

# The Liversidge Letter

An Executive Briefing on Emerging Workplace Safety and Insurance Issues

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An ongoing policy discussion for the clients of L.A. Liversidge, LL.B.

2 pages

## Is WSIB Accountability FADING AWAY?

### **Part 3: Reinstate public posting of WSIB Quarterly Financial Statements: There was no reason to suspend public posting in the first place**

#### **Up-to-date financial information promotes meaningful public dialogue and enhances WSIB accountability**

In the October 8, 2024 issue of **The Liversidge Letter**, the kick-off to this series on fading WSIB accountability, I reintroduced the Board's perplexing decision in 2022 to suspend the public posting of quarterly financial statements. As I wrote, "*the situation has worsened over this past year.*" From the October 8, 2024 issue of **The Liversidge Letter**:

#### **Many of the accountability levers put in place post-2009 have been wound down – that's a huge mistake**

Many of the remarkable accountability levers installed by Mahoney; Marshall; Witmer; Teahen have been wound back or wound down over the past 30 months. It was the unprecedented level of *informed* stakeholder engagement that set in motion the dynamics that gave rise to the collective action towards a fully funded (and since 2018 – over funded) WSIB. Simply put, timely quality information fueled stakeholder engagement and ensured a high standard of WSIB accountability. This theme was addressed in the **WSIB's 2010 Annual Report** (at page 28):

In the interest of openness and transparency and in order to be responsible to stakeholders in this volatile economic climate, the WSIB began releasing unaudited interim financial results on a quarterly basis beginning with the results of the fourth quarter of 2008. Interim financial reporting supplements the annual report by conveying financial progress on a more regular and timely basis. **As well as producing more frequent updates on the financial results, interim statements help strengthen accountability and increase transparency and oversight of the WSIB's operations.**

And yet, for reasons that eluded me then and elude me now, the detailed quarterly reports abruptly ceased in 2022. This is what I said last year (see [November 2, 2023](#) issue of **The Liversidge Letter**):

In 2022 the Board abruptly stopped the publication and public release of quarterly financial and sufficiency statements on its website. The last WSIB quarterly

statement publicly released was for the period ending [December 31, 2021](#). It was replaced by [a vastly abridged report](#), providing what can be described as very cursory information. Only two financial metrics are now being reported, the sufficiency ratio and net assets, with no supporting background. Frankly, the reason behind this move escaped me then and escapes me now.

#### **A thumbnail history of WSIB disclosure of quarterly reports – Q reports were first released 33 years ago**

In the [February 27, 2009](#) issue of **The Liversidge Letter**, "*The benefit of quarterly financial statements*," I quoted the words of WCB Chair Odoardo DiSanto (Chair 1991-1994) as they appeared in the first edition of the quarterly financial statement issued by the Board for Q3 1991:

#### **Workers' Compensation Board 1991 Third Quarter Report Dear Stakeholder:**

In an effort to continue the openness of the Workers' Compensation Board, we are releasing our third quarter financial report – *a first for the Board*. This is one of many steps the Board is taking in making the system of compensation more open and accessible to the public.

.....

This third quarter report is in addition to the Board's Annual Report, which is tabled in the Ontario Legislature each June. [You can look forward to future quarterly reports](#) as part of the WCB's continuing public consultation process.

Sincerely,

Odoardo DiSanto

Chair, Workers' Compensation Board

#### **Quarterly Reports suspended without explanation in 1996 or 1997**

The WCB continued to publish the quarterly financial statements and mail them out to interested stakeholders for the next several years. This practice, unfortunately, lasted only about five or six years and quietly came to a close in either 1996 or 1997. Then, as recently, no public explanation was provided for the cessation of these important documents that, in the words of the WCB Chair that started them in 1991, made "*the system of compensation more open and accessible to the public.*"

**No quarterly reports were produced from 1997 to 2009**

As we now well know, while the financial integrity of the WSIB was a recognized problem since 1983 when the first public mention was made of an unfunded liability (see **WCB 1983 Annual Report, pp. 7, 13-14**), the Board's finances continued to slide down a slippery slope, getting worse to the point where the Ontario Auditor General questioned the very sustainability of the Ontario workers' compensation system (see **Chapter 3, Section 3.14 of the 2009 Auditor General Annual Report**).

**LAL renewed demands for quarterly reports in 2008**

Even before the release of the 2009 AG report, I renewed demands for the reintroduction of the quarterly financial reports. In the **October 16, 2008** issue of **The Liversidge Letter**, I said this:

The Board must more regularly publicly report the "state of the union." By the time the official WSIB Annual Report is released every year (late in the summer of the following year), it is ancient history. Especially in these volatile days. The Board must immediately return to its past practice of issuing un-audited quarterly financial records, something I have been suggesting for years. **By mid-November the Board should issue a special financial report for performance to the end of October, 2008, and at the end of every quarter thereafter.** Over the next several years, the WSI policy outlook will be driven in large measure by the state of the Board's finances. **Current meaningful feedback is essential** and will allow stakeholders to assess the Board's challenges and priorities. In the early 1990s when the Board was experiencing trying times, the release of quarterly statements went a long way ensuring an ongoing "reality check."

I repeated that demand (perhaps "suggestion" is a better word) throughout 2009 (see the **February 2, 2009**, **February 25, 2009** and **February 27, 2009** issues of **The Liversidge Letter**). When WSIB Chair Steve Mahoney commenced a noteworthy and game-changing province-wide consultation in 2009, **reporting in early 2010** (see the **February 24, 2010** issue of **The Liversidge Letter**), it was clear that he was motivated to allow a blast of fresh air flow through newly opened windows of stakeholder engagement and disclosure. Key to that renewed openness was the reinstatement of the public disclosure and posting of quarterly financial statements.

**In 2009 the WSIB advised quarterly reports would strengthen accountability and increase oversight**

In the **2009 WSIB Annual Report**, the Board (at p. 28) advised that quarterly statements were being provided "in the interest of openness and transparency" to convey "financial progress on a more regular and timely basis" and to "help strengthen accountability and increase transparency and oversight of WSIB operations." Similar sentiments were expressed in the 2010 (p. 28), 2013 (p. 99), 2014 (p.25), and 2015 (p. 29, 102) annual reports. Commencing in 2013, the WSIB also publicly posted quarterly sufficiency reports, a practice which also ceased in 2022.

**Cursory Q2 2024 report just posted – much too late**

Within the past day or so, the Board has **posted** the cursory Q2 report. While I have nothing at all against a "fast read" summary, content-wise, these brief reports do not supplant the need for more comprehensive ongoing disclosure, in the manner the Board not long ago was eager to provide. The only financial metrics posted are these:

- **Sufficiency Ratio:** In Q2, the Sufficiency Ratio was 121.7 per cent.
- **Net assets:** \$7.40 billion in reserve; Net assets on a sufficiency ratio basis increased slightly from Q1 2024.

Moreover, the Board does not even provide archived access to this information and purges the previous cursory quarterly results when current ones are posted. I really don't understand this recent proclivity to purge past financial information. The WSIB commenced website posting of its annual reports with the release of the 1997 Annual Report. Until fairly recently (I am not aware of the exact date this changed) all WSIB annual reports from 1997, along with the quarterly financial reports since Q4 2008 and quarterly sufficient reports from Q1 2013 were posted and archived allowing for easy access for any stakeholder or interested researcher. Without unfettered and easy access to this information, future research into the Board's finances and financial trends over time will be quite difficult.

**This can be corrected ever so easily**

My advice to the current WSIB administration is ever so simple. Return to the past practices put in place by previous administrations to post detailed unaudited financial and sufficiency reports, and archive these along with annual reports on the WSIB website. Remember that the WSIB itself declared that the provision of quarterly reports "help strengthen accountability and increase transparency and oversight of WSIB operations." It follows that cancelling these important initiatives signals the opposite. Current and detailed financial information is essential to engaged stakeholder participation. The cessation of public posting of quarterly statements, including the Q4 report, undermines this goal.

**It is time for the government to act**

While I have every confidence that a future administration will return to the practice of full and open disclosure, this must no longer be left to the administrative discretion of any current WSIB regime. The government should (must) codify in regulation (preferred) or through the Memorandum of Understanding (second best) that the WSIB must (non-discretionary) post quarterly reports, including sufficiency reports, for all four quarters on its website in a timely fashion, and in no case, later than 60 days after the expiration of the quarter. **This hill should not have to be climbed over and over again.** Let common-sense prevail and codify past WSIB commitments to openness for all of the reasons the Board itself has presented. **The fix is quite simple.** In the next issue of **The Liversidge Letter**, the discussion of fading WSIB accountability continues.