



News Release

For Immediate Release

December 7, 2009

WSIB'S UNFUNDED LIABILITY COULD THREATEN FUTURE BENEFITS: AUDITOR GENERAL

(TORONTO) Unless the Workplace Safety and Insurance Board (WSIB) starts to address its significant \$11.5-billion unfunded liability, it may ultimately not be able to meet its existing future financial commitments to injured workers, Auditor General Jim McCarter says in his *2009 Annual Report*, released today.

McCarter explained that the unfunded liability is the difference between the WSIB's current assets and the estimated amount of its benefit obligations. "The time to start addressing this problem is now; otherwise, there is the risk that the WSIB may not be able to meet its obligations, or it may have to raise premiums well beyond what employers can realistically afford," McCarter said, adding that the unfunded liability has risen almost every year since 2001. The WSIB's primary purposes are to provide income support and medical assistance to workers injured on the job and to help prevent workplace injuries and illnesses.

The WSIB receives no money from government; it is financed through premiums on employer payrolls. The government has the sole authority to set benefits and coverage—essentially the main determinants of the WSIB's costs—while the WSIB has responsibility for setting premium rates. However, by law, the WSIB cannot set these rates in such a way that employers in future years are "unduly burdened" with paying for accidents in previous years.

Although benefits and health-care costs have risen steadily over the past decade, employer premiums and investment returns have been insufficient to fund these increases. The WSIB's deficit has averaged \$900 million annually since 2001.

The Auditor's Report also noted that the WSIB's funding ratio—the percentage of assets available to meet its financial obligations—was 53.5% at the end of 2008. By comparison, the four large provincial boards the Auditor compared Ontario to (British Columbia, Alberta, Manitoba, and Quebec) averaged 102%.

The Auditor also commented on the impact of the WSIB's unfunded liability on the province's Public Accounts in Chapter 2 of his Report.

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