance, you have—in the insurance industry, you call it a loss ratio. You have premiums coming in; you have claim costs going out. At this stage, the premiums are covering the costs, plus an investment income that's derived from the amount of funds that are kept in. That's the formula that you're working with?

Mr. David Marshall: Yes.

Mr. Jagmeet Singh: Now, I see that you've exceeded the benchmark. You're supposed to achieve the 60% by 2017. You have achieved that now. Will that accelerate then the 80% benchmark, which is set for—the fact that you've already received it now, two years ahead of time?

Mrs. Elizabeth Witmer: Well, I think we have to be really very careful because the 60% was much easier to achieve than the 80%. If you remember that Arthurs referred to all of this as the tipping point—we could reverse all these gains quite quickly. It is going to be challenging to get to the 80%. This was really the simple part of the journey.

Mr. Jagmeet Singh: And what are the factors—

The Chair (Mr. Norm Miller): Thank you. You're out of time. So we'll go to the government, and who in the government? Mr. Dhillon, go ahead.

Mr. Vic Dhillon: Thank you very much. Can you talk a little bit about the reintegration model, and maybe explain how it has impacted the return-to-work outcomes?

Mr. John Slinger: Obviously, there are very significant changes in work reintegration. I guess one of the mistakes made in the past was in outsourcing a return-to-work function to labour market re-entry providers. I think we really took our eye off a core skill, and I think we found that either we didn't manage the providers very well or the providers didn't perform very well. A combination of things resulted in large costs and poor outcomes. So when we began to make this change in late 2010-11, it was a matter of saying, "We need that core skill within the organization. We need to recruit and train the best people possible, and we can't rely on somebody else to do it for us." We would find the programs would be long, and that of course meant more fees and higher fees to the providers, but the results were poorer.

We're now spending less in overall costs, but getting much better results. It really starts with the notion that you should be very practical in terms of the appropriate training, and you shouldn't give up on the injury employer. We have found a lot of gains simply by working with injury employers, retraining to return to work with that employer and using that basic leverage to get workers back. Even where we've had to go outside the injury employer, we've been more successful because our training programs tend to be more practical, geared to employment.

So we learned some lessons. We think that bringing it back inside has been important, and then we found different things to do. We have some special initiatives for younger workers, some special initiatives for older workers, which also help either end of the continuum because both of those groups of injured workers pose special challenges.

Mr. Vic Dhillon: How would you respond to the assertion that the return-to-work programs are more focused towards the unfunded liability and less towards getting the employee back to work?

Mrs. Elizabeth Witmer: Well, I can tell you personally, based on what I've seen, I do believe there is a greater commitment on behalf of all the people who are employed by the WSIB in getting workers back to work safely and as quickly as possible. At the end of the day, I would say to you—and I met with injured workers this morning and people who advocate on their behalf—people do want to get back to work. A lot of who they are, their self-esteem, is tied to the workplace, and they want to be able to continue to provide for themselves and for their families. I think our efforts in the last few years have really focused on that, but as a result of focusing on that, that has also impacted our unfunded liability and helped to bring our costs down.

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Mr. Vic Dhillon: Mr. Singh partially asked a question about reaching your targets earlier. Do you think that WSIB will be able to reach full sufficiency by 2027?

Mrs. Elizabeth Witmer: Based on the financial analysis that we have done—and I would say to you that that's very comprehensive; I've been really quite impressed at all that does happen—we do anticipate that we will achieve that goal based on the information that we have today.

Mr. Vic Dhillon: And you're confident, based on the experience that you're gaining from the new return-to-work techniques and education, that you will gain benefits and that, the way it looks now—

Mrs. Elizabeth Witmer: Yes, exactly.

Mr. Vic Dhillon: —you're on your way to reducing the costs and, obviously, increasing the benefits to WSIB?

Mrs. Elizabeth Witmer: Well, as I say, based on the actions that we're taking today and how we operate the WSIB, we are confident that we will be able to achieve those goals, both in 2022 and 2027.

Mr. David Marshall: If I may, Mr.—

Mrs. Elizabeth Witmer: Dhillon.

Mr. David Marshall: —I just want to put in context what the chair mentioned about the challenge at hand. We were about 55% funded, so to get to 60% is 5%, but to go from 60% to 80% is 20%, four times more difficult. That's really what we're talking about in terms of we've only just begun.

The Chair (Mr. Norm Miller): Ms. Jaczek?

Ms. Helena Jaczek: Yes, thank you. You mentioned that there will be no premium increase in 2014. Have you looked beyond that in terms of premium increases to assist you to reach your sufficiency goals?

Mrs. Elizabeth Witmer: Well, we have to make sure that we, obviously, balance the books each year, so any premium increase that we would introduce would be based on our ability to not be able to balance the books. We hope, in the future, in the next few years, that we can do that.

Ms. Helena Jaczek: So nothing is on the horizon beyond 2014.

Mrs. Elizabeth Witmer: No. You really can't predict beyond the one year, because we don't know what will happen, but we were pleased that, as a result of the fiscal accountability and some of the changes, we are now balancing our books and we didn't have a premium rate increase for 2014.

Ms. Helena Jaczek: Is there anything that we, as the current government, can do to help? Is there any other recommendation you might make to us in terms of assisting you, in terms of legislative change?

Mrs. Elizabeth Witmer: I'm not going to make any recommendations.

Ms. Helena Jaczek: We always like to listen.

Mrs. Elizabeth Witmer: I know that, Dr. Jaczek. No, do you know what? I feel very encouraged, I would say. I've been at the board now, I guess, for a year and a few months. I am very encouraged by the leadership that we've seen from Mr. Marshall and people like Mr. Slinger. We have a very dedicated, hard-working staff, and I think everybody is motivated by the goal of helping the injured worker get back to work. We realize that, in some cases, that's not possible, but certainly we've had some very positive outcomes, and I'm very encouraged.

I think that the return-to-work staff that we have are a very passionate, committed group of people. I've told you about John, but I could tell you of many other stories where people go beyond what is required just to help that individual get back to either the original workplace or some other employment where they're getting the same salary or more than they had before.

Ms. Helena Jaczek: That's it.

The Chair (Mr. Norm Miller): We're all set, then. I believe that's it for the questioning.

Mrs. Elizabeth Witmer: That's it, is it?

The Chair (Mr. Norm Miller): Yes. Thank you for coming before the committee. It's appreciated.

Mrs. Elizabeth Witmer: Thank you very much, Mr. Miller and members of the committee. We have appreciated the opportunity to share the good news with you about the improvements we've made.

The Chair (Mr. Norm Miller): Thank you. We are going to go into closed session now to discuss the recommendations.

The committee continued in closed session at 1437.

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