

The Liversidge e-Letter

An Executive Briefing on Emerging Workplace Safety and Insurance Issues

February 25, 2009

An *Electronic Letter* for the Clients of L.A. Liversidge, LL.B.

1 page

Chair Mahoney's Consultation *The first step: Immediate disclosure*

Before the focus turns to core business issues, stakeholders must know the size of the problem
State of WSIB finances must be disclosed

I see this as an opportunity for renewal

As I set out in the last issue of *The Liversidge e-Letter*, "*Chair Mahoney's Consultation; A Starting Point*", I see the Mahoney Consultation as an opportunity – an opportunity for the Board, for the government, and for worker and employer stakeholders. Most importantly, the Mahoney consultation is an opportunity for renewal.

So far, the expectations are very broadly defined

While I know that Chair Mahoney is earnestly seeking input, and while I am certain details will emerge in time, at the moment it is not entirely clear what exact problems are to be fixed. Without question though, this process has been kick-started by the Board's deteriorating financials. In his broadly distributed letter earlier this month, Chair Mahoney set out some strong signals to this effect.

First, the WSIB clearly is in deep financial trouble and may not be sustainable without change (from his letter, "... *the WSIB must begin to immediately assess its programs and services through a new economic lens*" and, "... *the goal . . . is to ensure a WSIB that will serve generations to come . . .*").

Second, this is his direct initiative and can be distinguished from the efforts of the WSIB Administration (from his letter, "... *I am personally undertaking a wide-ranging consultation process . . .*" ed., this is quite unprecedented in my four (4) decade span of involvement in this system).

Three, Chair Mahoney has set the "expectation bar" very high and is seeking a labour/management accord (from his letter, "... *I am committed to achieving a broad consensus among stakeholders . . .*"). Premier Rae couldn't do this in the early 90s.

Four, that time is of the essence (from his letter, "... *given the urgency of this current economic downturn, I am proposing a planning workshop in early 2009 . . .*").

Where to start? The first step: Full disclosure

I have been making the case for bold, swift action since last Fall (see the October 8, 2008 issue of *The Liversidge e-Letter*, "*It's Official: WSIB unfunded liability jumps over*

\$2 billion in one year!"). I suggested then that "***bold steps are needed***". Readers will recall that well before the melt-down, I cast doubt on the WSIB's "*2014 funding plan*" (no rate hikes; more benefits; no unfunded liability ["UFL"] by 2014). I said it was impossible. *That's now official.*

From 2006 to 2007, before the melt-down, the WSIB UFL jumped an unprecedented 33% in one year (from just under \$6 billion to over \$8 billion). *Today?* Who knows.

Stakeholders don't know the size of the UFL

Since October, I have been calling on the Board to disclose the size of its UFL. So far, it has chosen to keep its cards close to its vest. **This is a dreadful mistake.** The lack of disclosure is fuelling speculation. I have repeatedly suggested that in all likelihood the UFL has hit a new high water mark. *If I'm wrong*, trump my speculation with the facts. *If I'm right*, get the numbers out there, brace for the first few shock waves, and then get on with the job. This is what I suggested on October 16, 2008:

The Board must more regularly publicly report the "*state of the union*". Especially in these volatile days. The Board must immediately return to its past practice of issuing un-audited quarterly financial records. . .

I had suggested that the financials be released in October, then November. . . then December. . . and . . . January. They weren't. *Still haven't been.* **This helps no one.** Not the Board, not the government, not stakeholders who must be told the facts. We are now nearing the end of February. ***The financials should be released right away, even as the Mahoney Consultation moves forward.***

My first recommendation: That starting with the 2008 reporting period, the WSIB immediately begin posting on its website Unaudited Quarterly Financial Statements, and that those statements be posted within 14 days of the end of each quarter.

Why the release of the WSIB financials is critical

First, the news will be bad. *Second*, there will be a negative reaction. There may be some heat generated. *At first*. But, the size of the problem will be defined. And then and only then will the intended objectives of the Mahoney Consultation be made clearer. Only then will stakeholders grasp the urgency. **Then, the work begins.**