

## **WSIB Releases 2009 First Quarter Report to Stakeholders**

On June 22, 2009 the WSIB released its 2009 first quarter report to stakeholders. The unaudited report presents an overview of the WSIB's financial position at March 31, 2009. First quarter 2009 results are compared against both first and fourth quarter 2008 results for specific items.

First quarter 2009 revenues fell short of benefit costs and other expenses by \$993 million, a staggering \$704 million (243%) increase from the same period in 2008. The increase is due mainly to decreased investment revenue (an investment loss of \$685 million was recorded in the first quarter of 2009), lower premium revenues as the result of lower employment in the automotive and manufacturing sectors and increased benefit costs.

Benefit costs increased by \$133 million between 2008 and 2009 first quarters driven principally by changes in benefit liabilities, which increased by \$84 million largely stemming from federal and provincial income tax changes and changes to claims inventory.

Even more alarming is the current reporting of the unfunded liability at \$12,380 million at the end of March 2009, \$911 million higher than at the close of 2008 due primarily to the continued decline in investment portfolio values. With the unfunded liability at its current reported level, the WSIB's funding ratio slips to 50.4% from 53.5%, reported December 31, 2008.

As we continue to plumb the depths of an unprecedented global recession, it is clear that organizations such as the WSIB can no longer afford to operate under a business as usual model. Ontario's industrial base is shifting, and as a result a traditional source of significant premium income is falling by the wayside. Although financial markets have shown some improvement in the second quarter, it would be unrealistic to accept this performance as the beginning of the economy's long journey to recovery.

Given the results of this statement it would seem that the time has come for a full scale review of the WSIB rather than the overly pragmatic examination of individual programs.