Annual Report 2006

Workplace Safety & Insurance Board

Commission de la sécurité professionnelle et de l'assurance contre les accidents du travail

www.wsib.on.ca There really are no accidents.

Our vision is the elimination of all workplace injuries and illnesses

Mission

To lead, prevent, and preserve:

- To lead and partner with others in the creation of healthy and safe workplaces
- To prevent workplace injuries and illnesses; and to respond, when workplace injuries and illnesses do occur, by measurably lessening their impacts on the workers and workplaces of Ontario
- To preserve a strong and sustainable workplace safety and insurance system that continues to serve the people of Ontario

Fundamentals

In support of its mission, the WSIB is focusing on five fundamental priorities:

- Health and safety
- Return to work
- Service excellence
- Financial sustainability
- Organizational excellence

◀The cover shows an image from the WSIB's 2006 public awareness campaign, which used strong images of workplace injury and death to convince Ontarians that "there really are no accidents" – that every workplace injury and illness is preventable. The "Retail" TV advertisement, from which this image is taken, won a Silver Award at Marketing Magazine's 2007 Marketing Awards.

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WORKPLACE SAFETY AND INSURANCE BOARD OF ONTARIO
Annual Report 2006

Contents

WSIB ONTARIO CSPAAT Workplace Safety & Insurance Board
Commission de la sécurité professionnelle et de l'assurance contre les accidents du travail

Corporate profile

WSIB offices

The WSIB has a network of offices across Ontario: in Toronto, Guelph, Hamilton, Kingston, Kitchener, London, North Bay, Ottawa, Sault Ste. Marie, St. Catharines, Sudbury, Thunder Bay, Timmins, and Windsor.

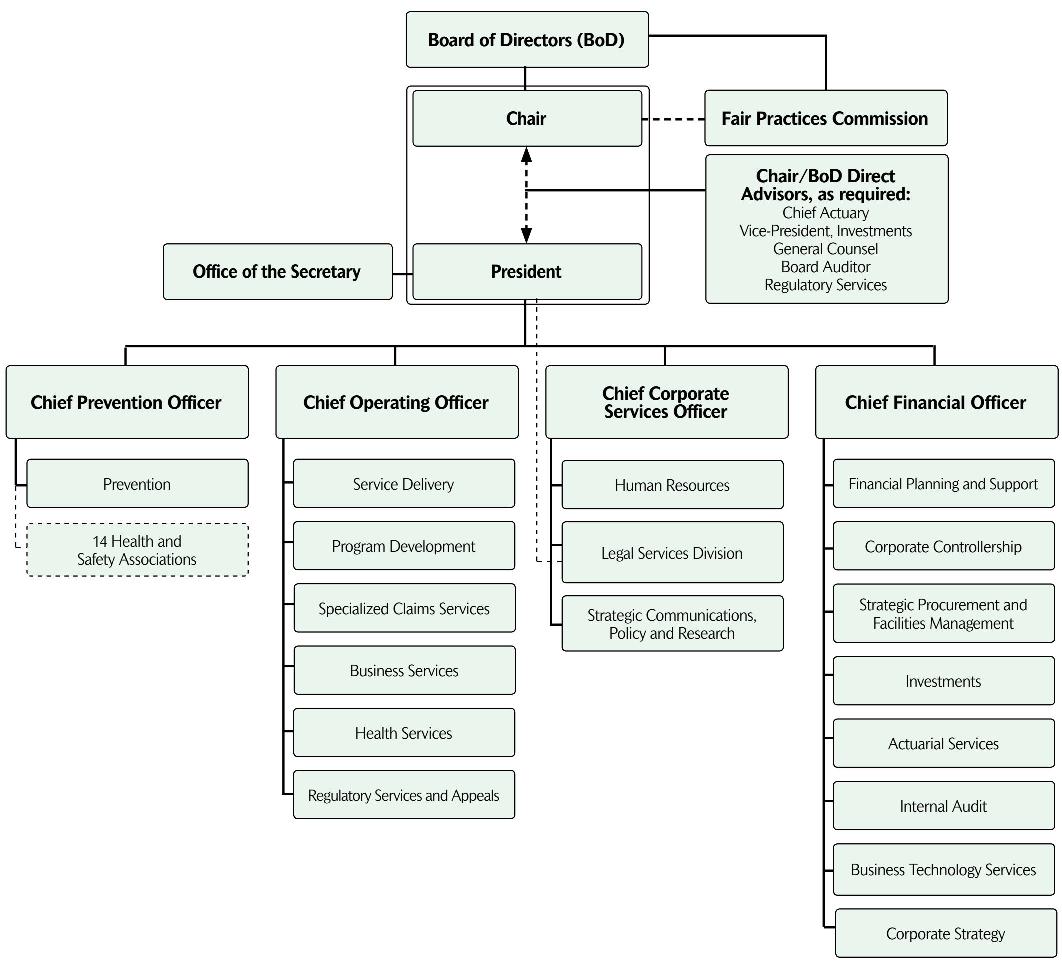
The WSIB is committed to the prevention of workplace injuries and illnesses – playing a key role in the province's occupational health and safety system. The WSIB also:

- Administers no-fault workplace insurance for employers and their workers
- Provides benefits for economic and non-economic loss due to workplace injuries and illnesses, as well as benefits for health care and benefits for dependants where death occurs as a result of a workplace injury or illness
- Monitors the quality of health care
- Assists in early and safe return to work

The WSIB is an organization of 4,283* people, including 783 adjudicators, 240 nurse case managers, 122 account managers, and 178 customer service representatives. The WSIB administers the *Workplace Safety and Insurance Act* and the *Workers' Compensation Act*.

*As at December 31, 2006

Organizational structure



Message from the chair

“It’s time to take a stand”

When I joined the WSIB as chair in May 2006, I was shocked to see the number of work-related injuries, illnesses, and deaths that are taking place in Ontario’s workplaces. It’s not an exaggeration to call it carnage. What else do you call it when hundreds of people are losing their lives as a direct result of doing their jobs – and when each and every death could have been prevented?

Death, serious injury, and illness on the scale we are seeing can not go on in a civilized society. Drastic change is required to bring about a cultural shift in the way our society views workplace health and safety.

The cover of this year’s annual report – an image captured from one of our 2006 TV advertisements – is both shocking and disturbing. That’s deliberate. I want Ontarians to be shocked and disturbed by what’s going on in this province’s workplaces. That is why I worked closely with marketing and advertising experts to develop and promote an awareness campaign unlike anything that has been seen before in Ontario; and that is why I travelled across Ontario in the second half of 2006, talking face to face with employers and workers about workplace health and safety. We all need to work together if we want to achieve drastic and lasting change in our communities – if we want to stop the carnage.

The WSIB’s *2006 Annual Report* contains information about our public awareness campaign, as well as an overview of our other successes in 2006. For me, one of the most important successes of last year was the community outreach that we conducted. Our aim was to get out there and discover what’s really happening in Ontario communities; and to get community leaders involved in, and committed to, workplace safety and insurance issues.

When I look back over 2006, I recall the workers, employers, and WSIB staff members in communities across Ontario who took the time to talk with me, to share their views and their ideas. This experience was invaluable, not only for me personally as I increase my knowledge of workplace safety and insurance issues in this province, but for the organization as a whole. It is only by listening to our stakeholders and staff members, and acting on what we hear, that we can continue to build on our successes as an organization.

An area that is understandably of great concern to the WSIB’s stakeholders is the unfunded liability, which remains high at slightly less than $6 billion. In 2006, the WSIB reduced the unfunded liability by about half a billion dollars. This is the first time we have seen a significant reduction in this liability in the past five years. A lot remains to be done, but I am optimistic this result indicates we are starting to turn the financial corner.

One thing that helped to achieve the reduction in the unfunded liability was the success of our efforts to control administrative costs and improve efficiency while maintaining high standards of service for workers and employers. We are committed to controlling administrative expenses by finding better ways to do our work, but we will not compromise the levels or the quality of the services we provide to the workers and employers of this province. In 2006, the WSIB maintained a flat-lined administrative budget for the second consecutive year. This was a significant achievement in a year in which the WSIB was improving its administration and processes.

The WSIB's strategic sourcing initiative is also helping to reduce costs to the system. To date, 23 information technology, health services, and administrative areas have been addressed by this initiative, with savings totalling almost $20 million. Work on this initiative continues in 2007.

In 2006, the WSIB underwent a follow-up review of a third-party audit conducted in 2004. The original audit report made 64 recommendations, and the WSIB responded with a comprehensive strategic approach to addressing each recommendation. This audit response plan aimed to improve overall governance and management practices at the WSIB by integrating new policies and processes into the WSIB culture and work ethic. The follow-up review noted that significant progress had already been made in improving the WSIB's administrative and financial management.

Back on the prevention side of the system, 2006 saw the WSIB speaking to Ontarians through our public awareness campaigns; but we are also listening. The WSIB has supported the general principle of accreditation as a prevention tool for some time. In August 2006, a multi-stakeholder Accreditation Working Group presented its formal report to the WSIB. The WSIB has responded to that report with a three-phase project plan that involves consultation with stakeholders, creation of a program design, and piloting of an accreditation program.

To summarize, 2006 was a year in which the WSIB took a strong stand on a range of fronts. We restructured our operations so that we can, in effect, do more with less – providing improved services for injured workers while ensuring reasonable and stable premium rates for employers; we implemented modern management principles and a funding strategy that will ensure the financial security of the system for employers and workers – both in the present and in the future; and we produced one of the most striking and effective workplace health and safety awareness campaigns ever seen.

This organization has a lot to be proud of as it looks back over 2006, but we at the WSIB are under no illusions about the size of the task we still face. Our vision is the elimination of all workplace injuries and illnesses. It is a vision we take very seriously. We will not rest until it is a vision that we have realized – until every one of our workplaces is free of injury, illness, and death.

Hon. Steve Mahoney, P.C.,
Chair

Message from the president and CEO

"It's a new way of thinking about workplace health and safety"

In 2006, management and staff of the Workplace Safety and Insurance Board (WSIB) began an ambitious undertaking. The aim was to completely transform the way Ontarians think about workplace health and safety while maintaining and enhancing the high standard of service provided to workers and employers.

2006 was the first year of the WSIB's Five Year Plan: The Road Ahead. Under this plan, we have assumed a much more pronounced and proactive leadership role in workplace health and safety, and we have embraced modern management principles. Modern management means managing risks; finding new and better ways of delivering services; integrating financial and non-financial information for better decision-making; using assets in a sustainable way; and focusing on outcomes achieved, not just on dollars spent. You will see the principles of modern management reflected throughout this annual report.

The Five Year Plan confirms the WSIB's focus on five fundamentals: health and safety; return to work; service excellence; financial sustainability; and organizational excellence. The WSIB's commitment to these priority areas is demonstrated by its achievements in 2006 (see page 10).

The WSIB is one of the largest disability management organizations in North America. It receives 14,000 faxes and 6,000 letters a day. In 2006 alone, the WSIB processed benefits transactions for 554,431 different people. That is about 4.5 per cent of Ontario's population.

In 2006, as in previous years, Ipsos-Reid conducted a major survey to find out how well the WSIB is serving its clients. Results from that survey are very encouraging: 82 per cent of employers surveyed are satisfied overall with the WSIB (with 59 per cent very satisfied – the highest rating ever); and 70 per cent of injured workers are satisfied overall with the WSIB (with 45% very satisfied, the same as in 2005).

Like the WSIB's relationship with Ontario's workers and employers, our relationship with this province's health-care community also continues to grow stronger. The Programs of Care initiative is an important part of this. Working closely with representatives from the health-care professional associations (with input from both worker and employer groups), the WSIB is designing evidence-based Programs of Care for a range of common occupational injuries and illnesses. This collaboration is already leading to better, more consistent treatment for workers with acute low back injuries. Each Program of Care will include a fee schedule that helps the WSIB manage health-care costs and ensure value for money.

The WSIB is also building stronger ties with the research community through our Solutions for Workplace Change research initiative, as well as a new Centre of Research Expertise and the Institute for Work & Health (see page 14). These WSIB-funded initiatives are producing practical solutions that help make Ontario workplaces safer.

Since 1998, the WSIB has had an important responsibility to promote health and safety in Ontario workplaces. During that time, the organization has built its capability to get prevention knowledge, experience, products, and services into the workplaces where they are needed. I would like to thank Brock Horseman for helping to establish the WSIB's key role in Ontario's occupational health and safety system, as well as for his work as champion of numerous other change initiatives as senior vice-president of operations, and then as chief operating officer. Brock left the WSIB at the end of 2006 after almost a decade of service.

Former WSIB Chief of Prevention Roy Mould, who left the WSIB in April 2006 after more than seven years of service, also deserves thanks for his contributions. Our Prevention Division benefits considerably from the solid foundation that Brock and Roy have helped to build.

In 2006, the WSIB took a head-on approach to changing attitudes in the community towards workplace health and safety with some of the most confrontational and hard-hitting advertisements ever seen in this province. (You see an image from one of these ads on the front cover of this report, and they can all be viewed at www.prevent-it.ca.) Social marketing continues to play an important role as the WSIB works to raise awareness, change attitudes, and encourage every Ontarian to take responsibility for making workplaces safer. WSIB-sponsored safety ambassadors are also spreading the prevention message by visiting workplaces and high schools, and attending conferences and seminars. Surveys show that these campaigns are making a difference in helping to change attitudes and behaviour.

In 2007, with the WSIB now in the second year of its Five Year Plan, nothing is more important than keeping in touch with stakeholders. This organization is committed to keeping representatives of workers, employers, health-care providers, and government involved and informed.

With modern management principles becoming part of the WSIB's corporate culture, and cooperative working relationships with stakeholders and partners growing, the WSIB looks forward to the opportunities the future presents with a sense of excitement. At the same time, the organization looks back on the past year with a sense of pride in the achievements of its staff, management, and board of directors.

The WSIB has come a long way as an organization, and we must continue to make improvements and build on the gains that have been made. We must constantly strive towards our vision and ultimate goal: The elimination of all workplace injuries and illnesses in Ontario. To continue to improve and meet the challenges that lie ahead, we need the support of all Ontarians. That support is growing. By working together to constantly improve the workplace safety and insurance system, we move closer to the day when our vision becomes a reality.

Jill Hutcheon

Jill Hutcheon,
President and CEO

Board of directors

Mike Archambault
Member
November 1, 2006
to October 31, 2009

Kenneth Deane
Member
May 18, 2005
to May 17, 2008

Patrick Dillon
Member
July 17, 1996
to July 16, 2007

Loretta Henderson
Member
October 14, 2004
to October 13, 2007

Jill Hutcheon
President
October 14, 2004
to January 23, 2009

Jim O'Neil
Member
October 14, 2004
to October 13, 2007

▲The members of the WSIB board of directors have a diverse range of skills and understanding, reflecting their experiences across many business and industry sectors

Steve Mahoney
Chair
May 17, 2006
to May 17, 2009

Marlene McGrath
Member
October 14, 2004
to October 13, 2007

Committees of the board of directors

The **Audit and Finance Committee** advises on financial and other reporting practices and internal controls

The **Health and Safety Committee** advises on workplace health and safety policies, performance objectives, and measurement criteria

The **Human Resources and Compensation Committee** advises on the health and safety of WSIB employees and the human resources function

The **Governance and Policy Committee** advises on governance and policy matters

The **Investment Committee** provides counsel on investment policy, monitors investment returns, and reviews the performance of investment managers and their compliance with applicable laws and regulations and their respective mandates

The WSIB thanks board members for their work in 2006. Board members represent the public service, workers, employers, and the health care sector. They all share impressive backgrounds, as well as one outstanding quality: The recognition that an appointment to a public service board is a public trust that must be taken very seriously.

2006 saw some significant changes in the WSIB's board of directors, and the WSIB thanks Chris Griffin and Mark Smith in particular for their contributions and their leadership.

After eight years of dedicated service, Chris Griffin concluded his term on the Board of Directors in July 2006. His contribution to the WSIB Board of Directors, especially on its Health and Safety and Human Resources committees, is nothing short of remarkable. Mark Smith was a valued member of the WSIB Board of Directors since 2004. The WSIB thanks him for his strategic and organizational contributions over the past two years.

A year of accomplishments

Five Year Plan: The Road Ahead (2006-2010)

The WSIB's Five Year Plan presents the organization's strategic direction and its core priorities. The plan affirms the WSIB's commitment to its vision, and it establishes the "five fundamentals" – organizational priorities that are guiding the WSIB as it moves toward its ultimate goal: The elimination of all workplace injuries and illnesses.

The Five Year Plan was rolled-out to WSIB management and staff, system partners and key stakeholders for the beginning of 2006. An updated plan was filed in June 2006, which included only modest updates. More substantive changes are expected to result from prevention and return to work strategy development in 2007.

In 2006, the WSIB made significant progress on each of its five fundamental organizational priorities: health and safety, return to work; service excellence; financial sustainability; and organizational excellence. More information about initiatives discussed below is available on the WSIB's website.

Health and safety

The WSIB, together with the Occupational Health and Safety Council of Ontario (OHSCO), developed and continue to implement guidelines for musculoskeletal disorder (MSD) prevention. The WSIB is also working together with system stakeholders to design a safe workplace accreditation program.

Return to work

The WSIB continues to develop an integrated case-management model that supports enhanced return to work outcomes. It is also finalizing a comprehensive return to work/labour market re-entry strategy that will be integrated with the WSIB's health-care and prevention strategies.

Service excellence

The WSIB continues to maintain high satisfaction rates in Ontario workplaces by providing excellent service that is delivered effectively, efficiently, and in a timely manner. The latest Ipsos-Reid customer satisfaction survey results report satisfaction levels at more than 70 per cent.

Financial sustainability

The WSIB continued to implement its funding framework, which provides a managed and disciplined approach to retiring the unfunded liability. Administrative costs were also contained, based on the three-year targets established in 2004.

Organizational excellence

The WSIB continues the development and implementation of modern management practices, including the development of a new information management and performance measurement framework.

Redesigned website launched

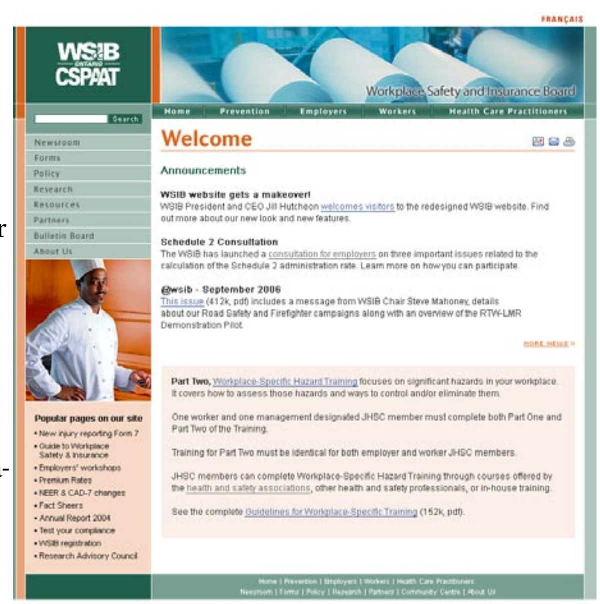
▲ Content for the WSIB website is managed by technical coordinator **Catherine Starr** (left) and Webmaster **Allison Powley** of the WSIB's eServices and Online Publishing Department

In 2006, the WSIB launched a major redesign of its website, bringing a new look and some useful new features for workers and employers. The new website is easier to navigate, and allows website content to be accessed via assistive technologies such as screen readers and magnifiers, and voice-recognition software.

The redesigned website provides a Community NetWork page that visitors can use to share information about current issues and events. The site also now has a Newsroom, which provides quick access to announcements and new releases, as well as to WSIB publications and event information. In the future, the WSIB plans to increase accessibility in line with international Web content accessibility guidelines.

Each year, the WSIB website receives approximately 1.5 million visitors. Every month, the WSIB receives more than 650 e-mails about its website's content. The WSIB eService for calculating and reporting of premiums has grown in excess of expectations since it was launched in late 2005. In 2006, more than 13,000 employers used the WSIB's online Calculate and Report Premiums eService.

In coming years, the WSIB will add more useful new eServices. Continuing to develop the website remains a key component of its service delivery strategy. The new services will include the potential for business-to-business links between the WSIB's system and employers' human resources management systems for the electronic transfer of Form 7 (Employers' Report of Workplace Injury or Illness) information. Eventually, the WSIB plans to provide Web-enabled forms that employers and workers can use to submit data to the WSIB online.



The making of a successful public awareness campaign

▲ WSIB Chair, **Hon. Steven Mahoney, P.C.** (left), played an important part in the 2006 public awareness campaign – speaking about the campaign to groups across the province

The WSIB has a mandate to prevent workplace injuries and illnesses. In support of this mandate, it has a strategy to raise awareness of workplace dangers, change attitudes in the community, and eliminate injuries, illnesses, and deaths from Ontario workplaces.

Since 1999, the WSIB has run advertising campaigns to bring workplace health and safety to greater prominence as a community issue. The aim is to bring about the same shift in attitudes and behaviours that has occurred in Ontario on the issue of drinking and driving.

The campaigns use print, radio, and television. Surveys show that they have successfully raised awareness, and that attitudes are slowly changing. But for 2006, the aim was to send a message that could not be ignored. The aim was to make health and safety the topic of discussions around the watercooler in workplaces across Ontario. The aim was to force people to take action in their own working lives to improve health and safety for themselves and their co-workers.

For the 2006 core campaign, the WSIB called on advertising agency DraftFCB to create a television advertising campaign that would be striking enough to grab and hold the attention of adult viewers of programs such as *24* and *Lost*. The idea DraftFCB came up with gives a voice to victims of workplace fatalities in a way that is both startling and emotionally affecting.

Three television advertisements were devised that graphically present deadly workplace injuries and their physical consequences for the workers involved. The skills of a talented Canadian special effects designer and stuntpeople were used to show how easily horrific events can occur in familiar workplace surroundings.

But the ads went one step further by allowing the dead victims to speak for themselves – delivering the message that "there really are no accidents" in the workplace. In the final analysis, every workplace injury, illness, and death is preventable.

▶ Special effects designer **Gordon Smith** (left) prepares actress **Hayley Andoff** for a scene that graphically shows a serious workplace injury. Events such as those shown in the WSIB ads happen every day in Ontario workplaces

◀ Actor **Patrick Garrow** in makeup as an electrocuted worker. In the ad, he rises from his coffin to deliver the message that “there really are no accidents” in the workplace

▶ Co-director **Guy Shelmerdine** (yellow shirt) and members of his cast and crew prepare to recreate a serious workplace injury

Research

Research Grants Program: Solutions for Workplace Change

The WSIB's successful Research Grants Program: Solutions for Workplace Change aims to fund research that leads to practical benefits for workers and employers in workplaces across Ontario.

The WSIB's Research Advisory Council (RAC) is made up of representatives from the employer and worker communities, as well as members from the research community, the Ontario Health and Safety Associations, the Ministry of Labour, the Institute for Work & Health, and the WSIB. The RAC calls for research proposals and makes recommendations for funding to the WSIB board of directors.

▲ **Tony Culyer**, chair, Research Advisory Council

2006 saw the funding of new projects to achieve this objective, as well as the completion of studies whose findings can now be transferred to the users of research and, ultimately, into workplaces across the province. The WSIB funded 22 new research projects with a total value of almost $2.4 million. These newly funded projects include an examination of work-related injuries among immigrant workers and a study of airborne transmission of the influenza virus in health-care institutions. Nine WSIB-funded research projects were completed in 2006. These included a study of lower-back injuries and a study of injuries associated with the use of large mobile equipment.

Details of all funded and completed research projects are available on the Research pages of the WSIB website.

Centres of Research Expertise

In 2006, the WSIB continued to expand its successful Centres of Research Expertise initiative. This initiative is producing valuable research results that will improve health and safety in Ontario's workplaces. It is also increasing the research community's capacity to develop innovative research proposals that will ultimately benefit Ontario's workers and employers.

In 2006, the Centre of Research Expertise in Improved Disability Outcomes (CREIDO) was added to the two existing centres, Centre of Research Expertise in the Prevention of Musculoskeletal Disorders (CRE-MSD) and Centre of Research Expertise in Occupational Diseases (CRE-OD), which were launched in 2004.

CREIDO addresses all aspects of return-to-work management practices. These include treatment and rehabilitation, organization and design of work, workplace insurance policies and practices, and other factors that may help or impede early and safe return to work. Major funding for the centre is jointly provided by the WSIB and University Health Network Rehabilitation Solutions. CREIDO will receive $2 million from the WSIB over a period of five years.

CREIDO is run by Dr. David Cassidy, research director of University Health Network Rehabilitation Solutions, and is located at Toronto Western Hospital.

Dr. David Cassidy employs key researchers working part-time and full-time to investigate return-to-work management practices. **Vicki Kristman** is one of the centre's full-time researchers. She is an epidemiologist, specializing in the study of administrative data on occupational neck pain and concussion.

The centre brings together expert investigators who specialize in physical and psychological disciplines that are important in the study of return to work.

In coming years, CREIDO will develop and test ways of helping workers with musculoskeletal injuries return to work as early and as safely as possible. It will do this by identifying those at risk, and developing early interventions – things that can be done to prevent chronic pain and disability. It will also develop and test interventions that can help sufferers of chronic pain and disability to overcome these obstacles and return to safe, sustainable work.

Like the other Centres of Research Expertise, CREIDO will achieve its goals by increasing the research capacity in Ontario – attracting established and new researchers, and producing highly qualified professionals at the diploma, undergraduate and graduate levels. It will increase interaction among researchers and stakeholders (workers, employers, and health and safety professionals), and it will encourage the creation of research-based products that can be put to use for the benefit of injured workers across the province.

More information on CREIDO, CRE-MSD, and CRE-OD is available on the Research pages of the WSIB's website.

Institute for Work & Health

The WSIB-funded Institute for Work & Health (IWH) is committed to researching and collaborating with its partners to prevent work-related musculoskeletal disorders (MSDs) in Ontario. The IWH's Prevention Reviews initiative has provided valuable evidence in this area. The IWH also worked with the Occupational Health and Safety Council of Ontario in support of the development of the *MSD Prevention Guidelines* for Ontario, and IWH scientists led an evaluation of the impact of the musculoskeletal health of caregivers in the Ontario long-term care system.

In 2004, the WSIB commissioned a systematic review by the IWH on effective return-to-work strategies. The results of this review have underpinned WSIB policy development in return to work. In 2006, in order to disseminate the findings more widely, the IWH worked with the WSIB to develop "Seven Principles for Successful Return to Work," which are available on IWH's website at www.iwh.on.ca.

Multilingual outreach

"Making sure all workers and employers can get the information they need about their rights and responsibilities; as well as the WSIB benefits and services they are entitled to"

The WSIB provides a wide range of customer services to ensure that immigrant workers and employers have access to the workers' compensation system, its benefits, products, and services in their own language. The top ten languages, in order of demand, are: Cantonese, Mandarin, Punjabi, Portuguese, Spanish, Vietnamese, Tamil, Italian, Russian, and Turkish.

The 27 staff members in the WSIB's Multilingual Services and Community Outreach Branch use a variety of methods to reach Ontarians who are often left out of mainstream communications. These include people who speak neither English nor French; people who are new to Canada; and people who have special needs.

Services provided include:

- Translation and interpretation in up to 60 languages
- Walk-in personalized customer service at the WSIB Information Centre in several languages
- Special-needs equipment and accommodation
- General WSIB information and counsel in several languages through a toll free hotline: 1-800-465-5606 and TTY 1-800-387-0050
- WSIB publications in alternative formats and several languages
- Multilingual content on the WSIB website
- Outreach at key community and business events, shopping malls, trade shows, libraries, community centres, ESL classes, Chinese New Year festivities, etc.

In 2006, the WSIB and the Canadian Ethnic Media Association (CEMA) sponsored an education day at which partnerships with multilingual media were discussed. Through partnerships with multilingual media across Ontario, the WSIB can deliver information and enhance knowledge of workplace safety and insurance in multilingual communities. Through this education day, the WSIB has established a positive relationship with the multilingual media and created partnerships that will help the WSIB to identify emerging issues in multilingual communities.

Also in 2006, the WSIB started working with libraries in communities outside the Toronto area so that WSIB information can be made available in libraries in various communities across Ontario based on their specific ethnic profiles.

The WSIB will continue to develop its multilingual outreach programs in coming years. The aim is to communicate the WSIB's workplace safety and insurance messages to all of Ontario's workers and employers, regardless of their languages or locations.

▶ (from left) **Lucy Qiu**, customer service representative, **Becky Lo**, multilingual services specialist, and **Frank Chan**, customer service representative, staffed the WSIB's booth at the 2006 Chinese New Year Lunar Festival in Toronto

▼ 2006 saw more of the WSIB's public awareness campaign materials translated into a range of languages other than English and French. These materials were displayed and broadcast through various venues and media, thus increasing the reach of the WSIB's workplace health and safety awareness campaign messages

Management's discussion and analysis of 2006 financial statements and operating results

Management's discussion and analysis provides management's perspective on key issues that impact the current and future financial condition and operating results of the WSIB for the year ended December 31, 2006. This discussion should be read together with the audited financial statements and accompanying notes to the consolidated financial statements, which are prepared in accordance with Canadian generally accepted accounting principles (GAAP).

Forward-looking statements contained in this discussion represent management's expectations, estimates, and projections regarding future events based on information currently available. Certain risks and uncertainties are difficult to predict. As a result, actual future results may differ from those expressed in the forward-looking statements. The WSIB regularly reviews corporate risks within a sound enterprise risk-management framework, with mid-course adjustments made as required.

WSIB's operations

The WSIB is a statutory corporation responsible for administering the *Workplace Safety and Insurance Act* (Ontario). The WSIB administers Ontario's no-fault workplace insurance plan for workers and employers and oversees the province's workplace safety education and training system.

The WSIB is funded entirely by employer premiums and does not receive funding from the Ontario Government. The WSIB maintains an Insurance Fund to cover future obligations in relation to existing claims. Investment returns from the Insurance Fund are an integral part of the overall funding of WSIB benefits. Funding is used to cover the full operating costs of the system, including the Health and Safety Associations, the Workers Health and Safety Centre, and the Occupational Health Clinics for Ontario Workers. The WSIB is required to reimburse the Government of Ontario for all administrative costs of the *Occupational Health and Safety Act*. The WSIB provides funding for the Workplace Safety and Insurance Appeals Tribunal, the Offices of the Worker and Employer Advisers and the Fair Practices Commission.

Financial highlights

In 2006, the WSIB implemented initiatives to achieve its strategic direction. This strategic direction is set out in the WSIB's Five Year Plan. Initiatives were in place to achieve revenue enhancement and cost-effectiveness. The WSIB continued to focus on improvements in effectiveness and efficiency to strengthen the financial sustainability of the system.

For 2006, the WSIB recorded an excess of expenses over revenues of $142 million, compared with an excess of expenses over revenues of $494 million for the year ended December 31, 2005, a decrease of $352 million. The improved result is primarily due to higher investment revenues from realized investment gains on equities sold in a restructuring of the investment portfolio. This restructuring has improved the geographic diversification of the WSIB's investments.

The strong investment performance, particularly in the latter part of 2006, also resulted in other comprehensive income of $655 million. This, when combined with the excess of expenses over revenues of $142 million, decreased the unfunded liability by $513 million to $5,997 million at December 31, 2006, compared to $6,510 million at the end of 2005. As a result, the funding ratio improved to 73.2 per cent at December 31, 2006, from 69.1 per cent at December 31, 2005.

Premium revenue increased to $3,385 million at the end of December 31, 2006, compared with $3,190 million in 2005. The increase of $195 million is mainly attributed to the increase in the insurable payroll and the increase in the average premium rate. In 2006, the average premium rate was $2.26 for every $100 of insurable earnings, an increase of seven cents over the 2005 average premium rate of $2.19.

Total expenses increased by $322 million in 2006 to $4,828 million. An increase of $293 million in benefit costs was the main contributor to the total expenses increase. Both the benefit costs paid and benefit liabilities increased in 2006. Payments for loss of earnings, health care, and labour market re-entry benefit types increased, while short- and long-term disability payments for claims occurring before January 1, 1998, decreased. The increase in benefit cost payments is mainly due to claims over 12 months that are persisting longer, indexation, and changes in utilization of services. The benefit liabilities increased by $1,050 million, reflecting revisions made to the actuarial assumptions and methods, as well as growth in claims inventory.

In 2006, the WSIB continued to hold the line on administrative expenses within its control to the same funding levels allocated in 2004 without compromising service delivery. However, administrative and other expenses, before the adjustment for claim administrative costs, increased to $522 million, compared with $494 million at the end of 2005. This was due to increases in administrative expenses outside the WSIB's control, reflecting primarily a lower discount rate, which significantly increased employee pension and post-retirement benefit expenses.

Many ongoing initiatives at the WSIB are multi-year in scope and will continue to impact the WSIB throughout 2007. The WSIB will continue to strive for innovative solutions in prevention, return to work, and health care while continuing to address the challenges to continually improve the effectiveness and efficiency of our operations. The full savings to be achieved by these initiatives will be realized over a period of several years.

Funding strategy

Slightly more than two thirds of businesses in Ontario that employ workers (including workers who are family members and subcontractors) must register with the WSIB to provide workplace insurance coverage for all their workers. Employers required to register with the WSIB are referred to as "Schedule 1 employers." Employers in a few industries not required to register can still choose to insure their workers through the WSIB. These include banks, trust and insurance companies, computer software developers, and travel agencies. At the end of 2006, more than 225,000 Schedule 1 employers were actively registered with the WSIB.

The WSIB is required by legislation to maintain an Insurance Fund sufficient to meet all present and future costs (liabilities) for injuries arising in the current and previous years. Due to the long duration of certain claims, these liabilities may be payable in the year of injury and many years beyond.

To maintain the Insurance Fund at a sufficient level to fund all future costs, the WSIB continually works to improve financial sustainability, which is a key fundamental in the WSIB's Five Year Plan. The overarching goal of this fundamental is to ensure that the workplace safety and insurance system will be financially sustainable for future generations of workers and employers. The WSIB corporate goal is to pay down the existing unfunded liability (the difference between the total assets and total liabilities) by 2014. In 2005, to meet this goal, the WSIB established a funding framework for Schedule 1 employers. The funding framework provides a prudent and fiscally responsible process for setting stable and predictable premium rates for employers while ensuring long-term financial security for the province's workplace health and safety insurance system.

The funding strategy provides a disciplined approach to financial management that is guiding the WSIB on its journey to pay down the unfunded liability. In 2007, the WSIB will:

- Continue to meet its funding strategy objectives
- Implement additional changes to the investment portfolio to optimize investment returns within acceptable risk limits
- Continue to address the underground economy through joint initiatives, building on the existing partnership with the Canada Revenue Agency
- Continue to identify and implement further improvements in cost-effectiveness and efficiency
- Continue to identify and implement initiatives in safer and healthier workplaces, early and safe return to work, and quality health care at the right time. These initiatives will help save lives, prevent injuries and illnesses, and mitigate the costs of existing and future claims

The WSIB also administers claims for "Schedule 2" employers. Under the Act, Schedule 2 employers are recognized as separate and distinct from employers who fall under Schedule 1. The fundamental distinction is that while Schedule 1 employers operate under the collective liability insurance principle, Schedule 2 employers are self-insured. That is, they are individually responsible for the full cost of the claims filed by their workers. At the end of 2006, more than 700 Schedule 2 firms were actively registered with the WSIB. Schedule 2 employers include:

- Firms funded by public funds (from the federal, provincial and/or municipal governments)
- Firms legislated by the province but self-funded
- A number of other firms that are privately owned but involved in federally regulated industries such as telephone, airline, shipping and railway

To protect the financial integrity of the insurance plan, the WSIB requires most Schedule 2 employers to provide assurances to the WSIB that they are able to fund all amounts that are either due or may become due in the future. The requirement of a security from Schedule 2 employers is formalized in a new policy document entitled *Schedule 2 Security Requirement* (Operational Policy Document 12-01-05). This policy, which is effective January 1, 2007, serves to formalize the existing practice in place since 2000 and can be viewed on the WSIB's website.

Investment strategy

The WSIB's investment strategy is integrated with the funding framework, and is a key fundamental in WSIB's Five Year Plan: Financial sustainability.

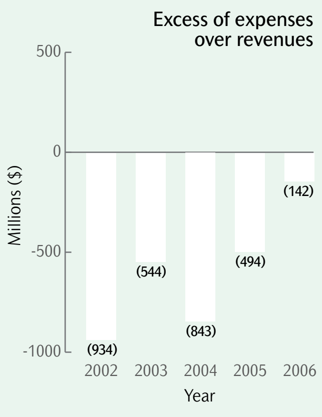
The ultimate fiduciary responsibility for the investment strategy resides with the WSIB board of directors. The board sets policies, appoints agents and committees, and designates employees to implement action and monitor activities. The Investment Committee of the board of directors recommends policies and the appointment of agents, and monitors performance and compliance.

The governance structure is formalized and updated annually in a Statement of Investment Policy and Procedures (SIPP), approved by the board of directors. The SIPP also defines eligible investments that are appropriate to the needs and objectives of the Insurance Fund, taking into account the nature of the liabilities, the obligations of the WSIB, and the return and risk characteristics of various investment opportunities. Management of the Fund's investments has been delegated to a team of independent external investment-management organizations.

The WSIB invests with a long-term view towards achieving full funding. Most of the investment portfolio is held to meet payment obligations that extend for many years into the future. Short-term changes in financial markets across the world could produce significant variations in investment returns from year to year, whereas the WSIB's investment policies and practices are designed to meet the longer-term nature of its financial commitments.

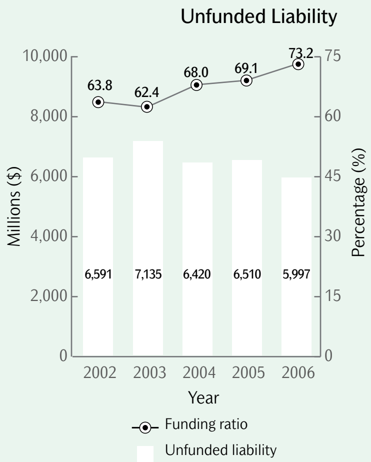
The WSIB establishes a target asset mix, with the objective of optimizing long-term risk-adjusted returns. The WSIB evaluates the appropriateness of its asset mix at least annually to assess whether investment returns can be improved, and if risk can be reduced.

Excess of expenses over revenues



The WSIB's improved results reflect its focus on its Five Year Plan and continued initiatives to address significant ongoing revenue and cost pressures. In 2006, the WSIB recorded an excess of expenses over revenue of $142 million, a $352-million improvement over 2005, when the deficiency was $494 million. This improvement reflects improved investment income of $1,298 million in 2006, a $479-million increase over 2005, when investment income was $819 million. Net gains from equity sales were realized when restructuring the investment portfolio.

Unfunded liability



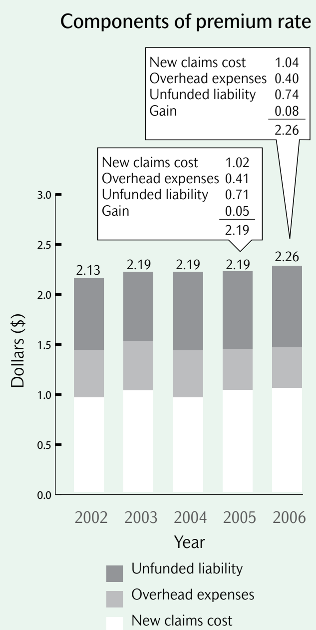
As of December 31, 2006, the unfunded liability decreased by $513 million to $5,997 million compared with $6,510 million as of December 31, 2005. This is the first significant decrease in the past five years, turning the corner on the unfunded liability. (The decrease in 2004 reflected the implementation of the new accounting policy, which values investments at fair value.) Over the past few years, there were significant revenue and cost pressures facing the workplace safety and insurance system. These pressures included investment market downturns, rising health-care costs, and continuing higher benefit costs due in part to claims remaining in the system longer. Initiatives are ongoing to mitigate these pressures on the system, and they may be starting to stabilize.

At the end of 2006, the funding ratio (the ratio of assets to liabilities), one of the measures used by WSIB to track its progress in paying down the unfunded liability, improved by 4.1 per cent to 73.2 per cent, compared with 69.1 per cent at December 31, 2005.

The decrease in the unfunded liability reflects improvement in unrealized investment gains included in accumulated other comprehensive income. The WSIB's other comprehensive income represents unrealized market value gains from available-for-sale portfolio investments as of the balance sheet date. Valuation of these investments provides a view of the financial position as of December 31, 2006. Changes in financial markets could produce significant variations in other comprehensive income from year to year. The unrealized gains arising in the year were $1,569 million, and are partially offset by a $914 million reclassification of realized gains on the sale of equities and recognized in operating results.

Premium revenue

Schedule 1 (collective liability)



Premiums are charged to employers to cover the total cost of the current year's claims, including the future cost of administering these claims and overhead expenses. Schedule 1 employers also have a component built into their premium rate that contributes to paying down the WSIB's unfunded liability. In setting premium rates, the WSIB follows insurance principles and organizes employers into classes and rate groups based on similarity of business activity and associated injury risks.

The average premium rate for 2006 was set at $2.26 for every $100 of insurable earnings, an increase of seven cents over the 2005 premium rate of $2.19. The decision to increase the 2006 average premium rate was made after careful consideration of the WSIB's funding framework, market conditions, and feedback from employer and worker groups. This seven-cent increase over the 2005 average premium rate was only the second time in the last ten years the WSIB has raised the average premium rate.

The WSIB is committed to working with employers and workers to make sure the workplace safety and insurance system is responsive to their needs and is financially sustainable. The WSIB board of directors' decision to keep the average premium rate for 2007 the same as the 2006 rate of $2.26 for every $100 of insurable earnings came after careful financial analysis and meetings and discussions with employers, workers, and their representatives.

The decision to hold the line on the average premium rate assumes that significant progress will continue in Ontario workplaces in the areas of workplace health and safety and positive return to work outcomes for injured workers.

Total premium revenue for 2006 was $3,385 million, an increase of $195 million or 6.1 per cent over 2005 total premium revenue of $3,190 million. Total insured payroll for 2006 was $140,912 million, an increase of $5,047 million from the 2005 insured payroll of $135,865 million. The majority of sectors experienced an increase in payroll, with the health care, manufacturing and services sectors seeing the largest increases. Also contributing to the increase in premium revenue was the increase in the average premium rate.

Premium revenue for years ended December 31

($ millions)	2006	2005	Increase/(decrease)	
Schedule 1 (collective liability)				
Premiums assessed	$2,158	$2,061	$97	5 %
Experience rating net refunds	(114)	(124)	10	8
Interest, penalties, less bad debts	24	25	(1)	(4)
Schedule 1 current premiums	**2,068**	**1,962**	**106**	**5**
Schedule 2 (self-insurers) reimbursements	317	294	23	8
Premiums for the year	**2,385**	**2,256**	**129**	**6**
Premiums for unfunded liability	1,000	934	66	7
Total premium revenue	**$3,385**	**$3,190**	**$195**	**6 %**

Experience rating net refunds in 2006 decreased by $10 million compared to 2005. On January 1, 2006, some changes were made to the NEER experience rating program to improve fairness by aligning incentives more closely with actual health and safety and return to work performance, and by increasing accountability for poor-performing workplaces.

To help address Ontario's underground economy, the WSIB has established an information-sharing arrangement with the Canada Revenue Agency (CRA). Under this arrangement, the WSIB partners with the CRA to identify and address employers that should be registered with the WSIB and to ensure the accurate reporting of payroll. This arrangement has resulted in employer compliance and reporting improvements. This CRA initiative has been gaining momentum since its formal approval effective January 2004. As a result of this initiative, a total of $6.8 million in additional premium revenue was collected in 2006, and $32.3 million in total has been collected since the initiative began in 2004. A further opportunity to partner with the CRA is currently under review. The WSIB has two potential partners for additional information sharing in the future: The CRA and Social Development Canada.

In 2007, premium revenue is expected to increase. The increase is primarily due to growth in employment and wages. The WSIB's employment base is expected to grow at a rate of 0.8 per cent, and Ontario's wage growth is expected to be 2.9 per cent. As a result, insured payroll is anticipated to increase.

The WSIB will continue various initiatives throughout 2007 to achieve further improvements. In 2007, the WSIB will complete the Safety Group Program review and implement enhancements to the program. Design and piloting of an accreditation program will lead to additional health and safety incentives for employers. Changes to the CAD-7 program, announced in 2005, will come into effect in the 2007 issue year.

Schedule 2 (self-insurance)

Revenue from Schedule 2 employers in 2006 was $317 million, $23 million higher than 2005, when it was $294 million. Reimbursements from Schedule 2 employers include benefit costs, along with the associated administration costs. The increase was a result of reimbursements of higher benefit costs, particularly in loss of earnings and survivor benefits, in part due to several occupational disease benefits awarded to Schedule 2 firefighter claimants.

Investments

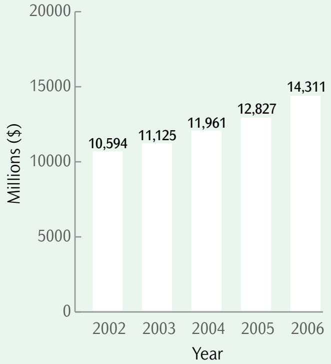
The WSIB's investments are held in an Insurance Fund to meet future benefit payments to injured workers. They are diversified among three primary asset classes: Public fixed-income securities, public equities, and private real estate.

In 2006, investment income was $1,298 million, an increase of $479 million from $819 million in 2005. Most of this gain is from investment gains realized when restructuring the investment portfolio.

During 2006, the Canadian economy grew, although regional and sector disparities continued to result in a mixed economic picture. The energy, materials, and service sectors contributed to an overall increase in employment to levels not seen for decades, while employment in the manufacturing sector continued to decline.

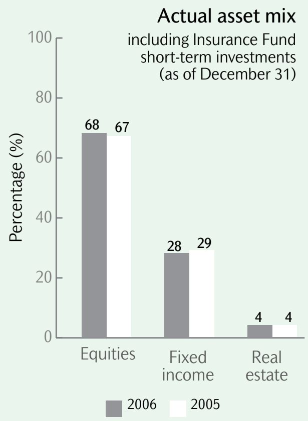
Global equity markets rallied strongly in the fourth quarter, bringing full-year returns to 20 per cent in Canadian dollars, which was higher than expected. Regionally, U.S. equity markets contributed to this global rally, with a 15 per cent return for the year. International equity markets continued to outperform the U.S. for the third year in a row, ending 2006 with a 26 per cent annual return. Investors became more optimistic in the fourth quarter, as oil prices retreated from their record highs and signs started to emerge that the worst of the U.S. housing market slowdown may be over. In Canadian equities, the 17 per cent return for the S&P/TSX composite index in 2006 marks the fourth year in a row of double-digit gains for the index, a string that has not been matched since the late 1970s. Foreign currency movements relative to the Canadian dollar impacted international equity returns more than U.S. returns in 2006. The Canadian dollar was up a slight 0.4 per cent compared with the U.S. dollar. However, the Canadian dollar fell by 7.5 per cent compared to international currencies, which enhanced returns to unhedged Canadian-dollar investors.

Carrying value of investments
(as of December 31)



The Insurance Fund's carrying value at December 31, 2006 was $14,311 million after transfers of $480 million to fund injured worker benefit payments. This is an increase of $1,484 million from the carrying value of $12,827 million at the end of 2005.

The Insurance Fund recorded a 16.2 per cent return for the 2006 calendar year, exceeding its 15 per cent benchmark, due mainly to Canadian, U.S. and global equity manager teams outperforming their benchmarks. For the five-year period ending December 31, 2006, the Insurance Fund earned an annualized return of 8.1 per cent, which was better than its 6.7 per cent benchmark. Over the 10-year period ending December 31, 2006, the Insurance fund recorded an annualized return of 8.6 per cent, compared with its 6.9 per cent benchmark and the long-term target return of seven per cent.

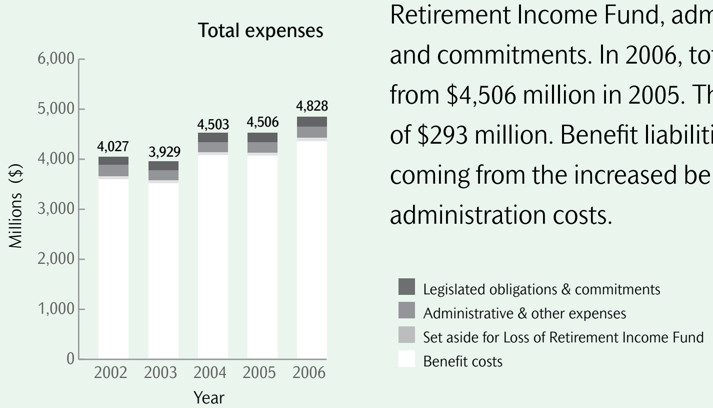


In December 2006, the WSIB's board of directors reaffirmed the investment policy allocations for equities at 65 per cent, bonds at 30 per cent, and real estate at five per cent.

Market forecasts for 2007 are modest due to economic uncertainties. The resolution of these uncertainties hinges on the severity and global impact of the U.S. slowdown. Many forecasters believe a soft landing is the most likely scenario, although these expectations do not include any impacts from unexpected geopolitical shocks

Expenses

The WSIB's total expenses comprise benefit costs, amounts set aside for the Loss of Retirement Income Fund, administrative and other expenses, and legislated obligations and commitments. In 2006, total expenses were $4,828 million, an increase of $322 million from $4,506 million in 2005. This increase relates primarily to the increases in benefit costs of $293 million. Benefit liabilities account for $210 million of this increase, with $73 million coming from the increased benefit payments, and $10 million from the increased claim administration costs.



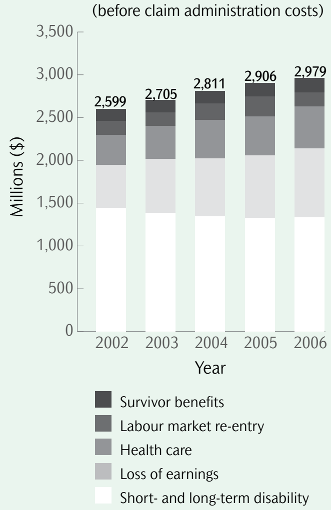
Benefit costs

Benefit costs include benefit costs paid, which represent the amount paid to injured and ill workers during the year, and the change in benefit liabilities. Benefit liabilities are adjustments to the actuarially determined estimates for future claim costs for current year, and prior years, claims.

In accordance with governing legislation, the WSIB provides benefits for loss of earnings, non-economic loss benefits for permanent impairment, payments for health-care expenses, assistance to facilitate return to work, and survivor benefits in the case of a fatality.

Total benefit costs increased by $293 million in 2006 to $4,330 million from $4,037 million in 2005. This is mainly due to a higher increase in benefit liabilities of $210 million, reflecting changes in actuarial assumptions and methods as well as growth in claims inventory. The sections below and note 8 provide further details on the benefit costs.

Benefit costs paid



Benefit costs paid were $2,979 million, an increase of $73 million, from 2005 benefit costs of $2,906 million. Loss of earnings (LOE), health care, and labour market re-entry (LMR) benefit costs paid increased in 2006. These increased payments were partially offset by lower payments for short- and long-term disability. Short- and long-term disability benefit costs stem from the older claims under previous legislation (pre-1990 and pre-Bill 99).

LOE benefit costs paid increased by $83 million to $807 million compared to $724 million for 2005. This 11.5 per cent increase is due to persistency of claims over 12 months old, natural growth of locked-in claims each year, and indexing. The overall increase is mitigated by a drop in claims less than a year old due to the decline in LTI rate. The result is a higher average cost per claim and an increase in the number of long-term LOE claims.

LMR benefit costs paid were $248 million, an increase of $17 million from $231 million paid in 2005. The increase is mainly attributed to income support payments. LMR payments are included as part of the LOE benefits category, so the higher earnings and indexation also impacted LMR benefit costs. External provider costs increased due to changes in the types of services used.

Health-care benefit costs paid in 2006 increased by $35 million to $494 million from 2005 payments of $459 million. While health-care benefit costs are increasing, the rate of growth has slowed. The increase is due to the combined effects of increased claim volumes, increased cost per service, and increased number of services per claim. As a result, in 2006 there was a higher average health-care cost per claim. The emergence of new higher cost drug therapies, technological advances, and more expensive medical devices were the main cost drivers of this increase. Health-care benefit costs include payments to the Ministry of Health and Long-Term Care for physicians' services as well as payments to hospitals. New initiatives such as the Health Care Review and streamlining of access to service were undertaken by the WSIB. These initiatives, which are geared towards providing injured workers with improved and more efficient health-care service, also impacted health-care benefit costs.

Short- and long-term disability payments for claims occurring before January 1, 1998, decreased significantly to $1,262 million in 2006 from $1,330 million in 2005. Consistent with prior years, the decreasing trend reflects natural reductions and closures of older claims that occurred prior to January 1, 1990. Increased recoveries from third parties due to legal settlement awards also contributed to the lower short- and long-term disability payments.

Total benefit payments in 2007 are expected to increase by approximately five per cent. The major growth areas will be in loss of earnings (LOE), labour market re-entry (LMR), and health care. Costs of short- and long-term claims under older legislation are expected to continue to decline due to claim closures and few new awards for these benefit types.

Health-care costs are expected to continue to grow, but there are signs that the rate of growth is slowing. New health-care initiatives – including new specialty clinics, programs of care, and fee updates – are expected to increase costs. Drug costs are also expected to increase in 2007, driven mainly by steady prescription cost growth and increases in rates of service utilization. The WSIB is committed to an approach to health care that provides optimal quality and timeliness within a model that is cost-effective, well managed, and sustainable. The WSIB's health-care strategy will help to address financial pressures on the system while focusing on continuous improvement, increased accountability, and demonstrated results.

Change in benefit liabilities

The WSIB's benefit liabilities are an actuarially determined provision for future benefit costs related to claims that occurred on or before December 31, 2006. As of December 31, 2006, the benefits liability was $20,300 million, a $1,050-million increase from the December 31, 2005, value of $19,250 million.

Revisions made to actuarial assumptions and methods accounted for $500 million of this $1,050 million increase. The increase is due to changes in assumptions and methods for loss of earnings benefits, recognizing that claims are persisting longer than previously assumed; and due to improvements in the assumption for the distribution of future benefit indexing from a claim-count to a dollar-weight method; and due to use of a group method to value loss of earnings claims from the current injury year.

In addition, the benefits liability increased because the growth of new claims and increases in benefit payment levels outpaced the natural reductions of benefit liabilities and closures of older claims. Changes in claim inventories and additional provisions, which accounted for $550 million of the increase in the benefits liability, include the following items:

- $516 million increase due to net growth in loss of earnings claims inventory
- $263 million increase in health care liabilities due to increased awards and utilization, including a provision of $93 million related to retroactive and future payments of personal care allowance benefits to injured workers who had not previously been granted entitlement
- $96 million provision due to anticipated reductions in personal income tax rates, affecting injured worker net average earnings
- $26 million increase due to net growth in survivor benefit claims inventory
- $10 million increase due to net growth in the future claims administration cost liability
- $263 million decrease due to natural reductions and closures of worker pensions and supplemental payments to injured workers covered under pre-1990 legislation
- $105 million decrease due to natural reductions and closures of future economic loss benefits, their supplemental payments, temporary compensation benefits, and rehabilitation benefits
- $7 million increase due to other changes

The overall increase in benefit liabilities of $1,050 million is $210 million greater than the 2005 increase of $840 million. This is primarily due to the following:

- $121 million increase due to actuarial assumption and method changes for loss of earnings claims

- $93 million provision for personal-care allowance benefit payments
- $63 million increase in the provision for changes to personal income tax rates
- $67 million decrease in the net growth of claims inventories

Administrative and other expenses

In 2006, administrative and other expenses were $522 million, compared to $494 million for the same period in 2005. They are made up of the cost of adjudicating and administering claims and other administrative expenses. Other administrative expenses include the costs of prevention, financial services, human resources and special projects. Claims administration costs are included in benefits in the Consolidated Statement of Operations. Other administrative expenses are reported separately in the Consolidated Statement of Operations (see note 10).

Administrative and other expenses for years ended December 31

($ millions)	**2006**	**2005**
Claim administration costs (see note 8)	$301	$291
Other administrative expenses (see consolidated statement of operations)	221	203
Total administrative and other expenses (see note 10)	**$522**	**$494**

Beginning in 2005, the WSIB set a corporate goal for a three-year plan to hold administrative expenses within its control to the same funding levels allocated in 2004, without compromising service delivery to injured workers or employers. For both 2005 and 2006, the WSIB was able to accomplish this goal while operating in an environment of escalating cost pressures, increased business volumes, and continued investments in initiatives to support its Five Year Plan.

In 2006, a number of measures taken by the WSIB helped to improve operational efficiencies and increase productivity. Examples include:

- Reorganization of several divisions, which resulted in the consolidation and integration of work to improve efficiency and effective use of resources
- Strategic sourcing initiatives, which reduced costs in voice and data communications, equipment, travel and health-care supplies for injured workers, and other supply and services categories
- Improved use of the broader skill base of employees, which helped reduce consulting costs
- Implementation of multi-functional devices and an enterprise storage strategy, which helped reduce equipment and related maintenance costs

The WSIB continued to focus on initiatives that would yield productivity savings over controllable costs. While expenses within the control of WSIB remained relatively stable, non-controllable expenses increased in 2006. Expenses not within the control of WSIB include interest-sensitive staff benefit plan costs and amortization costs.

Total administrative and other expenses, before the reclassification of claim administration costs to benefit costs, increased by $28 million, or 5.7 per cent, over the same period in 2005. Salary costs remained relatively stable in 2006 compared with 2005, as salary escalation and increased work requirements have been offset by improved productivity and efficiency. Cost increases were due to:

- Staff benefit plan costs increasing by $31 million, or 49.2 per cent, over 2005 due to the lower discount rate (5.4 per cent in 2006, compared with 6.25 per cent in 2005) used to measure employee pension and post-retirement benefit expenses for 2006. Similar to other organizations, the WSIB bases this rate on corporate bond yields after taking into account the entire duration of liabilities of the WSIB plans. Corporate bond yields cannot be predicted with any certainty. Over the past few years, this rate has been falling, and this causes an increase in benefit expense
- Occupancy expense increases for rent and costs to repair facilities. These increases were partially offset by one-time property tax rebates related to the Downsview Centre facility and the Hamilton regional office

These increased administrative and other costs were offset by:

- Voice and data communication line expense decreases due to focused competitive purchasing initiatives in 2006
- Additional reductions realized in external professional services expenses, travel and supplies and services. These decreases more than offset increases in software license fees and expenses related to the prevention social marketing campaigns
- Amortization expense decreases as systems development costs from earlier years were depreciated. Current system project costs are planned to be depreciated in years after 2006

In 2004, an independent audit of certain aspects of the WSIB's operations was requested by the provincial government, resulting in recommendations to strengthen the WSIB's administrative, governance, financial, and investment structures and processes. Over the past two years since the report has been written, the WSIB has been committed to addressing each recommendation contained within the audit report. With the release of the report from the follow-up audit in October 2006, the Minister of Labour noted that the WSIB had made significant progress in improving its administrative and financial management. The follow-up audit found:

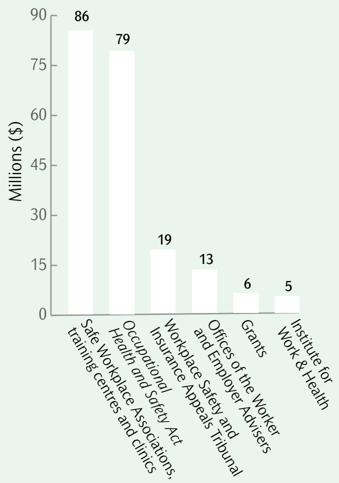
- The WSIB assessed and identified action steps to address each recommendation contained within the 2004 audit report that was within its control and developed an audit response plan that was aligned with eight key modern management areas
- Significant improvements had been made to the budget process and financial operating results oversight
- Improvements had been made in oversight of investment practices
- Modern controllership practices had been implemented

These improvements indicate that significant progress has been made in ensuring stability and efficiency at the WSIB. The improvements will position the WSIB to incorporate any additional requirements stemming from Bill 158, *The Public Service of Ontario Statute Law Amendment Act, 2006*. Bill 158, planned to be proclaimed law in 2007, will support a high standard of integrity for public servants while providing the important protections that public servants need to maintain high-quality services for Ontarians.

For 2007, the WSIB remains committed to implementing continuous improvement initiatives.

Legislative obligations and commitments

Breakdown of legislated obligations & commitments



The WSIB is required by legislation to fund the administration of various related organizations such as Health and Safety Associations, Office of the Worker Adviser, Office of the Employer Advisor, Workplace Safety and Insurance Appeals Tribunal and programs of the *Occupational Health and Safety Act*. Total legislative obligations and commitments increased by $8 million in 2006 to $208 million, from $200 million in 2005. Most of this increase relates to an increase ($7 million) in funding for the *Occupational Health and Safety Act,* reflecting increased activity in targeting high-risk Ontario workplaces that may require enforcement to improve their health and safety performance.

2007 Outlook

In the Ontario Budget 2007, the government is proposing a number of improvements to the benefits payable to injured workers under the *Workplace Safety and Insurance Act,* which, if passed by the legislature, would be paid out of the Insurance Fund and would impact the benefit costs in 2007 and future years.

The proposed changes, if enacted, would permit the WSIB to:

- Enhance the benefits of injured workers who receive benefits partially indexed to inflation. The benefits would be enhanced by 2.5 per cent on July 1, 2007, and on January 1 in each of 2008 and 2009
- Have greater flexibility to review and determine injured workers' loss of earnings benefits after the benefits are locked in at 72 months
- Base earnings on what a worker is likely to earn from suitable as well as available employment
- Raise the threshold below which a lump-sum instead of a monthly retirement benefit payment is made, from $1,166.41 to $3,000.00

If approved by the legislature, the implementation date for the proposed amendments would be July 1, 2007. The amendments would result in an impact to benefit costs for the WSIB. The estimated impact of providing for these future benefit costs would be in the range of $700 million to $750 million, and would be recognized in 2007. These estimates of future benefit costs are based on the information available as of March 23, 2007.

In 2007, the WSIB will continue the successful implementation of its Five Year Plan. Key projects will move from planning and development to implementation phases. These include the health care strategy, return to work innovations, and the Integrated Case and Account Management Program.

The WSIB will continue to improve its financial situation by addressing revenue and cost pressures, improving financial sustainability, and reducing the unfunded liability. Initiatives already in place will help to increase revenues, maximize investment return within acceptable risk limits, and improve efficiency and effectiveness. 2007 will see the WSIB building on the positive financial results of 2006 as it works to achieve its vision: The elimination of all workplace injuries and illnesses.

Responsibility for financial reporting

The accompanying financial statements were prepared by management in accordance with Canadian generally accepted accounting principles, consistently applied, and include amounts based upon management's best estimates and judgements. Any financial information contained elsewhere in the Annual Report is consistent with these financial statements.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are properly accounted for and safeguarded from loss. The board of directors has established an Audit and Finance Committee to ensure that management fulfils these responsibilities. The Audit and Finance Committee meets periodically with management, internal auditors, and external auditors to ensure that their responsibilities are properly discharged with respect to financial statement presentation, disclosure, and recommendations on internal control.

The Internal Audit Branch performs audits designed to test the adequacy and consistency of the WSIB's internal controls, practices, and procedures.

Role of the actuary

With respect to the preparation of these financial statements, the actuary prepares a valuation, including the selection of appropriate assumptions, of the WSIB's benefit liabilities as of the balance sheet date. With respect to the preparation of these financial statements, the actuary determines the valuation of the benefit liabilities and provides an opinion to the board of directors regarding the appropriateness of the benefit liabilities recorded by management of the WSIB at the balance sheet date. The work to form that opinion includes an examination of the sufficiency and reliability of data, and a review of the valuation processes. The actuary is responsible for assessing whether the assumptions and methods used for the valuation of the benefit liabilities are in accordance with accepted actuarial practice, applicable legislation, and associated regulations and directives. In performing the valuation of these liabilities, which are by their very nature inherently variable, the actuary makes assumptions as to future interest and mortality rates, expenses, related trends, and other contingencies, taking into consideration the circumstances of the WSIB. It is certain that the benefit liabilities will not develop exactly as projected and may, in fact, vary significantly from the projections. Further, the projections make no provision for future claim categories not sufficiently recognized in the claims experience and inventories. The actuary's report outlines the scope of the valuation and his opinion.

Role of the external auditors

The external auditors, KPMG LLP, working under the direction of the provincial auditor, have performed an independent and objective audit of the financial statements of the WSIB in accordance with Canadian generally accepted auditing standards. In carrying out their audit, the external auditors make use of the work of the actuary and his report on the benefit liabilities of the WSIB. The external auditors have full and unrestricted access to the board of directors and the Audit and Finance Committee to discuss audit, financial reporting, and related findings. The external auditors' report outlines the scope of their audit and their opinion on the financial statements of the WSIB.

Jill Hutcheon
Jill Hutcheon,
President & CEO

Malen Ng
Malen Ng,
Chief Financial Officer

March 23, 2007

Auditors' report

KPMG

To the Workplace Safety and Insurance Board, the Minister of Labour, and the Provincial Auditor

Pursuant to the *Workplace Safety and Insurance Act*, which provides that the accounts of the Workplace Safety and Insurance Board ("WSIB") shall be audited by the provincial auditor or under his direction by an auditor appointed by the Lieutenant Governor in Council for that purpose, we have audited the consolidated balance sheet of the WSIB as at December 31, 2006, and the consolidated statements of operations, changes in unfunded liability, comprehensive income (loss), and cash flows for the year then ended. These financial statements are the responsibility of WSIB's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the WSIB as at December 31, 2006, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

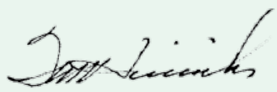
Chartered accountants
Toronto, Canada

March 23, 2007

Actuarial opinion

I have valued the benefit liabilities of the Workplace Safety and Insurance Board of Ontario for its consolidated balance sheet as at December 31, 2006, and its change in the consolidated statement of operations for the year then ended in accordance with actuarial practice generally accepted in Canada, including selection of appropriate assumptions and methods.

In my opinion, the amount of benefit liabilities makes appropriate provision for all Schedule 1 Insurance Fund obligations, and the consolidated financial statements fairly present the results of the valuation.



W. Robert Hinrichs
Fellow, Canadian Institute of Actuaries

March 23, 2007

CONSOLIDATED BALANCE SHEET
as of December 31

($ millions)	2006	2005
Assets		
Cash and cash equivalents	$161	$53
Receivables	848	764
Investments (note 3)	14,311	12,827
Loss of Retirement Income Fund (note 4)	872	735
Property, equipment, and other assets (note 5)	206	168
	$16,398	**$14,547**
Liabilities		
Payables and accruals	$679	$592
Long-term debt (note 6)	92	70
Loss of Retirement Income Fund (note 4)	872	735
Employee benefit plans (note 7)	452	410
Benefit liabilities (note 8)	20,300	19,250
	22,395	**21,057**
Unfunded liability (note 9)		
Accumulated excess of expenses over revenues	(8,371)	(8,229)
Accumulated other comprehensive income	2,374	1,719
	(5,997)	**(6,510)**
	$16,398	**$14,547**

Commitments and contingencies (note 12)

On behalf of the board of directors:

Jill Hutcheon

Jill Hutcheon, President and CEO,
Director

Jim O'Neil

Jim O'Neil,
Director

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF OPERATIONS

For the years ended December 31

($ millions)	2006	2005
Gross revenue	**$4,686**	**$4,012**
Current operations		
Revenues		
Premiums for the year	$2,385	$2,256
Investments (note 3)	1,298	819
Other income	3	3
	3,686	**3,078**
Expenses		
Benefit costs (note 8)	4,330	4,037
Loss of Retirement Income Fund (note 4)	69	66
Administrative and other expenses (note 10)	221	203
Legislated obligations and commitments (note 11)	208	200
	4,828	**4,506**
Excess of expenses over revenues from current operations	**(1,142)**	**(1,428)**
Premiums for unfunded liability	1,000	934
Excess of expenses over revenues	**$(142)**	**$(494)**

CONSOLIDATED STATEMENT OF CHANGES IN UNFUNDED LIABILITY

For the years ended December 31

($ millions)	2006	2005
Accumulated excess of expenses over revenues		
Balance at beginning of year	$(8,229)	$(7,735)
Excess of expenses over revenues	(142)	(494)
Balance at end of year	**(8,371)**	**(8,229)**
Accumulated other comprehensive income		
Balance at beginning of year	1,719	1,315
Unrealized gains on investments net of amounts realized	655	404
Balance at end of year	**2,374**	**1,719**
Unfunded liability at end of year	**$(5,997)**	**$(6,510)**

The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

For the years ended December 31

($ millions)	2006	2005
Excess of expenses over revenues	$(142)	$(494)
Other comprehensive income		
Unrealized net gains on available-for-sale financial assets arising during the year	1,569	865
Realized gains included in income	(914)	(461)
Unrealized gains on investments, net of amounts realized	655	404
Comprehensive income (loss)	**$513**	**$(90)**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended December 31

($ millions)	2006	2005
Operating cash flows		
Cash received from:		
Premiums for the year	$2,392	$2,264
Premiums for unfunded liability	1,004	931
Investment income	420	343
	3,816	3,538
Cash paid to:		
Claimants, survivors, and care providers	(2,977)	(2,905)
Loss of Retirement Income Fund	(64)	(66)
Employees and suppliers for administrative goods and services	(532)	(465)
Legislated obligations and commitments	(208)	(202)
	(3,781)	(3,638)
Net cash provided (required) by operating activities	**35**	**(100)**
Investing cash flows		
Sale of investments	18,168	13,560
Purchase of investments	(18,095)	(13,561)
Net cash provided (required) by investing activities	**73**	**(1)**
Increase (decrease) in cash and cash equivalents	**108**	**(101)**
Cash and cash equivalents, beginning of year	53	154
Cash and cash equivalents, end of year	$161	$53

The accompanying notes form an integral part of the consolidated financial statements.

Notes to the consolidated financial statements

December 31, 2006

1. Nature of operations

The Workplace Safety and Insurance Board (WSIB) is a statutory corporation created by an act of the Ontario legislature in 1914. The WSIB is responsible for administering the *Workplace Safety and Insurance Act, 1997*. The WSIB promotes the prevention of injuries and illnesses in Ontario workplaces and provides insurance benefits to workers who sustain injuries in the course of employment or contract occupational diseases. The WSIB also provides insurance benefits in the case of workers who die due to workplace injuries or illnesses to their survivors, and assists injured workers in their early and safe return to work.

Employers covered by the *Workplace Safety and Insurance Act, 1997,* are divided into two groups, referred to as "Schedule 1" and "Schedule 2." Schedule 1 employers are insured under a "collective liability" system and are required to contribute to the WSIB Insurance Fund. Schedule 2 employers are "self-insured" and are individually liable for the full costs of their workers' claims. The WSIB pays insurance benefits for Schedule 2 workers and is reimbursed by their employers for the costs of the claims, including administrative costs, and for the cost of the WSIB's prevention activities.

The WSIB also administers the federal *Government Employees Compensation Act*. Under an agreement with Human Resources Development Canada, the federal government is treated as a Schedule 2 employer.

Revenue is raised through premiums, which are collected from all Schedule 1 employers covered under the *Workplace Safety and Insurance Act, 1997*. Revenue is also earned from a diversified investment portfolio held to meet future obligations on existing claims. Schedule 2 reimbursements also contribute to WSIB revenue.

The WSIB receives no government funding or assistance. The financial statements have been prepared on a going concern basis, as management has plans to eliminate the unfunded liability over the course of several years and has prepared projections that indicate that liabilities can be met as they fall due.

2. Significant accounting policies

The consolidated financial statements include the Schedule 1 and Schedule 2 accounts of the WSIB and its subsidiaries. These financial statements have been prepared in accordance with generally accepted accounting principles. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates.

WSIB's subsidiaries are consolidated at cost. Investments in entities in which WSIB exercises a significant influence are reported at cost and income is reported using the equity method.

The significant accounting policies are summarized as follows:

Cash and cash equivalents

Cash and cash equivalents are funds consisting of cash and money market instruments with initial maturities up to three months.

Receivables

Receivables consist of premiums receivable from stakeholders. The balance is shown net of allowance for doubtful accounts.

Investments

Investments in short-term securities, bonds, and equities are classified as either held-for-trading or available for sale, based on management's intention. Investment transactions are recorded on a trade date basis. The WSIB has designated all of its investments as available for sale except for derivatives, which are classified as held for trading.

Available-for-sale securities include securities that may be sold in response to or in anticipation of changes in interest rates, changes in foreign currency risk, changes in funding sources, or to meet liquidity needs. Available-for-sale securities are carried at estimated fair value. Realized gains and losses are recognized as investment income in the year in which they occur. Unrealized gains and losses on available-for-sale securities are recognized in other comprehensive income until they are realized.

Available-for-sale securities are assessed regularly to determine whether there is other than temporary impairment. Write downs to reflect other than temporary impairment are included in investment income and removed from accumulated other comprehensive income.

Held-for-trading securities, which are purchased for sale in the near term, are reported at estimated fair value. Realized and unrealized gains and losses are recognized as investment income as they arise.

The WSIB is party to forward foreign exchange contracts that are designated as held for trading and are carried at fair value. Changes in the fair value of forward foreign exchange contracts are recognized in income in the period in which they arise.

Real estate investments

Investments in real estate are carried at cost plus move-to-market adjustments recorded to the end of 2003, less accumulated depreciation recorded after 2003.

Prior to 2004, the carrying value of real estate investments was amortized towards appraised market value at 10 per cent annually. Beginning in 2004, new investments in real estate are initially recorded at cost and the carrying value of all buildings is amortized over the estimated useful life of 40 years on the straight-line basis.

Fair value of financial instruments

The fair values of investments are the year-end quoted prices where available. Where quoted prices are not available, estimated fair values are calculated based upon the yields and values of comparable marketable securities.

Cash and cash equivalents denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the balance sheet date.

The cost of short-term securities, treasury bills, and term deposits maturing within a year, plus accrued interest income, approximates the fair value of these instruments.

The fair value of bonds and equities denominated in foreign currencies is translated into Canadian dollars at the exchange rate in effect at the balance sheet date. Pooled fund investments are valued at the unit values supplied by the pooled fund administrator. These values represent the WSIB's proportionate share of underlying net assets at fair values determined using closing market prices.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing on the balance sheet date. Revenues and expenses are translated at exchange rates in effect on the transaction date. Realized exchange gains and losses are included in income. Unrealized exchange gains and losses are included in other comprehensive income.

Fair value of other financial assets and liabilities

The carrying value of receivables and payables approximates their fair value because of the short-term nature of these instruments.

Loss of Retirement Income Fund

The Loss of Retirement Income Fund is invested in short-term securities, bonds, equities and pooled funds. These investments are carried at estimated fair value. Changes in fair value are included in investment income of the Loss of Retirement Income Fund in the year in which they occur.

Property, equipment, and other assets

Property, equipment, and other assets are recorded at cost. The cost of buildings includes development, financing and other costs capitalized prior to the day they become fully operational. At this time, amortization commences. Capital assets are amortized using the straight-line method, at rates calculated to expense the cost of assets over their estimated useful lives, which are 20 years for buildings, five years for office equipment, three years for computer equipment, and lease term or ten years for leasehold improvements.

Premiums

Each year, the board of directors approves preliminary and final premium rates. The preliminary rates are recalibrated annually with current economic and actuarial assumptions and are used to solicit feedback from stakeholders in the development of the final premium rates. Premium rates are established to cover all expected claims and operating costs for the upcoming injury year. To stabilize premium rates, there are rules in place to govern the amount of increase and to moderate any excessive changes from year to year. Premium rates include a component that is applied to reduce the unfunded liability. The WSIB may also levy a special premium when it is considered appropriate. In advance of the year, Schedule 1 employers are notified of their final premium rates to be paid for the upcoming injury year. Premium revenue is determined by applying premium rates to Schedule 1 employers' insurable payrolls.

Schedule 2 employers are individually liable to pay all insurance benefits and administration costs with respect to their workers' claims. Reimbursements for claims paid and the cost of administration are included in their premium assessment.

Benefit liabilities

Benefit liabilities are determined annually through an actuarial valuation that estimates the present value of future payments for loss of earnings, labour market re-entry, short- and long-term disability, health care, survivor benefits, retirement income benefits, and claim administration costs. They represent a provision for future benefit payments and the future cost of administering claims incurred on or before December 31. The provision has been determined by estimating future benefit payments in accordance with the adjudication practices in effect at December 31 and relevant legislation.

The benefit liabilities do not include any provision for payment of Schedule 2 claims. The costs of these claims are not considered WSIB liabilities because they are a liability of Schedule 2 employers.

Benefit liabilities do not include any provision for future claims relating to occupational diseases, or for injuries and illnesses that are not currently considered to be work-related.

Pension and other benefit plans

The WSIB offers a number of benefit plans that provide pension and other post-retirement benefits to eligible staff. These plans include a statutory pension plan, a supplemental pension plan, and other post-retirement benefits plans, including health, dental, and life insurance.

The WSIB funds its statutory pension and post retirement benefit plans annually based on actuarially determined amounts required to satisfy employee benefit entitlements under current pension regulation and benefit plan policies. These pension plans provide benefits based on years of service and average earnings at retirement.

Actuarial valuations are performed annually to determine the present value of the accrued pension benefits, based on projections of the employees' compensation levels to the time of retirement. Investments held by pension funds primarily comprise equity securities, bonds and debentures. Pension fund assets are valued at fair value.

Pension benefit expense, which is included in salaries and employee benefits within administrative and other expenses (note 10), consists of the cost of employee pension benefits for the current year's service, interest cost on the liability, expected investment return on the market-related value of plan assets, and the amortization of unrecognized past service costs, unrecognized net actuarial gains or losses, and unrecognized transition assets or obligations. Amortization is charged over the expected average remaining service period of active employees covered by the plan.

The cumulative excess of pension fund contributions over the amount recorded as expenses is reported as accrued benefit liability in the balance sheet. The cumulative excess of pension benefit expense over pension fund contributions is reported in the employee benefit plan liabilities. Liabilities for other post-retirement benefits are also reported in the employee benefit plans' liabilities.

The full amount of the gain or loss from the change in obligation for workplace insurance benefits is recognized in the year the gain or loss occurs and is included in other benefit plans (note 7).

Other defined-contribution plan costs are recognized in income for services rendered by employees during the year.

3. Investments and investment revenue

Investments by category are as follows:

($ millions)	2006				2005
	Amortized cost	Carrying value adjustments	Net unrealized gains/ (losses)	Carrying value	Carrying value
Held for trading:					
Foreign exchange contracts	$ -	$ (2)	$ -	$ (2)	$ (2)
Available for sale:					
Fixed income securities					
Bonds	3,930	-	139	4,069	3,637
Equities					
Domestic	1,691	84	874	2,649	3,302
Foreign - U.S.	3,352	10	486	3,848	3,129
- Global	2,677	19	875	3,571	2,550
	7,720	113	2,235	10,068	8,981
Real estate	176	-	-	176	211
	11,826	113	2,374	14,313	12,829
Total investments	**$ 11,826**	**$ 111**	**$ 2,374**	**$ 14,311**	**$ 12,827**

Included in the above is an accrued income of $63 million (2005: $57 million).

Foreign currency risk

Foreign currency risk is the risk of loss due to adverse movements in foreign currency rates versus the Canadian dollar. From time to time, the WSIB uses foreign exchange contracts to hedge currency risk. Foreign exchange contracts are agreements to exchange an amount of one currency for another at a future date and at a set price, agreed upon at the contract's inception. The fair value of these financial instruments would change in response to changes in the underlying variables affecting the contracts, such as changes in the foreign exchange rates of the currencies involved in the contracts. The notional amounts in foreign exchange contracts are the contractual amounts on which payments are made. These notional amounts have been converted into Canadian dollars at the contractual exchange rates in effect at the inception of the contracts. Outstanding contracts from 2006 mature in the first three months of 2007.

At December 31, 2006, the notional value of outstanding foreign currency contracts was $405 million (2005: $283 million). Outstanding contracts in a favourable position had a fair value of $2 million (2005: $1 million) and those in an unfavourable position had a fair value of negative $4 million (2005: negative $3 million). Unrealized losses on foreign exchange contracts of $2 million (2005: $2 million) were included in investment income.

The fair value of the investment portfolio includes $7,419 million (2005: $5,679 million) of securities denominated in foreign currency. The major holdings are as follows: 52 per cent (2005: 55 per cent) in U.S. dollar, 17 per cent (2005: 16 per cent) in euros, 12 per cent (2005: 12 per cent) in British pound sterling, nine per cent (2005: nine per cent) in Japanese yen and 10 percent (2005: eight per cent) in other currencies.

Bonds by term to maturity as of December 31:

($ millions)	2006					2005
	Term to maturity (years)					
	Up to 1	1 – 5	5 – 10	Over 10	Total	Total
Government bonds						
Fair value	–	$1,270	$641	$916	$2,827	$2,554
Yield %*	–	4.1	4.2	4.4	4.2	4.1
Corporate bonds						
Fair value	–	$497	$374	$371	$1,242	$1,069
Yield %*	–	4.4	4.7	5.2	4.7	4.5
Total						
Fair value	**–**	**$1,767**	**$1,015**	**$1,287**	**$4,069**	**$3,601**
Yield %*	**–**	**4.2**	**4.4**	**4.6**	**4.4**	**4.2**

*The average yield reflects the yield to maturity, which is the discount rate that makes the present value of future cash flows for each bond equal to its fair value as of December 31.

Revenue by category of investment is as follows:

($ millions)	2006	2005
Short-term securities	$9	$7
Bonds	196	196
Equities and real estate	1,123	639
	1,328	842
Investment expenses	(30)	(23)
Net investment revenue	**$1,298**	**$819**

Revenue from bonds includes $19 million (2005: $37 million) of net realized gains. Revenue from equities and real estate includes $895 million (2005: $424 million) of net realized gains. During the year, $37 million (2005: $102 million) was assessed as other than temporarily impairment and recognized in investment income. The remaining unrealized losses on available-for-sale securities of $54 million (2005: $160 million) are not considered to be other than temporarily impaired as at December 31, 2006, as WSIB has the intent and ability to hold them for a reasonable period of time until the recovery of fair value.

Securities lending

WSIB earns additional income by participating in a securities-lending program. Securities it owns are loaned to others for a fee and are secured by high-quality collateral. The fair value of the collateral always exceeds the fair value of the securities loaned and the collateral is marked to market daily. The program is managed by a Canadian financial institution. At December 31, 2006, the fair value of securities on loan was $1,741 million (2005: $1,718 million). The collateral held with respect to these securities was $1,876 million (2005: $1,827 million).

4. Loss of Retirement Income Fund

For injuries and illnesses that occurred prior to January 1, 1998, the WSIB sets aside funds equal to 10 per cent of every payment made to injured workers.

Effective January 1, 1998, for claims incurred after December 31, 1997, for workers who have received loss of earnings benefits for 12 continuous months, the WSIB sets aside five per cent of their loss of earnings benefits for their retirement fund. Injured workers may choose to contribute a further five per cent from their loss of earnings benefits. These funds are segregated from the WSIB's investment portfolio and are invested to provide retirement income benefits for injured workers.

The carrying value of the Fund as of December 31 is as follows:

($ millions)	2006	2005
Cash and cash equivalents	$31	$47
Bonds	170	141
Equities	261	207
Investment in pooled fund	410	340
	$872	**$735**

The underlying securities in the pooled fund include fixed-income securities valued at $109 million (2005: $89 million), equities valued at $292 million (2005: $236 million), and money market instruments valued at $9 million (2005: $15 million).

The change in net assets is as follows:

($ millions)	2006	2005
Funds set aside under the *Act*	$69	$66
Investment income	96	76
Benefit costs paid	(28)	(27)
Increase in net assets	137	115
Net assets, beginning of year	735	620
Net assets, end of year	**$872**	**$735**

5. Property, equipment, and other assets

($ millions)	2006		2005
	Cost	Net carrying value	Net carrying value
Land	$29	$29	
Buildings and leasehold improvements	196	101	$108
Office equipment	111	1	2
Computer equipment	140	23	14
	476	154	124
Other assets	52	52	44
	$528	**$206**	**$168**

Amortization expense in 2006 was $13 million (2005: $18 million).

The WSIB, through its wholly owned subsidiary, 799549 Ontario Inc., is a 75 per cent participant in a co-ownership agreement for its head-office land and building at 200 Front Street West, Toronto. The building and leasehold improvements of $101 million represent WSIB's 75 per cent share of the co-ownership.

The land under capital lease represents the land on which WSIB's head-office building was constructed.

6. Long-term debt

($ millions)	2006	2005
Mortgage payable	$69	$70
Obligation under capital lease	23	–
	$92	**$70**

Mortgage payable

To fund part of the development and construction of the building at 200 Front Street West, Toronto (note 5) the WSIB entered into a long-term mortgage loan agreement in 1993. The mortgage loan is secured by the building and matures in the year 2015. The interest rate is fixed at 10.25 per cent per annum, compounded semi-annually.

The fair value of the mortgage payable as of December 31, 2006, was $74 million (2005: $79 million), with a book value of $69 million (2005: $70 million). The $7-million mortgage interest expense for the year was included in occupancy costs (note 10) (2005: $7 million).

Obligation under capital lease

This amount represents the balance of the lease obligation for the land at 200 Front Street West on which the WSIBs head-office building is located. The WSIB, through its wholly owned subsidiary, 799549 Ontario Inc, makes annual lease payments of $4 million under a capital lease.

During 2006, the WSIB negotiated an amendment to this lease to accelerate the lease expiry from 2087 to 2027, and to provide the WSIB with an option to purchase a 75 per cent interest in the land at the expiry date of May 31, 2027, for $1.5 million. This option price is considered by management to be advantageous and it is expected that the option will be exercised.

The fair value of the lease obligation at December 31, 2006, was $39 million, with a book value of $23 million. Interest on lease obligation for the year of $0.7 million was included in occupancy cost.

7. Employee benefit plans

The WSIB has several benefit plans for eligible current and retired employees. The cost of employee benefit plans is recognized in the reporting period in which employees have provided service.

Pension and other benefit plans

The WSIB has two pension plans for its employees and employees of Safe Workplace Associations: the WSIB Employees' Pension Plan, and the WSIB Employees' Supplementary Pension Plan.

The WSIB Employees' Pension Plan is a defined-benefit pension plan that provides for partially indexed pensions based on years of service and best five consecutive years average earnings in the last ten years. The WSIB Employee's Supplementary Pension Plan ensures that employees of the WSIB and Safe Workplace Associations whose earnings exceed the threshold earnings for the maximum pension benefit permitted under the *Federal Income Tax Act* will receive pension benefits based on their total earnings.

The investment activities and the administrative and accounting functions of the pension plans are administered by the WSIB. The accrued pension obligations of the plans reflect management's estimates of salary escalation, investment rate of return, mortality of members, terminations, and ages at which members will retire.

Other benefits include medical, dental, and life insurance, accrued vacation, short-term salary protection to cover periods of illness and other absences, as well as the costs of insurance benefits provided to employees who sustain injuries in the course of employment. The measurement date for financial reporting purposes of the plan assets and the benefit obligation is as of December 31, 2006. The most recent and next actuarial valuations for funding purposes are as of December 31, 2006 and 2007, respectively.

Information about the WSIB's defined-benefit pension plans and other benefit plans in aggregate, is as follows:

($ millions)	Employees' Pension Plan		Employees' Supplementary Pension Plan		Other benefit plans		Total plans	
	2006	2005	2006	2005	2006	2005	2006	2005
Accrued benefit obligation								
Beginning of year	**1,607.3**	**1,302.2**	**12.5**	**10.7**	**469.8**	**376.7**	**2,089.6**	**1,689.6**
Current service cost	50.6	35.3	0.2	0.1	14.7	11.6	65.5	47.0
Interest cost	87.4	81.9	0.7	0.7	25.4	23.6	113.5	106.2
Benefits paid	(53.9)	(45.2)	(0.4)	(0.4)	(16.1)	(15.1)	(70.4)	(60.7)
Employee past service contributions	3.3	4.4	-	-	-	-	3.3	4.4
Employee current service contributions	21.6	20.9	0.3	0.3	-	-	21.9	21.2
Past service benefit cost	-	-	-	-	-	4.4	-	4.4
Actuarial (gain) loss	65.2	207.8	1.5	1.1	31.8	68.6	98.5	277.5
End of year	**1,781.5**	**1,607.3**	**14.8**	**12.5**	**525.6**	**469.8**	**2,321.9**	**2,089.6**
Plan assets								
Fair value at beginning of year	**1,474.5**	**1,309.4**	**2.4**	**2.3**	**-**	**-**	**1,476.9**	**1,311.7**
Actual return on plan assets	234.4	158.3	0.1	-	-	-	234.5	158.3
Employer contributions	28.0	26.7	0.2	0.2	16.1	15.1	44.3	42.0
Employee current service contributions	21.6	20.9	0.3	0.3	-	-	21.9	21.2
Employee past service contributions	3.3	4.4	-	-	-	-	3.3	4.4
Benefits paid	(53.9)	(45.2)	(0.4)	(0.4)	(16.1)	(15.1)	(70.4)	(60.7)
Fair value at end of year	**1,707.9**	**1,474.5**	**2.6**	**2.4**	**-**	**-**	**1,710.5**	**1,476.9**
Funded status								
Funded status, plan surplus (deficit)	(73.6)	(132.8)	(12.2)	(10.1)	(525.6)	(469.8)	(611.4)	(612.7)
Unamortized net actuarial (gain) loss	96.2	178.4	2.8	1.4	121.6	93.7	220.6	273.5
Unamortized past service costs	15.5	17.0	(0.1)	(0.1)	6.1	6.6	21.5	23.5
Unamortized transitional obligation	(82.6)	(94.3)	-	-	-	-	(82.6)	(94.3)
Accrued benefit liability	**(44.5)**	**(31.7)**	**(9.5)**	**(8.8)**	**(397.9)**	**(369.5)**	**(451.9)**	**(410.0)**
Accrued benefit obligation, end of year	1,781.5	1,607.3	14.8	12.5	525.6	469.8	2,321.9	2,089.6
Fair value of plan assets, end of year	1,707.9	1,474.5	2.6	2.4	-	-	1,710.5	1,476.9
Funded status, plan surplus (deficit)	**(73.6)**	**(132.8)**	**(12.2)**	**(10.1)**	**(525.6)**	**(469.8)**	**(611.4)**	**(612.7)**
Net benefit plan expense								
Current service cost	50.6	35.3	0.2	0.1	14.7	11.6	65.5	47.0
Interest cost	87.4	81.9	0.7	0.7	25.4	23.6	113.5	106.2
Expected return on plan assets	(96.1)	(85.8)	(0.1)	(0.1)	-	-	(96.2)	(85.9)
Amortization of past service costs	1.5	1.5	-	-	0.6	0.6	2.1	2.1
Amortization of transitional obligation	(11.8)	(11.8)	-	-	-	-	(11.8)	(11.8)
Amortization of net loss (gain)	9.1	-	-	-	3.8	0.9	12.9	0.9
Net benefit plan expense	**40.7**	**21.1**	**0.8**	**0.7**	**44.5**	**36.7**	**86.0**	**58.5**

($ millions)	Employees' Pension Plan				Employees' Supplementary Pension Plan	
	2006		2005		2006	2005
	$	%	$	%	$	$
Plan assets by major category						
Equity securities	1,167.1	68.3	962.8	65.3	-	-
Debt securities	477.1	28.0	446.0	30.2	-	-
Real estate	44.4	2.6	38.0	2.6	-	-
Accrued investment income	6.9	0.4	6.7	0.5	-	-
Other	12.4	0.7	21.0	1.4	2.6	2.4
Total	1,707.9	100.0	1,474.5	100.0	2.6	2.4

The significant actuarial assumptions adopted as of December 31 to value the Employees' Pension Plan, the Employees' Supplementary Pension Plan, and other benefit plans are as follows:

	Employees' Pension Plan		Employees' Supplementary Pension Plan		Other benefit plans	
	2006	2005	2006	2005	2006	2005
Discount rate, plan expenses	5.40%	6.25%	5.40%	6.25%	5.40%	6.25%
Discount rate, accrued benefit obligations	5.15%	5.40%	5.15%	5.40%	5.15%	5.40%
Expected long-term rate of return on plan assets	7.0%	7.0%	3.5%	3.5%	–	–
Dental cost escalation		–	–	–	4.0%	4.0%
Average remaining service period (years)	13	13	13	13	13	13

Health-care cost trend rates at December 31

	2006	2005
Medical cost		
General inflation rate		
Initial rate	10.0%*	10.0%*
Ultimate rate	4.0%	4.0%
Year ultimate rate reached	2013	2012
Age inflation of 2% per year of age		
Dental costs		
General inflation rate	4.0%	4.0%

*Grading down by 1% per year.

8. Benefit liabilities and benefit costs

Benefit liabilities represent an actuarially determined provision for future benefit payments relating to incurred claims, and the expense of administering those future benefit payments are discounted to the valuation date at the assumed net discount rates shown below. Estimates of future benefit payments apply to both reported and unreported claims resulting from injuries and illnesses, including occupational diseases, that occurred on or before December 31, 2006, and are based on the level and nature of entitlement and on adjudication practices in effect at that date.

The benefit liabilities were determined using accepted actuarial practices in accordance with the standards established by the Canadian Institute of Actuaries.

The actuarial present value of future benefit payments depends on economic and actuarial assumptions that are based on past experience, modified for current trends. These assumptions may change over time to reflect underlying conditions, and it is possible that such changes could cause a material change in the actuarial present value of future benefit payments. The following key long-term economic assumptions were used in the actuarial valuation of the benefit liabilities:

	2006	2005
Inflation rate	3.0%	3.0%
Investment rate of return	7.0%	7.0%
Rate of indexation of benefits		
Fully indexed	3.0%	3.0%
Partially indexed	0.5%	0.5%
Investment return, net of indexation		
Fully indexed	4.0%	4.0%
Partially indexed	6.5%	6.5%
Wage escalation rate	4.0%	4.0%
Health-care costs escalation rate	6.5%	6.5%

Mortality estimates are based on WSIB injured-worker mortality experience from 1996 to 2000 adjusted for mortality improvements to 2006; and, for survivors of deceased workers, on the 1995–1997 Ontario Life Tables, adjusted for mortality improvements to 2006.

Loss of earnings (LOE) termination rates are based on WSIB injured-worker termination experience up to and including 2005. In addition, the proportion of awards at 100 per cent wage loss beyond six years' duration was updated to reflect current experience.

Provisions have been made for the effect of future increases in the covered earnings ceiling and the minimum and maximum limits affecting income benefits.

Management believes that the valuation methods and assumptions are, in aggregate, appropriate for the valuation. Long-term economic and actuarial assumptions and methods are reviewed annually as of December 31, when an actuarial valuation is performed.

The change in present value of future benefit payments for reported and unreported work-related injuries and illnesses is recorded as benefit cost. Any adjustments resulting from the continuous review of entitlements and experience, or from changes in legislation, assumptions, or methods, are also included as benefit costs.

The benefit liabilities include a provision of $855 million (2005: $845 million) for future costs of administering existing claims. Administrative and other expenses have been adjusted by $301 million (2005: $291 million) to reflect the amount that was charged against the provision for benefit liabilities relating to future claim administration costs in the current year.

Sensitivity of actuarial assumptions

The benefits liability is calculated based on actuarial assumptions. Changes in these assumptions can cause significant changes in the benefits liabilities. This sensitivity is illustrated as follows:

The actuarial assumption most sensitive to change is the assumed discount rate of 7 per cent. The approximate impact of a 0.5 per cent decrease in the assumed discount rate would increase benefits liabilities by approximately $725 million.

Calculation of the benefit liabilities was based on WSIB injured-worker mortality experience. A flat reduction of five per cent in these mortality rates would increase benefits liabilities by approximately $115 million.

A 10.0 per cent decrease in the number of lost time injuries in the current year would decrease benefits liabilities by approximately $150 million.

Health care benefit liabilities are calculated assuming a future rate of escalation of health-care costs of 6.5 per cent per year. A 0.5 per cent increase in the escalation factors used for future health care costs would increase benefits liabilities by approximately $130 million.

Calculation of the benefit liabilities for the loss of earnings benefit utilizes WSIB injured-worker claim termination experience. A flat reduction of five percent in these termination rates would increase benefits liabilities by approximately $275 million.

Benefit liabilities and benefit costs paid in 2006 were as follows:

($ millions)	2006								2005
		Labour market re-entry							
	Loss of earnings	Income support	External providers	Short- & long-term disability	Health care	Survivor benefits	Claim admin. costs	Total	Total
Benefit liabilities, beginning of year	$3,812	$66	$398	$9,677	$2,731	$1,721	$845	**$19,250**	**$18,410**
Benefit costs	1,887	101	157	919	757	198	311	**4,330**	**4,037**
Benefit costs paid during the year									
Schedule 1	(723)	(108)	(132)	(1,162)	(443)	(150)	(301)	**(3,019)**	**(2,954)**
Schedule 2	(84)	(5)	(3)	(100)	(51)	(18)	–	**(261)**	**(243)**
	(807)	(113)	(135)	(1,262)	(494)	(168)	(301)	**(3,280)**	**(3,197)**
Change in benefit liabilities	1,080	(12)	22	(343)	263	30	10	**1,050**	**840**
Benefit liabilities, end of year	$4,892	$54	$420	$9,334	$2,994	$1,751	$855	**$20,300**	**$19,250**

9. Reconciliation of the change in the unfunded liability

The unfunded liability is affected by a number of factors, including an interest charge on the unfunded liability, premiums applied to reduce the unfunded liability, experience gains and losses, changes in accounting practices, policy, or legislation, and changes in actuarial assumptions for calculating benefit liabilities.

The interest charge on the unfunded liability recognizes that there are insufficient assets to cover existing liabilities, resulting in a shortfall in investment income and assets to pay future claim payments. Premiums that are collected to reduce the unfunded liability include an amount to cover this shortfall.

In addition, the difference between expected and actual experience on items such as indexation, investment returns, and claims experience also gives rise to changes in the unfunded liability.

The actuarial reconciliation of the change in the unfunded liability is as follows:

($ millions)	2006	2005
Unfunded liability, beginning of year	$6,510	$6,420
Add (deduct):		
Investment income not earned due to shortfall in invested assets	458	452
Premiums allocated to reduction of unfunded liability	(1,000)	(934)
Experience (gains)/losses resulting from:		
Indexation of benefits less than expected	(113)	(51)
Higher than expected investment returns	(1,063)	(365)
Prior and current years' claims experience	433	418
Changes in assumptions:		
Mortality	14	13
Long-term loss of earnings	500	379
Changes in benefit cost assumptions:		
Health care benefits	68	134
Long-term disability	15	16
External agency rehabilitation payments	20	43
Other changes	59	(48)
Other changes:		
Change in personal income tax rates	96	33
Unfunded liability, end of year	**$5,997**	**$6,510**

10. Administrative and other expenses

Administrative and other expenses consist of the following:

($ millions)	2006	2005
Salaries and fringe benefits	$288	$287
Equipment and maintenance	36	34
Occupancy	40	37
Communication	15	16
Supplies and services	7	8
Travel and vehicle maintenance	4	5
New systems development and integration	7	7
Other	18	19
	415	413
Amortization expense	13	18
Staff benefit plans	94	63
	522	494
Claim administration costs (note 8)	(301)	(291)
	$221	**$203**

11. Related-party transactions

Legislated obligations and commitments

Under the *Workplace Safety and Insurance Act, 1997* and as directed by the lieutenant governor through orders in council, the WSIB is required to reimburse the Government of Ontario for all administrative costs of the *Occupational Health and Safety Act*. The WSIB is also required to fund the Workplace Safety and Insurance Appeals Tribunal (WSIAT) and the Offices of the Worker and Employer Advisor. These reimbursements and funding amounts are determined and approved by the Minister of Labour. The WSIB is also committed to providing funding for the Institute for Work & Health and Safe Workplace Associations, clinics and training centres.

The total amount of funding provided under these legislated obligations and commitments in 2006 was $208 million (2005: $200 million).

Investments

Included in investments are marketable fixed-income securities issued by the Ontario provincial government and related corporations valued at $429 million (2005: $305 million).

Other

In addition to legislated obligations and workplace health and safety expenses, the financial statements include amounts resulting from transactions conducted in the normal course of operations with various Ontario government-controlled ministries, agencies, and Crown corporations. Such transactions are conducted on terms and conditions similar to those that apply to transactions with unrelated parties. Account balances resulting from these transactions are not significant.

12. Commitments and contingencies

Contractual obligations

At December 31, 2006, the WSIB was committed under non-cancellable contractual obligations – consisting of software licenses and equipment and property leases – requiring future minimum payments of approximately $27 million per year over the next five years, and $49 million in aggregate thereafter.

Legal actions

The WSIB is party to various claims and lawsuits, which are being contested. In the opinion of management, the outcome of such claims and lawsuits will not have a material effect on WSIB expenses or financial position.

Bank Line of Credit

The WSIB maintains an unsecured $150-million line of credit with a commercial bank. The credit line was not utilized in 2006 or 2005.

13. Comparative figures

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current year.

Ten-year history

Ten-year summary of the statements of operations and unfunded liability

($ millions)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Revenues										
Premiums for current year	$2,385	$2,256	$2,124	$2,068	$1,997	$1,866	$1,760	$1,707	$1,722	$1,886
Investments	1,298	819	470	456	246	765	1,128	1,042	982	839
Other income	3	3	49	–	–	–	–	–	–	–
	3,686	**3,078**	**2,643**	**2,524**	**2,243**	**2,631**	**2,888**	**2,749**	**2,704**	**2,725**
Expenses										
Benefit costs paid	3,280	3,197	3,101	2,996	2,883	2,755	2,558	2,195	2,255	2,244
Net increase/(decrease) in benefit liabilities	1,050	840	950	495	692	270	125	135	(85)	(1,740)
Loss of Retirement Income Fund	69	66	60	56	52	50	46	44	44	43
	4,828	**4,103**	**4,111**	**3,547**	**3,627**	**3,075**	**2,729**	**2,374**	**2,214**	**547**
Administrative and other expenses	221	203	204	210	240	236	247	387	336	341
Legislated obligations	208	200	188	172	160	162	156	145	125	117
	4,828	**4,506**	**4,503**	**3,929**	**4,027**	**3,473**	**3,132**	**2,906**	**2,675**	**1,005**
Excess/(Deficiency) of revenues over expenses from current operations	(1,142)	(1,428)	(1,860)	(1,405)	(1,784)	(842)	(244)	(157)	29	1,720
Premiums for unfunded liability	1,000	934	1,017	861	902	860	971	1,061	930	683
Transfer of Electrical Utilities from Schedule 2		–	–	–	(52)	–	–	–	–	–
Excess (deficiency) of revenues over expenses	**(142)**	**(494)**	**(843)**	**(544)**	**(934)**	**18**	**727**	**904**	**959**	**2,403**
Unfunded liability, beginning of year	(6,510)	(6,420)	(7,135)	(6,591)	(5,657)	(5,675)	(6,402)	(7,098)	(8,057)	(10,460)
Effect of change in accounting policy		0	1,088	–	–	–	–	(208)	–	–
Other comprehensive income	655	404	470	–	–	–	–	–	–	–
Excess of expenses over revenues	(142)	(494)	(843)	(544)	(934)	18	727	904	959	2,403
Unfunded liability, end of year	(5,997)	$(6,510)	$(6,420)	$(7,135)	$(6,591)	$(5,657)	$(5,675)	$(6,402)	$(7,098)	$(8,057)

Other statistics

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Schedule 1										
Average premium rate (per $100 of payroll)	$2.26	$2.19	$2.19	$2.19	$2.13	$2.13	$2.29	$2.42	$2.59	$2.85
Total insured payroll ($ millions)	140,912	$135,865	$130,398	$125,638	$120,252	$113,727	$109,237	$101,654	$96,205	$91,497
Schedule 1 & 2										
Number of new claims, by registration year	336,851	352,996	352,474	354,926	361,179	371,067	379,079	364,069	342,687	341,178
Schedule 1 & 2										
Number of WSIB employees as of December 31	4,283	4,363	4,411	4,276	4,390	4,513	4,466	4,260	4,057	3,966

2006 public sector salary disclosure

WSIB employees earning more than $100,000 per annum

Surname	Given Name	Position	Salary Paid	Taxable Benefits
Abrams	Brenda E.	Vice Presdient, Legal Services and General Counsel	$197,030.66	$4,422.94
Achar	Ramachandra	Medical Consultant	$117,413.29	$-
Adamo	Valerie	Vice President, Business Technology Services and Chief Information Officer	$206,647.72	$357.30
Ah-Yoong	Georges	Executive Director, Financial Planning and Support	$132,580.94	$2,729.42
Allingham	Richard	Director, Research and Evaluation	$129,848.55	$256.56
Argue	Robert	Director, Applications Development	$110,654.24	$154.67
Arvisais	Ed	Medical Consultant	$147,239.71	$276.82
Ayres	David	System Architect	$100,606.24	$189.28
Bain	Donna	Executive Director, Health Services Management	$165,537.71	$286.18
Balinson	Alex Paul	Medical Consultant	$116,600.12	$221.41
Barone	Lynne	Director, Organizational Effectiveness	$107,552.69	$212.78
Belanger	Adele Marie	Legal Counsel	$120,894.70	$239.04
Bell	Susan	Director, Schedule II Sector	$124,783.35	$246.92
Bentley	David	System Architect	$105,175.15	$187.02
Bercovitch	Eve	Legal Counsel	$123,488.19	$244.02
Bishop	Margaret	Medical Consultant	$146,517.88	$276.82
Blanchard	Patricia D.	Director, Employee Relations	$103,635.30	$205.22
Boland	John	Assistant Director, Industry Sector/Small Business	$101,549.39	$551.10
Bradbury	Laura	Fair Practices Commissioner	$143,708.34	$284.14
Bridge	Margaret	Associate Director/Physician	$151,515.66	$287.72
Brown	Elizabeth	Legal Counsel	$126,898.03	$250.86
Brown	Marilyn	Manager, Pension Policy & Adminstration	$120,051.03	$119.04
Burton	Neil	Director, Client Services Development	$141,043.95	$257.88
Cancilla	John	Director, Strategic Compliance	$105,170.34	$207.80
Chain	Marybelle	Medical Consultant	$142,739.71	$276.82
Charlton	Heidi	Director, Corporate Office/ Executive Assistant to President and Chief Executive Officer	$106,377.39	$180.79
Chen	Kathy	Senior Specialist Database	$117,285.38	$183.04
Chin	Charmaine	Director, Central Claims Processing	$117,098.60	$231.88
Chiu	Margaret	Manager, Information Services/Information Technology Projects	$113,425.38	$221.92
Clark	Dane	Director, Service Delivery	$111,233.91	$212.03
Clark	Jeff	Director, Strategic Procurement Facilities Management	$114,887.78	$227.22
Coulson	Greg	Human Resources Business Partner	$120,611.79	$229.58
David	Lawrence	Medical Consultant	$129,843.80	$437.75
De Lair	Hal	Director, Ontario Occupational Health Services Network	$116,823.16	$226.50
Denham	John	Vice Presidents, Investments	$261,519.02	$448.34
Deslauriers	Jean	Medical Consultant	$145,739.71	$276.82
Difranco	Joe	Senior Specialist, Applications	$109,900.24	$180.36
Doppler	Andrew	Director, Service Delivery	$118,076.29	$233.20
Dorcas	Dow	Medical Consultant	$151,939.06	$-
Dudley	John	Associate Director/Physician	$159,496.25	$298.00
Easson	Douglas	Assistant Director, Prevention	$112,898.87	$192.08
Fahmy	Nadia	Director, Service Delivery	$125,222.67	$268.06
Field	Paul	Director, Small Business	$121,369.22	$231.16
Fortin	Claire Marie	Director, Medical Occupational Disease Policy	$119,081.15	$235.10
Galway	Kathleen	Director, Business Operations Audit	$112,341.32	$222.24
Gao	David G.	Senior Specialist, Applications	$103,766.85	$177.14
Garg	Swarn K.	Medical Consultant	$145,739.71	$276.82
Geary	Judy	Vice President, Program Development	$201,393.93	$3,164.17
Germansky	Martin	Medical Consultant	$148,739.71	$276.82
Gilchrist	Sharon	Director, External Stakeholder Relations	$116,848.78	$223.68
Gilkinson	Paul	Director, Appeals	$119,061.21	$235.40
Godin	Lisanne	Assistant Director, Industry Sector/Small Business	$100,143.60	$194.98
Gray-Moores	Jackie	Organizational Effectiveness Consultant	$100,327.32	$544.58
Grbac	Leonard	Medical Consultant	$148,400.77	$501.82
Hann	Karen	Director, Health Services Management	$107,141.46	$212.14
Harding	Robert	Director, Transportation Sector	$111,522.25	$219.90
Heckadon	Robert	Associate Director/Physician	$104,131.28	$-
Herlick	Vivi	Project Consultant	$108,513.60	$-
Herrington	Michael	Director, Small Business	$116,841.58	$231.16
Hickman	Robert	Medical Consultant	$142,739.71	$626.82
Hicks	Doug K.	Workwell Evaluator	$102,246.33	$143.47
Higgins	Jodi	Director, Small Business	$131,090.27	$609.14
Hinrichs	Robert	Vice President and Chief Actuary	$282,725.04	$4,560.76
Horseman	Brock C.	Chief Operating Officer	$326,093.43	$543.10
Houston	Roberta	Legal Counsel	$110,866.31	$219.30
Hussain	Andrew	Director, Technology Management Services	$125,950.97	$248.96
Hutcheon	Jill	President and Chief Executive Officer	$360,993.27	$15,424.61
Jachna	John	Director, Pre 1990 Claims	$105,340.69	$208.32
Jackson	Steven	Vice President, Human Resources	$185,090.82	$530.44
Jakobson	Susan	Director, Organizational Health Safety & Wellness	$112,929.73	$223.15
Jeanes	Wayne	Assistant Director, Treasury Operations	$110,838.27	$550.73
Johnson	Patricia	Director, Program & System Development	$101,657.71	$201.10
Johnston	Michael Bruce	Director, Prosecutions	$122,620.69	$242.66
Jordan	Vince	Manager, Software Services	$109,019.50	$215.36
Kanalec	Andrew D.	Medical Consultant	$145,739.71	$276.82
Karr	William	Medical Consultant	$141,546.35	$212.75
Kashani	Soudabeh	Medical Consultant	$125,691.01	$224.66
Kelly	Brian	Associate Director/Physician	$163,735.54	$311.86
Kelly	Linda	Director, Specialist and Advisory Services	$121,153.10	$580.44
Kerr	Fergus	Director, Occupational Disease and Survivor Benefits	$125,423.75	$247.96
Kosmyna	Roman	Board Auditor	$195,676.86	$4,421.38
Kwong	Paul	Director, Applications and Integration Services	$138,309.62	$259.84
Lamanna	Pat	Director, Small Business	$129,844.75	$604.88
Lancaster	Geoff	Project Director	$149,063.82	$-
Lau	Robert Hing	Director, Financial Services	$118,388.42	$234.06
Lee	Tommy	Team Lead Business Technology Services	$118,635.27	$176.42
Leshchyshyn	Dana	Executive Director, Service Delivery	$140,675.02	$2,745.30
Levitsky	Marianne	Director, Best Practices	$126,295.35	$238.18
Little	Sheila	Director, Admin. Services	$104,958.76	$208.12
Lo	Alvin	Program Manager	$156,159.74	$-
Lorenz	George	Director, Compensation	$119,612.59	$236.82
Lovelock	Ronald	Director, Prevention Services	$120,229.15	$238.18
Lovett	Kerry	Director, Small Business	$107,610.79	$212.78
Ma	Betty	Actuary, Pricing and Experience Rating	$147,811.12	$292.10
Ma	Chun	System Architect	$102,597.52	$182.24
Maehle	Waldermar	Medical Consultant	$145,739.71	$276.82
Malara	Nives	Director, Learning and Program Evaluation	$111,796.73	$219.40
Mancini	Carmen	Assistant Director, Industry Sector/Small Business	$119,418.28	$543.94
Martin	John	Manager, Benefits Policy	$100,102.06	$197.88
Mastrilli	Arcangelo	Medical Consultant	$142,739.71	$276.82
Mastromattei	Heather	Director, Service Delivery	$104,045.58	$205.50
McAdam	Roberta	Director, Revenue Audit Services	$123,030.67	$242.98
McCarthy	Jane	Vice President, Health Services	$206,617.30	$346.72
McIntosh-Janis	Faye	Director, Occupational Disease and Survivor Benefits	$118,194.63	$234.06
McIntyre	Moira	Vice President, Strategic Communications, Policy and Research	$175,977.94	$304.24
McKenna-Boot	Patricia	Associate Director/Physician	$152,540.75	$295.78
Mckenna	Erin	Director, Serious Injury Program and Specialty Programs	$113,607.37	$224.92
McLean	Katherine	Director, Strategic Project Management Office ad Business Advisory Services	$118,212.21	$233.74
McMurtrie	Robert	Corporate Controller	$136,303.36	$269.82
Meenan	John J.	Medical Consultant	$148,739.71	$276.82
Mikkelsen	Allan Charles	Human Resources Business Partner	$116,654.76	$456.16
Morrison	Richard	Director, Small Business	$130,148.87	$257.56
Morsillo	Joe	Director, Benefits & Revenue Policy Branch	$110,543.93	$218.44
Mould	Roy	Chief Prevention & Corporate Strategy Officer	$282,582.56	$2,950.94
Ng	Malen	Chief Financial Officer	$305,484.54	$518.80
Noble	Elaine	Legal Counsel	$105,063.46	$207.80
O'Connor	Deborah	Medical Consultant	$145,676.87	$274.02
Painvin	Catherine	Director, Clinical Resources	$164,924.07	$323.08
Peddle	Laura	Director, Compliance Projects and Planning	$106,598.43	$553.26
Peter	Alice	Director, Research Secretariat	$117,665.64	$232.36
Petrie	Gordon	Director, Collection Services	$113,602.43	$225.12
Potocny	Steve	Finance Business Partner	$109,907.57	$217.26
Potter	Douglas	Senior Project Manager	$123,877.44	$240.76
Prichett	Barry	Medical Consultant	$142,739.71	$276.82
Pushka	Wayne	Director, Security & Investigations	$121,451.96	$240.04
Rabbito	Maria Teresa	Assistant Director, Industry Sector/Small Business	$102,978.33	$203.90
Rajack	Christina	Manager and Practice Leader-Services Management	$104,996.36	$207.80
Ramsey	Williard	Actuary, Valuation and Costing	$152,860.61	$302.66
Recchi	Serge	Legal Counsel	$100,280.13	$423.60
Rodenhurst	John D.	Director, Strategic Planning and Alliances	$120,338.97	$236.10
Scarcello	Ralph	Manager, Business Operation Audit	$104,918.88	$196.24
Schofield	Michel	Physician Coordinator, Specialty Clinic	$161,398.98	$312.90
Scullion	Catherine	Medical Consultant	$137,903.97	$276.82
Setton	Allan	Chief Architect	$171,022.74	$308.78
Seville	Michelle	Systems Architect	$102,990.39	$204.22
Sgro	Joseph	Vice President, Specialized Claims Services	$181,576.51	$313.46
Share	Frances	Director, Return to Work/Labour Market Re-entry	$120,725.25	$227.78
Shewell	Kathryn	Director, Business Relationship Services	$132,939.32	$244.02
Simon	Larry	Architect	$207,999.74	$-
Siu	Christina	Senior Project Manager	$102,860.73	$202.14
Slinger	John	Chief Corporate Services Officer	$264,453.35	$4,541.82
Smargiassi	Lou	Manager, Appeals	$112,962.52	$204.22
Smith	Carol	Medical Consultant	$119,000.12	$221.41
Smith	Graham	Manager, Revenue Policy	$100,474.21	$198.92
Snowden	Edward C.	Manager, Enterprise Network Services	$105,269.72	$192.94
Stasila	Dave	Director, Investments	$138,971.81	$179.54
Steinnagel	Brenda	Medical Consultant	$130,542.82	$221.41
Subryan	Keith	Director, Service Delivery	$107,141.37	$561.74
Tam	Ed	Director, Information Systems Audit	$112,289.26	$222.24
Taraschuk	Ihor	Medical Consultant	$145,739.71	$276.82
Temnenco	Vitalie	System Architect	$101,771.40	$426.10
Thompson	Wayne	Director, Provider Relations	$141,483.16	$234.06
Thorpe	William R.	Medical Consultant	$104,904.69	$196.01
Timlin	Robert J.	Director, Corporate Business Design & Implementation	$121,871.78	$236.54
Tkachenko	Laurisa	Director, Privacy Office	$102,618.12	$202.86
Todorovic	Slavica	Executive Director, Policy and Research	$137,541.85	$271.90
Tucker	Cheryl	Director, Community Relations	$111,555.92	$218.30
Walker	John	Medical Consultant	$148,739.71	$276.82
Wallace	Tim	System Architect	$125,837.27	$220.14
Wang	Kennedy	Director, Schedule II Sector	$121,500.84	$231.44
Weatherbee	Wayne	Vice President, Service Delivery	$228,370.38	$3,210.67
Webb	Joanne	Director, Adjudication Branch	$104,422.11	$198.53
Weber	Diane	Director, President's Office	$151,036.19	$260.70
Wentzell	Scott	Medical Consultant	$121,137.41	$221.41
Whitney	David	Director, Small Business	$121,964.44	$241.42
Wiskin	John	Director, Schedule II Sector	$138,332.89	$239.76
Young	David	Assistant Director, Revenue Audit	$100,593.13	$199.24

Note: The amounts shown as earnings in this disclosure statement may not represent the individual's actual annual rate of salary. The earnings required to be made public under the *Public Sector Salary Disclosure Act, 1996* reflect the amount reported to the Canada Revenue Agency on the employer's T4 slip for an employee. The earnings shown in this statement may therefore include non-recurring payments in 2006 for retroactive pay from a reclassification or a grievance settlement or a pay-out upon retirement. The earnings shown may also be less than the individual's annual rate of salary if the individual worked only part of the year.

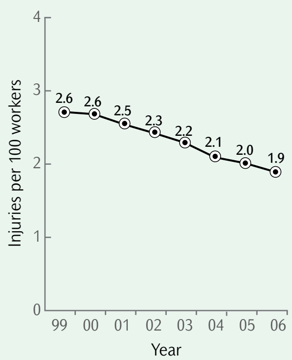
Outcomes and measures

The WSIB is transforming the workplace safety and insurance system in Ontario. This transformation is reflected in new products and services, improved ways of doing business, an increased focus on customer service for both employers and injured workers, and an emphasis on stakeholder consultation. A corporate outcomes, measures, and targets initiative helps the WSIB to monitor its progress and stay focused on three imperatives:

- Making Ontario workplaces among the safest in the world
- Providing quality service that meets the needs of workers and employers
- Ensuring the financial security of the workplace safety and insurance system

The charts below measure the WSIB's progress against each of these imperatives:

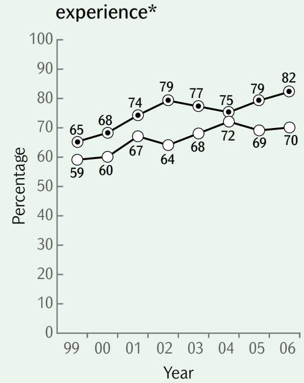
Measure: Schedule 1 & 2, WSIB/MOL harmonized lost-time injury rate



Lost-time injuries per 100 workers for all Ontario workplaces covered under *The Workplace Safety and Insurance Act*

The Ministry of Labour and the WSIB have updated the method of reporting injury rates to more accurately reflect the lost-time injury rate in Ontario workplaces

Measure: Perceived overall satisfaction with WSIB experience*

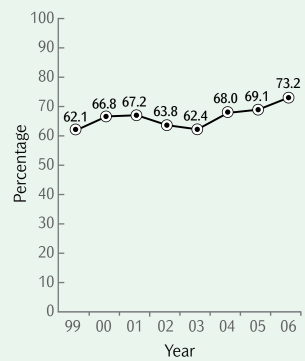


Employers' perceived satisfaction with WSIB experience

Injured workers' perceived satisfaction with WSIB experience

*Ipsos-Reid survey data

Measure: Funding ratio



Ratio of assets to liabilities, expressed as a percentage

The *Workplace Safety and Insurance Board 2006 Annual Report* is published by the WSIB Communications Division. For additional copies of this document, please visit the WSIB website, or phone 416-344-4185 or toll-free 1-800-387-5540, extension 4185.

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