05 Workplace Safety & Insurance Board
Annual Report

Financial Statements

The MD&A 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 2005.

Management's Discussion & Analysis

The Management Discussion and Analysis (MD&A) 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, 2005. This MD&A should be read together with the audited financial statements and accompanying Notes to the Consolidated Financial Statements beginning on page 28.

Forward-looking statements contained in this MD&A represent management's expectations based on information currently available. Because forward-looking statements involve risks and uncertainties, actual results may differ from the future expectations.

WSIB's Operations

The WSIB's vision is the elimination of all workplace injuries and illnesses. The WSIB's mission is to lead, prevent and preserve. The WSIB:

Leads and collaborates with prevention system partners in the promotion of occupational health and safety in Ontario workplaces and co-ordinates and aligns prevention strategies primarily through the Prevention division. In support of these efforts, the WSIB provides funding to the health and safety associations, and the Workers Health and Safety Centre. In addition, the WSIB is required to reimburse the Government of Ontario for all administrative costs of the *Occupational Health and Safety Act*.

Prevents and responds to injuries and illness and measurably lessens their impacts to the workers and workplaces of Ontario when they do occur by providing insurance benefits, monitoring the quality and timeliness of health care, and facilitating the early and safe return to work or re-entry into the labour market for workers injured on the job. In further support of these efforts the WSIB reimburses the Ministry of Health and Long-term Care for physicians' services provided to injured workers and also funds the Occupational Health Clinics for Ontario Workers. To uphold the fairness of the system, the WSIB provides funding for the Workplace Safety and Insurance Appeals Tribunal, the Office of the Worker Adviser and the Office of the Employer Adviser and the Fair Practices Commission.

Preserves a strong and sustainable workplace safety and insurance system that will continue to serve the people of Ontario. This is accomplished through setting fair and appropriate premium rates and the collection of related funds necessary for its operations from employers covered under the Act and from the prudent management of the related investment portfolio. The WSIB does not receive government funding or other assistance to pay for its operations.

In support of its mission, over the next five years the WSIB's focus is on five fundamental priorities. These are Health and Safety, Return to Work (RTW), Service Excellence, Financial Sustainability and Organizational Excellence.

Financial Highlights

In 2005, the WSIB recorded an excess of expenses over revenues of $494 million, compared to an excess of $843 million for the year ended December 31, 2004, a decrease of $349 million. The primary factors driving this improvement were higher investment revenues due to realized net gains from the sale of equities and increased premium revenue due to higher levels of insured payroll.

The Insurance Fund recorded a 10.5 per cent return versus 8.5 per cent in 2004. The higher return resulted in an increase of $349 million in investment revenues. It also contributed to an increase of $404 million in the accumulated other comprehensive income which represents unrealized net investment gains.

As of December 31, 2005, the unfunded liability increased by $90 million to $6,510 million compared to $6,420 million at the end of 2004. This increase in the unfunded liability reflects the other comprehensive income of $404 million and an excess of expenses over revenues of $494 million, which includes an increase of $379 million in benefit liabilities arising from a change in actuarial assumption for loss of earnings benefits.

The funding ratio at December 31, 2005 was 69.1 per cent, improved from the 68.0 per cent at December 31, 2004.

Premium revenue continued to grow in 2005 and was $3,190 million, a $49 million increase compared to 2004 when premium revenue was $3,141 million. Improvements in premium revenue reflect growth in insured payroll resulting from both higher levels of employment as well as increased earnings of workers.

Total expenses increased modestly by $3 million in 2005 to $4,506 million. Benefit costs were $4,037 million in 2005 compared to $4,051 million in 2004, a decrease of $14 million. Benefit costs paid for workers increased by $95 million to $2,906 million. Payments for loss of earnings, labour market re-entry, health care and future economic loss all increased in 2005, while short and long-term disability payments paid for claims occurring before January 1, 1998 decreased.

The increase in payments for workers was offset by a lower increase in benefit liabilities of $840 million compared to $950 million in 2004. The increase in benefit liabilities in 2005 reflects revisions to actuarial assumptions for loss of earnings benefits of $379 million and changes in claim inventories and other changes which accounted for $461 million.

Administrative and other expenses, before the adjustment for claim administration costs, remained at the 2004 level of $494 million in 2005. During 2005 continued efforts were made by WSIB to contain administrative costs by further embedding productivity enhancements.

Funding Strategies

The WSIB has tailored funding strategies in place for all employers covered by the system. The main purpose of these strategies is to preserve a strong and sustainable workplace safety and insurance system that will continue to serve the people of Ontario.

Employers covered under the *Workplace Safety and Insurance Act* (WSIA) are divided into groups, referred to as "Schedule 1" and "Schedule 2". Over 215,000 Schedule 1 and 700 Schedule 2 employers are registered with the WSIB. Schedule 1 employers are insured through a "collective liability" system where they share in the total cost of the compensation system with other employers with similar risks profiles by contributing to the WSIB Insurance Fund.

The funding strategy for Schedule 1 employers grew out of a new Funding Framework developed by the WSIB in the first half of 2005. Information sessions were held with employer and worker representatives during those months to outline in detail the financial challenges facing the WSIB and to receive stakeholder input. In July 2005, the WSIB's Board of Directors approved the new Funding Framework for Schedule 1 employers. The Funding Framework contains key principles to guide the WSIB in its decisions today and into the future.

A key funding principle in the Funding Framework is the *Retirement of the unfunded liability* by 2014. The WSIB has an unfunded liability, which means that insufficient assets are available today to satisfy the lifetime costs of all of the claims now in the system. The elimination of the unfunded liability will occur through the unfunded liability component reflected in annual premium rates.

Further funding principles are:

- *Collective liability* where every employer shares in the requirement to pay WSIB premiums to pay-down the unfunded liability.
- *Equity among generations of employers and workers* so as not to burden future generations of employers with any undue or unfair financial obligations arising from injuries from previous years.
- *Financial prudence and sustainability* with respect to analyses, assumptions and methods used to determine current and long-term funding requirements to pay-down the unfunded liability.
- *Stable and predictable premium rates* established to recover the full costs of the system subject to rules over the amount of premium rate increases to moderate excessive changes in premium rates from year to year.
- *Ease of administration, communication and understanding* where possible to facilitate how the funding and premium rate process affects stakeholders.

In the funding framework the accumulated other income category that quantifies the net amount of unrealized investment gains or losses held by the WSIB at year-end are excluded for funding and rate setting purposes. In this way, any short-term volatility in the investment market will not be passed onto employers through premium rates.

The WSIB recognizes that all parties in the system need to work together to help address the challenges facing the Workplace Safety and Insurance System in Ontario. The WSIB has already put in place a number of measures to help address its financial challenges including:

- Collaborating with the Ministry of Labour to address those high-risk companies with the worst health and safety performance records
- Proceeding with improvements in return to work and labour market re-entry and case management processes
- Entering into an information sharing agreement with the Canada Revenue Agency (CRA) to identify potential businesses registered with CRA that are also required to report to the WSIB and pay premiums into the Insurance Fund
- Addressing and implementing all recommendations from the 2004 third party audit conducted at the direction of the Ministry of Labour
- Keeping controllable administrative costs at zero increase for 3 years beginning in 2005
- Improving experience rating programs such that they can be a driving force in achieving positive workplace outcomes
- Continually monitoring and researching investment strategies on a quantitative and qualitative basis with a view to improving returns and/or reducing risks when justified

The WSIB recognizes that more needs to be done as we continue to manage the system for the future. The WSIB recognizes that employers have made a significant contribution to reducing lost-time injuries. Continuing efforts are required in the areas of prevention and return to work to realize significant human and financial benefits. Prevention will save lives and help employees avoid injuries and illnesses and reduce future costs. Return to work demonstrates respect for employees and is key to mitigating significant cost pressures on existing claims and the impact on premium rates. These will be critical to improving the financial sustainability of the workplace health and safety system.

Schedule 2 employers are “self-insured” and are individually responsible for the full costs of their own injured workers’ benefit costs and the related administrative expenses. The WSIB also administers the federal *Government Employees Compensation Act* for federal employees in Ontario. The federal government is classified as Schedule 2. A separate plan is in place to provide assurances that Schedule 2 employers are able to fund the cost of future benefit payments to their injured workers.

Investment Strategy

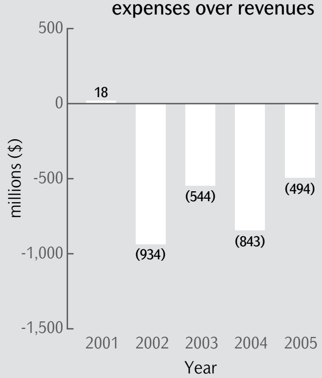
The WSIB's investment strategy is integrated with the Funding Framework principles. Investment performance is a key element to support the objective to eliminate the unfunded liability by 2014 while setting stable and predictable annual premium rates. The management of WSIB's investments is based on the following structural elements:

- *Governance structure* – The ultimate fiduciary responsibility resides with the Board of Directors. The Board sets policies, appoints agents and committees, and designates employees to implement action and monitors activities. An Investment Committee, reporting to the Board of Directors, recommends policies, appointment of agents and monitors performance compliance. This governance structure is formalized and updated annually in a Statement of Investment Policy and Procedures (SIPP), approved by the Board of Directors. In addition, the SIPP defines eligible investments which are appropriate to the needs and objectives of the 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 Insurance 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 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 to optimize 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, risk can be reduced or both.

Excess of expenses over revenues

2005 was another difficult year as expenses exceeded revenues. In 2005 the benefit liabilities increased by a further $840 million. Since 2001, the benefit liabilities increased approximately by $3,300 million in respect to the future costs of claims.

(Excess)/Deficiency of expenses over revenues



For the year ended December 31, 2005, the excess of expenses over revenues was $494 million, a change of $349 million from 2004 when the excess of expenses over revenues was $843 million. This improvement in the 2005 shortfall from 2004 is primarily due to:

- Higher investment revenue of $349 million largely driven by an increase of $316 million in realized net gains from the sale in 2005 of equities, which had accumulated significant unrealized gains.
- Insured payroll growth contributed to a slight increase in total premium revenue of $49 million.
- A $46 million decrease in other income as the 2004 amount includes a $43 million gain on the sale of the WSIB's Downsview Rehabilitation Centre property.
- Overall 2005 total expenses of $4,506 million increased modestly by $3 million compared to $4,503 million in 2004. The expense category with the largest change was benefit costs.

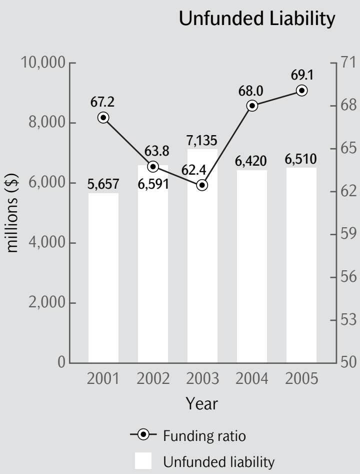
In 2005, they decreased by $14 million as a result of the lower increase in benefit liabilities partially offset by higher benefit costs paid for injured workers.

Other Comprehensive Income

- An improved return from investments contributed to an increase of $404 million in accumulated other comprehensive income compared to $470 million in 2004 resulting in a comprehensive loss of $90 million. The total accumulated other comprehensive income now stands at $1,719 million (2004: $1,315 million). The accumulated other comprehensive income represents unrealized net investment gains.

Unfunded Liability

As of December 31, 2005, the unfunded liability increased by $90 million to $6,510 million compared with $6,420 million as of December 31, 2004. At the end of 2005, total assets increased by $904 million and total liabilities increased by $994 million. As a result, the funding ratio (the ratio of assets to liabilities) improved slightly to 69.1 per cent compared to 68.0 per cent as at December 31, 2004.



Most of the increase in the unfunded liability is due to changes in the benefit liabilities reflecting experience gains and losses and changes in assumptions in the loss of earnings benefit. A detailed analysis of all the changes is included in accompanying Note 8, Benefit Liabilities and Benefit Costs and Note 9, Reconciliation of the Change in the Unfunded Liability.

In the Auditor General of Ontario (AGO) 2005 Annual Report, which covers issues of public accountability and public accounts, the AGO referred to the WSIB and the status of the unfunded liability. While the AGO remains concerned with the WSIB's current unfunded liability level, it recognized and expressed support of the actions the WSIB has taken in the last year. Recent measures include:

- establishing a Funding Framework
- increasing the 2006 average premium rate, and
- launching a number of initiatives to address both revenue and cost drivers to improve the financial sustainability of the system

The AGO noted in its report that "this recent action is an important step in addressing the Board's significant unfunded liability and in meeting the intent of the *Workplace Safety and Insurance Act, 1997*, to limit the burden of existing commitments on future employers."

Premium Revenue

Total Premium revenue for 2005 was $3,190 million, which was an increase of $49 million over 2004 total premium revenue of $3,141 million.

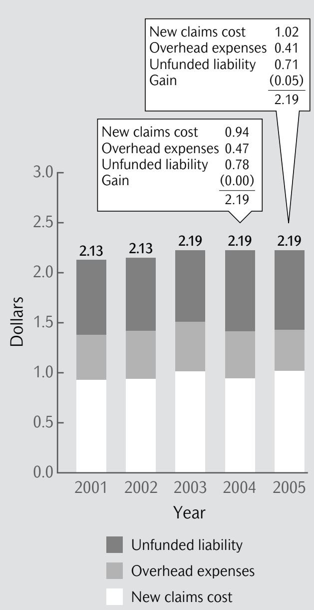
Premium revenue for years ended December 31

($ millions)	2005	2004	Increase/(decrease)	
Schedule 1 (collective liability)				
Premiums assessed	$2,061	$1,914	$147	8 %
Experience rating net refunds	(124)	(115)	(9)	8
Interest, penalties, less bad debts	25	45	(20)	(44)
Schedule 1 current premiums	**1,962**	**1,844**	**118**	**6**
Schedule 2 (self-insurers) reimbursements	294	280	14	5
Premiums for the year	**2,256**	**2,124**	**132**	**6**
Premiums for unfunded liability	934	1,017	(83)	(8)
Total premium revenue	**$3,190**	**$3,141**	**$49**	**2 %**

Schedule 1 (collective liability)

The main drivers of total premium revenue include the size of the workforce covered by the WSIB and the related maximum earnings of $67,700, which are both reflected in insurable earnings. Premium rates are applied to insurable earnings to obtain gross premium from which experience rating refunds and surcharges are provided to employers for their individual safety performance. Interest and penalties levied to employers for the late reporting and payment of premiums to the WSIB and bad debts also impact premium revenue from Schedule 1 employers.

Components of premium rate



The average premium rate for 2005 remained unchanged at $2.19 for every $100 of insurable earnings. The decision to keep the 2005 average premium rate the same as the 2004 level came after considerable feedback from stakeholder groups and the recognition of market condition impacts on Ontario employers. For the 11-year period from 1995 to 2005, the average premium rate paid by Ontario's employers declined 27 per cent from $3.00 to $2.19 even though the benefit liabilities have increased every year for the last five years.

Over the last several years, premiums have failed to keep up with rising costs such as benefit and health-care costs. In order to start recovering these costs, the average premium rate has been set at $2.26 for every $100 of insurable earnings in 2006. This 3 per cent increase over the 2005 average premium rate of $2.19 is only the second time in the last 11 years the WSIB has raised the average premium rate. The decision on the 2006 average premium rate decision was made after carefully considering feedback from employer and worker groups, the WSIB's Funding Framework and market conditions.

Total premium revenue in 2005 is reduced by $9 million from 2004 due to the net experience rating refunds to employers of $124 million compared to $115 million in 2004. Experience rating programs provide financial incentives to employers based on a comparison of an employer's individual injury experience with that of the rate group in which the employer is classified. During the 2005 information sessions, the WSIB consulted with worker and employer stakeholders on changes to the Experience Rating Programs. The Experience

Rating Programs face significant challenges that must be addressed. The changes are to address the systemic biases that create unfair distribution of rebates and surcharges. NEER changes (for large employers) will come into effect for the 2006 injury year, and CAD-7 changes (for the construction sector) will come into effect for the 2007 issue year, to allow employers opportunity to make the necessary business planning changes.

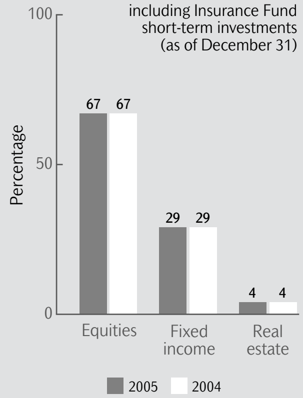
In 2005, total premium revenue of $3,190 million increased by $49 million or 2 per cent from 2004, mainly attributed to the growth in insured payroll. However the increase in insured payroll was less than the expected amount of $138,245 million based on 2004 projections. Total insured payroll for 2005 was $135,865 million, an increase of $5,467 million from the 2004 insured payroll of $130,398 million but $2,380 million less than the expected growth for 2005. Most sectors experienced an increase in payroll with the services, manufacturing, construction, health care and transportation sectors contributing the largest increases. In 2006, the Ontario economy is expected to continue to grow with anticipated increases in insured payroll to approximately $140,401 million. Insured payroll will be driven by increases in employment levels, average wages and average weekly hours worked.

Schedule 2 (self-insurance)

Revenue from Schedule 2 employers in 2005 was $294 million, $14 million higher than 2004. Reimbursements from Schedule 2 employers include the claims cost along with the associated administration costs. The increase was a result of reimbursements of higher benefit costs.

Investments

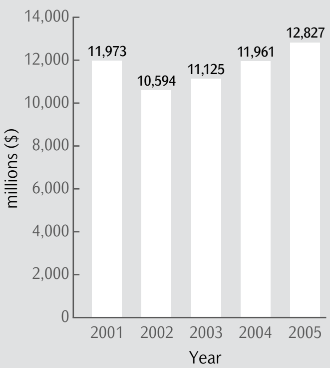
Actual asset mix
including Insurance Fund short-term investments (as of December 31)



The WSIB's investments are held to meet future benefit payments to injured workers. Most of the WSIB's investments are held in the Insurance Fund, a reserve for injured workers who have collective liability coverage. The Insurance Fund is diversified among three primary asset classes, fixed income securities, equities and real estate. In 2005, investment income was $819 million – an increase of 74 per cent or $349 million compared to 2004, when investment income was $470 million. Most of this increase relates to gains from equities sold in 2005.

During 2005, the Canadian economy grew although regional and sector disparities created a mixed economic picture. The energy and service sectors created jobs to the point that overall unemployment declined to 6.5 per cent, not seen for decades, despite the loss of jobs in the manufacturing sector. Similar factors as in 2004 impacted the economy, including oil price increases, strengthening of the Canadian dollar and declining long-term interest rates as well as the political environment of a minority federal government.

Fair value of investments
(as of December 31)



Similar to 2004, world equity markets, in total continued to perform in positive territory although regional differences were significant. In general financial market returns exceeded expectations as economic conditions improved and long-term rates remained lower than anticipated. In Canada, the S&P/TSX gained 24 per cent.

The Insurance Fund closed the year with a fair value of $12,827 million after transfers of $379 million to fund injured worker benefit payments. This closing fair value increased $866 million from the 2004 fair value of $11,961 million.

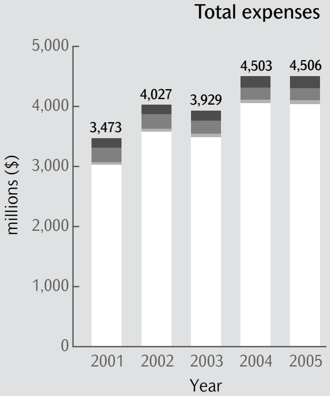
Insurance Fund returns are based on increases in the market value of the funds after allowing for cash outflows throughout the year. The Insurance Fund recorded a 10.5 per cent return for the calendar year, under performing its 10.9 per cent benchmark due to Canadian and non-U.S. equity performance below their benchmarks driven mainly by WSIB's value strategy. For the five-year period ending December 31, 2005, the Insurance Fund earned an annualized return of 4.6 per cent ahead of its 2.4 per cent benchmark. Over the 10-year period ending December 31, 2005, the Insurance Fund recorded an annualized return of 8.7 per cent compared to its 7.2 per cent benchmark, and our long-term target return of 7 per cent.

In December 2005, the WSIB's Board of Directors affirmed the Insurance Fund's equity exposure at 65 per cent. The Board also approved a policy allocation change within equities from 20 per cent to 15 per cent for Domestic equities and 45 per cent to 50 per cent for Foreign Equities. The changes to the policy and actual assets will take place in 2006. The bond component and the real estate allocation of the Insurance Fund were unchanged at 30 and 5 per cent respectively.

Economically, for 2006, world conditions are expected to remain healthy, absent commodity, geopolitical or inflation shocks that are not anticipated. Growth in developed economies is expected to be more in line with each other as both Japanese and European economies have shown strengthening and North American economies remain in decent shape. 2006 return expectations for financial assets are cautiously positive. Equities are expected to return in the 7 to 9 per cent range and fixed income returns around 4 per cent.

Expenses

Total expenses



WSIB's total expenses are comprised of Benefit Costs, Loss of Retirement Income Fund, Administrative and other expenses, and Legislated obligations and commitments. In 2005, total expenses were $4,506 million, an increase of $3 million from $4,503 million in 2004. The increase when compared to 2004 total expenses is the result of a combined decrease in benefit costs of $14 million and administrative and other expenses of $1 million, offset by a $12 million increase in legislated obligations and commitments. Included in total expenses is the further increase of $840 million in the benefit liabilities.

- Legislated obligations & commitments
- Administrative & other expenses
- Set aside for Loss of Retirement Income Fund
- Benefit costs

Benefit costs

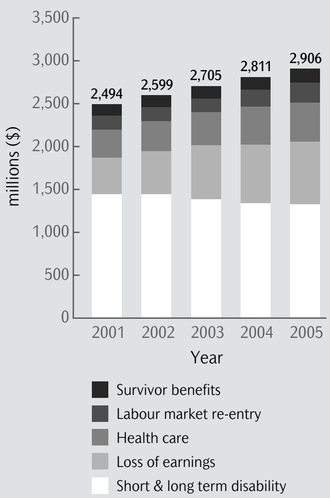
The WSIB's benefit costs consist of:

- *benefit costs paid* which represent the amount paid for injured or ill workers during the year including claims administration expenses, and
- the *change in benefit liabilities* which are adjustments to actuarially determined estimates of future claim costs for current and prior years claims.

Total benefit costs were $4,037 million in 2005 compared to $4,051 million in 2004. This $14 million change is mainly due to a lower increase in the benefit liabilities of $110 million offset by higher benefit costs of $96 million. The sections below as well as Note 8 Benefit Liabilities and Benefit Costs provide relevant details.

Benefit costs paid

Total benefit costs paid
(before claim administration costs)



Benefit costs paid for workers in 2005 were $2,906 million, an increase of $95 million or 3.4 per cent compared to 2004 benefit costs of $2,811 million. Benefit payments for loss of earnings (LOE), labour market re-entry (LMR), health care and future economic loss all increased in 2005, while short- and long-term disability payments paid for claims occurring before January 1, 1990 decreased.

LOE benefit costs paid in 2005 were $724 million, compared to the 2004 amount of $678 million. This $46 million or 6.8 per cent increase is driven mainly by benefit indexation, the addition of a further one year's claims added to the inventory, and claims over 12 months old persisting longer than previously expected.

LMR benefit costs paid in 2005 were $231 million, an increase of $37 million or 19.1 per cent from 2004 benefit costs paid of $194 million. The increase is primarily attributable to LMR Income Support payments and more specifically to LOE payments to workers participating in an LMR program. Part of the reason for the increase in LMR Income Support payments relates to a classification change introduced in 2004, that now includes these payments in the LOE benefits category. The result of this reclassification has limited direct year-over-year comparisons.

Short- and long-term disability benefit costs paid decreased by $12 million or 0.9 per cent in 2005. This decrease reflects the natural reductions and closures of claims that occurred prior to January 1, 1998. This category also includes the increase in Future Economic Loss payments of $15 million due to CPP benefit integration. Without the effect of the CPP integration, the decline in short- and long-term disability costs is consistent with the declining trend from previous years.

Health care benefits paid or provided by the WSIB include reimbursements to the Ministry of Health and Long-Term Care for physicians' services as well as payments for hospitals, drugs, a range of medical devices and equipment, personal care allowances as well as independent living allowances. Health care benefit costs paid in 2005 increased by $12 million to $459 million from 2004 payments of $447 million. Health care costs in 2004 include a retroactive payment to the Ministry of Health totaling $28 million for services rendered in prior years.

The increase in health care costs paid in 2005 reflects a higher average health care cost per claim due mainly to higher service utilization rates as well as to the emergence of new higher-cost drug therapies and technological advances, which typically result in more expensive medical devices.

Change in benefit liabilities

The WSIB's benefit liabilities are actuarially determined provisions for future benefit costs related to claims that occurred on or before December 31, 2005. As of December 31, 2005 the benefits liability was $19,250 million, an $840 million increase from the December 31, 2004 value of $18,410 million.

Revisions made to the actuarial assumptions for loss of earnings benefits accounted for $379 million of this increase. The change in the assumption for loss of earnings benefits recognized that higher proportions of injured workers are expected to receive 100 per cent wage loss benefits, and that claims are persisting longer than previously assumed.

In addition, benefit liabilities increased because the growth of new claims outpaced the natural reductions of benefit liabilities and closures of older claims. Changes in claim inventories and policy changes, which accounted for $461 million of the increase in benefit liabilities, include the following items:

- A $537 million increase related to net growth in loss of earnings claims inventory,
- A $228 million increase in health care liabilities due to increased awards and utilization,
- A $26 million increase relating to net growth in survivor pensions claims inventory,
- A $35 million increase due to net growth in the future claims administration expense liability,
- A $33 million provision relating to anticipated changes in personal income tax rates,
- A $303 million decrease due to natural reductions and closures of pensions and supplemental payments to pre-1990 injured workers,
- An $112 million decrease due to natural reductions and closures on future economic loss benefits and their supplemental payments, temporary compensation benefits and rehabilitation benefits, and
- A $17 million increase due to other changes.

The overall increase in benefit liabilities of $840 million for the year is $110 million less than the 2004 increase of $950 million primarily due to the following:

- a provision in 2004 for a policy change relating to the CPP offset and child survivor benefits ($109 million)
- a smaller increase due to change in actuarial assumptions for loss of earnings ($86 million)
- offset by an increase in claims inventory ($85 million)

Administrative and other expenses

Administrative and other expenses before the reclassification of claim administration costs to benefit costs (Note 10 Administration and Other Expenses) in 2005 were $494 million, the same as 2004 expenses of $494 million.

Year 2005 administrative and other expenses were contained to a net zero increase as a result of various management initiatives to improve operational efficiencies and increase productivity. The cost savings realized from these initiatives, as well as lower depreciation expenses offset the higher costs in salaries, benefits and occupancy expenses.

Examples of these initiatives are:

- Consolidation and realignment of the Service Delivery Model, and implementing wider spans of control at the Director and Manager levels, while accommodating increased business volumes and new business initiatives.
- Implementing strategic sourcing to reduce equipment and related maintenance costs, voice and data communication equipment and maintenance, and other supplies and services costs.
- Further operational efficiencies realized from implementing integrated financial systems in prior years.
- Reducing staff travel through the optimization of varied communication options, vehicle maintenance, new systems development and integration.

Salaries and employee benefits expenses increased by $13 million. The increase in salaries can be attributed primarily to collective agreement provisions. Employee benefits increased primarily due to the assumptions and methods used in the 2005 actuarial valuation and expense calculations, as well as increases in premium rates and utilization.

One-time property tax rebates received in 2004 related to the Downsview Centre facility account for the occupancy expenses increase of $2 million in 2005.

Depreciation expenses decreased by almost $6 million due to realizing the final year's depreciation on key system development projects, such as the financial system and the health care payment system.

Strategic sourcing, renegotiated agreements and other initiatives generated savings in administrative expenses of approximately $7 million, mainly in equipment and maintenance, supplies and services, and other expenses.

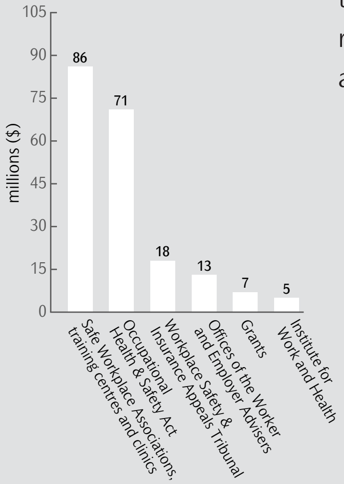
Project expenses related to new systems development and integration were also $2 million lower in 2005 compared to 2004.

To retire the unfunded liability in 2014, the WSIB remains committed to doing its share by containing controllable administrative costs for 2006 without impacting service to injured workers and employers.

Legislative obligations and commitments

Legislative obligations and commitments increased by $12 million in 2005 to $200 million, from $188 million in 2004. Most of this increase relates to the hiring of additional health and safety inspectors hired by the Ministry of Labour. The WSIB is collaborating with the Ministry of Labour to address high risk companies with the worst health and safety records to ensure that the 10 per cent of employers with poor health and safety records who are responsible for close to 40 per cent of the costs in the WSIB system improve their health and safety performance.

Breakdown of legislated obligations & commitments



CONSOLIDATED BALANCE SHEET
as of December 31

($ millions)	2005	2004
Assets		
Cash and cash equivalents	$53	$154
Receivables	764	748
Investments (note 3)	12,827	11,961
Loss of Retirement Income Fund (note 4)	735	620
Property, equipment and other assets (note 5)	168	160
	$14,547	**$13,643**
Liabilities		
Payables and accruals	$592	$569
Mortgage payable (note 6)	70	71
Loss of Retirement Income Fund (note 4)	735	620
Employee benefit plans (note 7)	410	393
Benefit liabilities (note 8)	19,250	18,410
	21,057	**20,063**
Unfunded Liability (note 9)		
Accumulated excess of expenses over revenues	(8,229)	(7,735)
Accumulated other comprehensive income	1,719	1,315
	(6,510)	**(6,420)**
	$14,547	**$13,643**

Commitments and Contingencies (note 12)

On behalf of the Board of Directors:

Jill Hutcheon

Jill Hutcheon, Interim Chair
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)	2005	2004
Gross Revenue	**$4,014**	**$3,660**
Current Operations		
Revenues		
Premiums for the year	$2,256	$2,124
Investments (note 3)	819	470
Other income	3	49
	3,078	**2,643**
Expenses		
Benefit costs (note 8)	4,037	4,051
Loss of Retirement Income Fund (note 4)	66	60
Administrative and other expenses (note 10)	203	204
Legislated obligations and commitments (note 11)	200	188
	4,506	**4,503**
Excess of expenses over revenues from current operations	(1,428)	(1,860)
Premiums for unfunded liability	934	1,017
Excess of expenses over revenues	**$(494)**	**$(843)**

CONSOLIDATED STATEMENT OF CHANGES IN UNFUNDED LIABILITY

For the years ended December 31

($ millions)	2005	2004
Accumulated excess of expenses over revenues		
Balance at beginning of year	$(7,735)	$(6,892)
Excess of expenses over revenues	(494)	(843)
Balance at end of year	**(8,229)**	**(7,735)**
Accumulated other comprehensive income		
Balance at beginning of year	1,315	845
Unrealized gains on investments net of amounts realized	404	470
Balance at end of year	**1,719**	**1,315**
Unfunded liability at end of year	**$(6,510)**	**$(6,420)**

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)	2005	2004
Excess of expenses over revenues	$(494)	$(843)
Other comprehensive income:		
Unrealized net gains on available-for-sale financial assets arising during the year	865	606
Realized gains included in income	(461)	(136)
Unrealized gains on investments, net of amounts realized	404	470
Comprehensive loss	**$(90)**	**$(373)**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended December 31

($ millions)	2005	2004
Operating cash flows		
Cash received from:		
Premiums for the year	$2,264	$2,073
Premiums for unfunded liability	931	989
Investment income	343	367
	3,538	3,429
Cash paid to:		
Claimants, survivors and care providers	(2,905)	(2,797)
Loss of Retirement Income Fund	(66)	(60)
Employees and suppliers for administrative goods and services	(465)	(436)
Legislated obligations and commitments	(202)	(218)
	(3,638)	(3,511)
Net cash required by operating activities	**(100)**	**(82)**
Investing cash flows		
Sale of investments	13,560	17,832
Purchase of investments	(13,561)	(18,048)
Net cash required by investing activities	**(1)**	**(216)**
Decrease in cash and cash equivalents	**(101)**	**(298)**
Cash and cash equivalents, beginning of year	154	452
Cash and cash equivalents, end of year	$53	$154

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

Notes to the Consolidated Financial Statements

December 31, 2005

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 like 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, which 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 at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates.

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.

Investments

Effective January 1, 2004, the WSIB adopted the new CICA accounting standards on *"Financial Instruments – Recognition and Measurement"* (CICA Handbook Section 3855), and *"Comprehensive Income"* (CICA Handbook Section 1530).

Investments in short-term securities, bonds, and equities are classified as either held-for-trading or available-for-sale based on management's intention. Investments transactions are recorded on the 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.

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.

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 to 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 re-calibrated 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, which 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, which 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 asset or obligation. 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 plans' 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 accident 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

Value of investments by category are as follows:

($ millions)		2005	2004
		Fair value	Fair value
Held-for-trading:			
Foreign exchange contracts		$(2)	$(1)
Available-for-sale:			
Fixed income securities			
Bonds		3,637	3,413
Equities			
Domestic		2,974	2,765
Foreign	– U.S.	3,129	2,877
	– Global	2,550	2,437
Real estate		539	470
		9,192	8,549
		12,829	11,962
Total investments		**$12,827**	**$11,961**

Included in the above is an accrued income of $57 million (2004: $51 million).

Foreign currency risk

Foreign currency risk is the risk of loss due to adverse movements in foreign currency rates as compared to the Canadian dollar. From time to time, 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 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 2005 mature in the first three months of 2006.

At December 31, 2005 the notional value of outstanding foreign currency contracts was $283 million (2004: $301 million). Outstanding contracts in a favorable position had a fair value of $1 million (2004: $1 million) and those in an unfavorable position had a fair value of negative $3 million (2004: negative $2 million). Unrealized losses on pending foreign exchange contracts of $2 million were included in investment income.

The fair value of the investment portfolio includes $5,680 million (2004: $5,313 million) of securities denominated in foreign currency. The major holdings are as follows; 55 per cent (2004: 54 per cent) in US dollar, 16 per cent (2004: 17 per cent) in Euros, 12 per cent (2004: 12 per cent) in British Pound Sterling, 9 per cent (2004: 7 per cent) in Japanese Yen and 8 per cent (2004: 10 per cent) in other currencies.

Bonds by term to maturity as of December 31:

($ millions)	2005					2004
	Term to maturity					
	Up to 1	1 – 5	5 – 10	Over 10	Total	Total
Government bonds						
Fair value	–	$1,104	$662	$766	$2,532	$2,397
Yield %*	–	4.0	4.1	4.3	4.1	4.0
Corporate bonds						
Fair value	$3	$403	$304	$359	$1,069	$985
Yield %*	3.3	4.1	4.5	5.0	4.5	4.5
Total						
Fair value	**$3**	**$1,507**	**$966**	**$1,125**	**$3,601**	**$3,382**
Yield %*	**3.3**	**4.0**	**4.2**	**4.6**	**4.2**	**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)	2005	2004
Short-term securities	$7	$11
Bonds	196	177
Equities and real estate	639	308
	842	496
Investment expenses	(23)	(26)
Net investment revenue	**$819**	**$470**

Revenue from bonds includes $37 million (2004: $28 million) of net realized gains. Revenue from equities and real estate includes $424 million (2004: $108 million) of net realized gains.

During the year $102 million (2004: $175 million) was assessed as other-than-temporarily impairment and recognized in investment income. The remaining unrealized losses on available-for-sale securities of $160 million are not considered to be other-than-temporarily impaired as at December 31, 2005 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 financial institution in Canada.

At December 31, 2005, the fair value of securities on loan was $1,718 million (2004: $1,516 million). The collateral held with respect to these securities was $1,827 million (2004: $1,618 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 5 per cent of their loss of earnings benefits for their retirement fund. Injured workers may choose to contribute a further 5 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 at December 31 is as follows:

($ millions)	2005	2004
Cash and cash equivalents	$47	$31
Bonds	141	137
Equities	207	157
Investment in pooled fund	340	295
	$735	**$620**

The underlying securities in the pooled fund include fixed income securities valued at $89 million (2004: $78 million), equities valued at $236 million (2004: $209 million) and money market instruments valued at $15 million (2004: $8 million).

The change in net assets is as follows:

($ millions)	2005	2004
Funds set aside under the *Act*	$66	$60
Investment income	76	53
Benefit costs paid	(27)	(20)
Increase in net assets	115	93
Net assets, beginning of year	620	527
Net assets, end of year	**$735**	**$620**

5. Property, equipment, and other assets

($ millions)	2005		2004
	Cost	Net Carrying Value	Net Carrying Value
Buildings and leasehold improvements	$193	$108	$115
Office equipment	111	2	2
Computer equipment	128	14	14
	432	124	131
Other assets	44	44	29
	$476	**$168**	**$160**

Amortization expense in 2005 was $18 million (2004: $23 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 building at 200 Front Street West, Toronto. Included in the building and leasehold improvements is $108 million, which is the WSIB's portion of the co-ownership.

On May 3, 2004 the WSIB sold its Downsview Rehabilitation Centre property, which included building, roads, and land. The WSIB recorded a gain on sale of $43 million, which was reported in other income in 2004.

6. 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, 2005 was $79 million (2004: $76 million) with a book value of $70 million (2004: $71 million). The $7 million mortgage interest expense for the year was included in occupancy costs (note 10) (2004: $7 million).

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, 2005. The most recent and next actuarial valuations for funding purposes are as of December 31, 2005 and 2006, 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	
	2005	2004	2005	2004	2005	2004	2005	2004
Accrued benefit obligation								
Beginning of year	**$1,302.2**	**$1,213.8**	**$10.7**	**$13.9**	**$376.7**	**$357.9**	**$1,689.6**	**$1,585.6**
Current service cost	35.3	39.7	0.1	0.5	11.6	5.2	47.0	45.4
Interest cost	81.9	76.3	0.7	0.9	23.6	21.3	106.2	98.5
Benefits paid	(45.2)	(42.8)	(0.4)	(0.5)	(15.1)	(13.5)	(60.7)	(56.8)
Employee past service contributions	4.4	2.7	–	–	–	–	4.4	2.7
Employee current service contributions	20.9	15.5	0.3	0.4	–	–	21.2	15.9
Past service benefit cost	–	4.6	–	(4.7)	4.4	0.8	4.4	0.7
Actuarial (gain) loss	207.8	(7.6)	1.1	0.2	68.6	5.0	277.5	(2.4)
End of year	**1,607.3**	**1,302.2**	**12.5**	**10.7**	**469.8**	**376.7**	**2,089.6**	**1,689.6**
Plan assets								
Fair value at beginning of year	**1,309.4**	**1,196.5**	**2.3**	**2.0**	**–**	**–**	**1,311.7**	**1,198.5**
Actual return on plan assets	158.3	111.6	–	–	–	–	158.3	111.6
Employer contributions	26.7	25.9	0.2	0.4	15.1	13.5	42.0	39.8
Employee current service contributions	20.9	15.5	0.3	0.4	–	–	21.2	15.9
Employee past service contributions	4.4	2.7	–	–	–	–	4.4	2.7
Benefits paid	(45.2)	(42.8)	(0.4)	(0.5)	(15.1)	(13.5)	(60.7)	(56.8)
Fair value at end of year	**1,474.5**	**1,309.4**	**2.4**	**2.3**	**–**	**–**	**1,476.9**	**1,311.7**
Funded status								
Funded status–plan surplus (deficit)	(132.8)	7.2	(10.1)	(8.4)	(469.8)	(376.7)	(612.7)	(377.9)
Unamortized net actuarial (gain) loss	178.4	43.1	1.4	0.2	93.7	25.9	273.5	69.2
Unamortized past service costs	17.0	18.5	(0.1)	(0.1)	6.6	2.9	23.5	21.3
Unamortized transitional obligation	(94.3)	(106.1)	–	–	–	–	(94.3)	(106.1)
Accrued benefit liability	**(31.7)**	**(37.3)**	**(8.8)**	**(8.3)**	**(369.5)**	**(347.9)**	**(410.0)**	**(393.5)**
Accrued benefit obligation, end of year	1,607.3	1,302.2	12.5	10.7	469.8	376.7	2,089.6	1,689.6
Fair value of plan assets, end of year	1,474.5	1,309.4	2.4	2.3	–	–	1,476.9	1,311.7
Funded status, plan surplus (deficit)	**(132.8)**	**7.2**	**(10.1)**	**(8.4)**	**(469.8)**	**(376.7)**	**(612.7)**	**(377.9)**
Net benefit plan expense								
Current service cost	35.3	39.7	0.1	0.5	11.6	5.2	47.0	45.4
Interest cost	81.9	76.3	0.7	0.9	23.6	21.3	106.2	98.5
Expected return on plan assets	(85.8)	(80.6)	(0.1)	(0.1)	–	–	(85.9)	(80.7)
Amortization of past service costs	1.5	1.2	–	–	0.6	2.4	2.1	3.6
Amortization of transitional obligation	(11.8)	(11.8)	–	0.5	–	–	(11.8)	(11.3)
Amortization of net loss (gain)	–	0.6	–	–	0.9	(0.8)	0.9	(0.2)
Net benefit plan expense	**$21.1**	**$25.4**	**$0.7**	**$1.8**	**$36.7**	**$28.1**	**$58.5**	**$ 55.3**

($ millions)	Employees' Pension Plan				Employees' Supplementary Pension Plan	
	2005		2004		2005	2004
	$	%	$	%	$	$
Plan Assets by Major Category						
Equity Securities	962.8	65.3	841.1	64.3	–	–
Debt Securities	446.0	30.2	395.6	30.2	–	–
Real Estate	38.0	2.6	33.2	2.5	–	–
Accrued Investment Income	6.7	0.5	5.6	0.4	–	–
Other	21.0	1.4	33.9	2.6	2.4	2.3
Total	**1,474.5**	**100.0**	**1,309.4**	**100.0**	**2.4**	**2.3**

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	
	2005	2004	2005	2004	2005	2004
Discount rate – plan expenses	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%
Discount rate – accrued benefit obligations	5.40%	6.25%	5.40%	6.25%	5.40%	6.25%
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

	2005	2004
Medical Cost		
General inflation rate		
Initial rate	10.0%*	10.0%*
Ultimate rate	4.0%	4.0%
Year ultimate rate reached	2012	2011
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 benefits, and are discounted to present value at the assumed net investment returns shown below. Estimates of future benefit payments apply to both reported and unreported claims resulting from injuries and illnesses that occurred on or before December 31, 2005. They are based on the level and nature of entitlement, and adjudication practices in effect at December 31, 2005. 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:

	2005	**2004**
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 2005, and for survivors of deceased workers, the 1995 – 1997 Ontario Life Tables adjusted for mortality improvements to 2005.

Loss of Earnings (LOE) termination rates are based on WSIB injured worker termination experience from 1998 to 2004. In addition, the proportion of awards at 100 per cent wage loss beyond claim duration 6 was updated to reflect current experience.

Provisions have been made for the effect of future increases in the covered earnings ceiling and indexation of 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 at 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 $845 million (2004: $810 million) for future costs of administering existing claims. Administrative and other expenses have been adjusted by (note 10) $291 million (2004: $290 million) to reflect the amount that was charged against the provision for benefit liabilities relating to future claim administration expenses 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 investment return of 7.0 per cent. The approximate impact of a 0.5 per cent decrease in the assumed investment return would have been a $700 million increase in the benefits liabilities.

Calculation of the benefit liabilities was based on WSIB injured-worker mortality experience. A flat reduction of 5.0 percent in these mortality rates would increase benefits liabilities by approximately $115 million.

A 10.0 percent decrease in the number of lost time injuries in the current year would have decreased benefit liabilities by approximately $150 million.

Health Care benefit liabilities are calculated assuming a future rate of escalation of health care costs of 6.5 percent per year. A 0.5 percent increase in the escalation factors used for future health care costs would increase benefits liabilities by approximately $125 million.

Calculation of the benefit liabilities for the loss of earnings benefit utilizes WSIB injured-worker claim termination experience. A flat reduction of 5.0 percent in these termination rates would increase benefits liabilities by approximately $115 million.

Benefit liabilities and benefit costs paid in 2005 were as follows:

($ millions)	2005								2004
		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	$2,881	$85	$356	$10,086	$2,503	$1,689	$810	**$18,410**	**$17,460**
Benefit costs	1,655	81	173	921	687	194	326	**4,037**	**4,051**
Benefit costs paid during the year									
Schedule 1	(648)	(96)	(127)	(1,230)	(415)	(147)	(291)	**(2,954)**	**(2,865)**
Schedule 2	(76)	(4)	(4)	(100)	(44)	(15)	–	**(243)**	**(236)**
	(724)	(100)	(131)	(1,330)	(459)	(162)	(291)	**(3,197)**	**(3,101)**
Change in benefit liabilities	931	(19)	42	(409)	228	32	35	**840**	**950**
Benefit liabilities, end of year	$3,812	$66	$398	$9,677	$2,731	$1,721	$845	**$19,250**	**$18,410**

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)	2005	2004
Unfunded liability, beginning of year	$6,420	$6,047
Add (deduct):		
Investment income not earned due to shortfall in invested assets	452	443
Premiums allocated to reduction of unfunded liability	(934)	(1,017)
Experience (gains)/losses resulting from:		
Indexation of benefits less than expected	(51)	(82)
Lower than expected investment returns	(365)	(120)
Prior and current years' claims experience	418	459
Changes in assumptions:		
Mortality	13	13
Long-term loss of earnings	379	465
Future claim administration expense	–	(70)
Changes in benefit cost assumptions:		
Health care benefits	134	110
Long-term disability	16	22
External agency rehabilitation payments	43	27
Other changes	(48)	14
Other changes:		
Change in CPP offset policy and child survivor	–	109
Change in personal income tax rates	33	–
Unfunded liability, end of year	**$6,510**	**$6,420**

10. Administrative and other expenses

Administrative and other expenses consist of the following:

($ millions)	2005	2004
Salaries and employee benefits	$350	$337
Equipment depreciation and maintenance	31	38
Occupancy	44	42
Communication	16	16
Supplies and services	22	26
Travel and vehicle maintenance	5	6
New systems development and integration	7	9
Other	19	20
	494	494
Claim administration costs (note 8)	(291)	(290)
	$203	**$204**

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 and Health and Safe Workplace Associations, clinics and training centres.

The total amount of funding provided under these legislated obligations and commitments in 2005 was $200 million (2004: $188 million).

Investments

Included in investments are marketable fixed income securities issued by the Ontario provincial government and related corporations valued at $305 million (2004: $325 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

Operating leases

At December 31, 2005, the WSIB was committed under non-cancelable operating leases requiring future minimum payments of approximately $25 million per year over the next five years, and $70 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 2005.

13. Comparative figures

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

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, management prepares a valuation, including the selection of appropriate assumptions, of the WSIB's benefit liabilities at the balance sheet date. With respect to the preparation of these financial statements, Eckler Partners Ltd. 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 review of the valuation process used by management. The independent 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 review of these liabilities determined by management, 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 benefits liability will not develop exactly as projected and may, in fact, vary significantly from the projections. Further, the projections make no provision for new claim categories not sufficiently recognized in the claims database.

Management is responsible for the accuracy and completeness of the underlying data used in the valuation. The actuary's report outlines the scope of their review and their 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 independent actuary and their 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
President & Interim Chair

Malen Ng
Chief Financial Officer

March 10, 2006

Auditor's 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, 2005 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 the 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, 2005 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 10, 2006

Consulting Actuaries' Report

Eckler Partners Ltd.

Consulting actuaries' report on the valuation of the benefits liabilities of the Schedule 1 Insurance Fund of the Workplace Safety and Insurance Board of Ontario as at December 31, 2005.

We have determined the estimated present value as at December 31, 2005 of future payments for loss of earnings, labour market re-entry, short and long term disability, health care, survivor benefits, retirement income benefits and claims administration costs under Schedule 1 on account of injuries, including reported occupational diseases, that occurred on or before that date to be $19,250 million. In accordance with the CIA/CICA Joint Policy Statement, we have made use of the audit work conducted by KPMG LLP with regards to the data upon which the calculations were based and have confirmed that they are consistent with the WSIB's financial statements. We consulted with the Chief Actuary in selecting appropriate assumptions and methods for the valuation.

The valuation was based on the provisions of the Workplace Safety and Insurance Act and on the WSIB's administrative practices in effect as of December 31, 2005. Full provision has been made for potential future increases in the covered earnings ceiling and in the level of compensation as provided under the Act by using an investment return assumption (net of indexation) of 4% per annum with respect to fully indexed benefits and 6.5% per annum with respect to partially indexed benefits.

The Loss of Earnings (LOE) termination curve developed for the previous valuation was revised to include more up to date LOE persistency experience for the injury years 1998 to 2004. In addition, the model developed for LOE assumed that the proportion of awards at 100% wage loss beyond claim duration 6 was updated from 30% to 50%. These changes in assumptions result in an increase in liabilities.

Except as described above, the methods and assumptions employed in the valuation were consistent with those used in the previous valuation, after taking account of changes in claim patterns. A complete description of the methods and assumptions employed in the valuation will be provided in a detailed report to the WSIB on the valuation.

In our opinion, the assumptions made in this valuation are appropriate, the methods employed are in accordance with sound actuarial principles and the amount of $19,250 million as at December 31, 2005 makes reasonable provision for future payments for loss of earnings, labour market re-entry, short and long term disability, health care, survivor benefits, retirement income benefits and claims administration costs under Schedule 1 on account of accidents that occurred on or before December 31, 2005.

We hereby confirm, with respect to this valuation, that:

1. the data on which the valuation is based is sufficient and reliable for the purpose of the valuation;

2. the assumptions, in aggregate, are appropriate for the purposes of the valuation;

3. the methods employed in the valuation are appropriate for the purposes of the valuation;

4. this report has been prepared, and our opinions given, in accordance with accepted actuarial practice.

Jill M. Wagman, F.S.A., F.C.I.A.

Richard Larouche, F.S.A., F.C.I.A.

Actuaries with the firm of Eckler Partners Ltd.

March 10, 2006

Ten-year History

Ten-year summary of the Statements of Operations and Unfunded Liability

($ millions)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Revenues										
Premiums for current year	$2,256	$2,124	$2,068	$1,997	$1,866	$1,760	$1,707	$1,722	$1,886	$1,917
Investments	819	470	456	246	765	1,128	1,042	982	839	699
Other income	3	49	–	–	–	–	–	–	–	–
	3,078	**2,643**	**2,524**	**2,243**	**2,631**	**2,888**	**2,749**	**2,704**	**2,725**	**2,616**
Expenses										
Benefit costs paid	3,197	3,101	2,996	2,883	2,755	2,558	2,195	2,255	2,244	2,368
Net increase/(decrease) in benefit liabilities	840	950	495	692	270	125	135	(85)	(1,740)	50
Loss of Retirement Income Fund	66	60	56	52	50	46	44	44	43	40
	4,103	**4,111**	**3,547**	**3,627**	**3,075**	**2,729**	**2,374**	**2,214**	**547**	**2,458**
Administrative and other expenses	203	204	210	240	236	247	387	336	341	321
Legislated obligations	200	188	172	160	162	156	145	125	117	98
	4,506	**4,503**	**3,929**	**4,027**	**3,473**	**3,132**	**2,906**	**2,675**	**1,005**	**2,877**
Excess/(Deficiency) of revenues over expenses from current operations	(1,428)	(1,860)	(1,405)	(1,784)	(842)	(244)	(157)	29	1,720	(261)
Premiums for unfunded liability	934	1,017	861	902	860	971	1,061	930	683	693
Transfer of Electrical Utilities from Schedule 2	–	–	–	(52)	–	–	–	–	–	–
Excess (deficiency) of revenues over expenses	**(494)**	**(843)**	**(544)**	**(934)**	**18**	**727**	**904**	**959**	**2,403**	**432**
Unfunded liability, beginning of year	(6,420)	(7,135)	(6,591)	(5,657)	(5,675)	(6,402)	(7,098)	(8,057)	(10,460)	(10,892)
Effect of change in accounting policy	0	1,088	–	–	–	–	(208)	–	–	–
Other comprehensive income	404	470	–	–	–	–	–	–	–	–
Excess of expenses over revenues	(494)	(843)	(544)	(934)	18	727	904	959	2,403	432
Unfunded liability, end of year	$(6,510)	$(6,420)	$(7,135)	$(6,591)	$(5,657)	$(5,675)	$(6,402)	$(7,098)	$(8,057)	$(10,460)

Other Statistics

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Schedule 1										
Average premium rate (per $100 of payroll)	$2.19	$2.19	$2.19	$2.13	$2.13	$2.29	$2.42	$2.59	$2.85	$3.00
Total insured payroll ($ Millions)	$135,865	$130,398	$125,638	$120,252	$113,727	$109,237	$101,654	$96,205	$91,497	$86,844
Schedule 1 & 2										
Number of new claims by registration year	352,996	352,474	354,926	361,179	371,067	379,079	364,069	342,687	341,178	345,606
Schedule 1 & 2										
Number of WSIB employees at December 31	4,363	4,411	4,276	4,390	4,513	4,466	4,260	4,057	3,966	4,373

2005 Public Sector Salary Disclosure

WSIB employees earning more than $100,000.00 per annum

Name	Position	Earnings	Taxable Benefits	Total Earnings
Abass, Shazam T.	System Architect	$107,177.75	$212.01	$107,389.76
Abrams, Brenda E.	VP, Legal Services and General Counsel	$187,025.21	$4,410.05	$191,435.26
Achar, Ramach Andra	Medical Consultant	$115,931.29	$ –	$115,931.29
Adamo, Valerie	VP, Business Technology Services and CIO	$198,687.94	$348.36	$199,036.30
Ah-Yoong, Georges	Executive Director, Financial Planning and Support	$124,167.34	$1,067.07	$125,234.41
Allingham, Richard	Director, Research and Evaluation	$126,342.95	$252.38	$126,595.33
Angove, Linda	VP Prevention & Corporate Secretary	$194,381.97	$3,750.63	$198,132.60
Antazo, Thelma	Executive Assistant to Chief	$101,903.27	$177.87	$102,081.14
Argue, Robert	Director, Applications Development	$120,709.97	$240.97	$120,950.94
Arvisais, J.	Medical Consultant	$146,162.14	$272.38	$146,434.52
Bain, Donna	Executive Director, Health Services Mgmt.	$182,511.86	$3,969.07	$186,480.93
Barone, Lynne	Director, Organizational Effectiveness	$108,849.85	$209.46	$109,059.31
Belanger, Adele Marie	Legal Counsel	$117,898.28	$235.42	$118,133.70
Bell, Susan	Director, Schedule II Sector	$123,708.70	$242.84	$123,951.54
Bentley, David	System Architect	$112,933.47	$187.38	$113,120.85
Bercovitch, Eve	Legal Counsel	$120,168.82	$240.11	$120,408.93
Bishop, M.	Medical Consultant	$140,900.01	$272.38	$141,172.39
Bradbury, Laura	Fair Practices Commissioner	$140,105.66	$280.09	$140,385.75
Bridge, Margaret	Associate Director/Physician	$143,127.65	$276.13	$143,403.78
Brown, Elizabeth	Legal Counsel	$123,559.59	$247.10	$123,806.69
Burton, Neil	Director, Client Server Development	$129,184.79	$254.40	$129,439.19
Cancilla, John	Director, Strategic Compliance	$102,533.32	$204.79	$102,738.11
Cantlie, George	Medical Consultant	$120,928.35	$130.53	$121,058.88
Chain, Marybelle	Medical Consultant	$140,113.64	$272.38	$140,386.02
Charlton, Heidi	Director, Corp. Off. And EA to President & CEO	$138,330.49	$276.26	$138,606.75
Chen, Kathy	Senior Specialist Database	$116,086.45	$181.41	$116,267.86
Chin, Charmaine	Director, Central Claims Processing	$113,343.98	$226.27	$113,570.25
Chiu, Margaret	Manager, IS/IT Projects	$115,042.15	$219.14	$115,261.29
Clark, Jeff	Director, Strategic Procurement Facilities Mgmt.	$111,775.23	$223.42	$111,998.65
Cleary, Floreen	Director, Pre 1990 Claims	$123,231.08	$205.02	$123,436.10
Coulson, Greg	HR Business Partner	$117,576.47	$226.42	$117,802.89
D'ambrosio, Luigi	Unclassified	$113,848.59	$150.06	$113,998.65
David, Lawrence	Medical Consultant	$116,722.79	$220.52	$116,943.31
De Lair, Hal	Director, Ont. Occupational Health Services Network	$111,729.21	$223.42	$111,952.63
Denham, John	VP, Investments	$225,719.08	$421.93	$226,141.01
Deslauriers, Jean	Medical Consultant	$142,354.39	$272.38	$142,626.77
Difranco, Joe	Senior Specialist, Applications	$106,309.08	$177.97	$106,487.05
Doppler, Andrew	Director, Service Delivery	$113,184.32	$226.30	$113,410.62
Dorcas, Dow	Medical Consultant	$149,944.35	$ –	$149,944.35
Dudley, John	Associate Director/Physician	$152,241.46	$294.17	$152,535.63
Fahmy, Nadia	Director, Administrative Services	$131,714.46	$262.81	$131,977.27
Faubert, Stephanie	Unclassified	$117,674.97	$ –	$117,674.97
Field, Paul	Director, Small Business	$116,168.98	$227.72	$116,396.70
Fortin, Claire Marie	Director, Medical Occupational Disease Policy	$116,181.22	$231.71	$116,412.93
Galway, Kathleen	Director, Business Operations Audit	$109,443.93	$218.46	$109,662.39
Gao, David G.	Senior Specialist, Applications	$103,765.66	$172.53	$103,938.19
Garg, S. K.	Medical Consultant	$139,354.39	$272.38	$139,626.77
Geary, Judy	VP, Program Development	$191,764.18	$3,346.16	$195,110.34
Germansky, Martin	Medical Consultant	$139,354.39	$272.38	$139,626.77
Gilchrist, Sharon	Director, External Stakeholder Relations	$106,427.55	$200.47	$106,628.02
Gilkinson, Paul	Director, Adjudication	$113,364.75	$226.86	$113,591.61
Gray-Moores, Jackie	Organizational Effectiveness Consultant	$100,086.35	$192.96	$100,279.31
Grbac, Leonard	Medical Consultant	$129,464.50	$251.97	$129,716.47
Hann, Karen	Director, Health Services Management	$103,877.79	$207.44	$104,085.23
Harding, Robert	Director, Transportation Sector	$104,231.64	$208.63	$104,440.27
Heckadon, Robert	Associate Dir./Physician	$100,741.24	$ –	$100,741.24
Herlick, Vivi	Project Consultant	$110,822.39	$ –	$110,822.39
Herrington, Michael	Director, Small Business	$113,962.52	$227.72	$114,190.24
Hickman, Robert	Medical Consultant	$139,354.39	$272.38	$139,626.77
Higgins, Jodi	Director, Small Business	$126,687.69	$252.95	$126,940.64
Hinrichs, Robert	VP and Chief Actuary	$267,252.49	$4,549.32	$271,801.81
Ho Kim, Thu Lan	Medical Consultant	$139,354.33	$276.20	$139,630.53
Horseman, Brock C.	Chief Operations Officer	$310,315.59	$753.09	$311,068.68
Houston, Roberta	Legal Counsel	$108,022.88	$215.73	$108,238.61
Hussain, Andrew	Director, Technology Management Services	$137,061.96	$245.40	$137,307.36
Hutcheon, Jill	President and CEO	$253,800.79	$3,822.38	$257,623.17
Jachna, John	Director, Pre 1990 Claims	$100,915.59	$200.54	$101,116.13
Jackson, Steven	VP, Human Resources	$173,329.69	$294.15	$173,623.84
Jakobson, Susan	HR Business Partner	$105,618.02	$210.71	$105,828.73
Jeanes, Wayne	Assistant Director, Treasury Operations	$100,274.60	$196.95	$100,471.55
Johnston, Michael Bruce	Director, Prosecutions	$118,793.31	$237.56	$119,030.87
Jones, Derek	Medical Consultant	$139,354.39	$272.38	$139,626.77
Jordan, Vince	Manager, Software Services	$100,087.40	$193.11	$100,280.51
Kanalec, Andrew D.	Medical Consultant	$139,354.39	$272.38	$139,626.77
Karr, A. Wm.	Medical Consultant	$111,493.38	$218.36	$111,711.74
Kelly, J. Brian	Associate Director/Physician	$158,869.46	$307.28	$159,176.74
Kelly, Linda	Director, Specialist and Advisory Services	$118,108.32	$226.86	$118,335.18
Kempster, Geoff	Director, Manufacturing	$111,288.36	$224.38	$111,512.74
Kerr, Fergus	Director, Occupational Disease and Survivor Benefits	$121,975.00	$243.83	$122,218.83
Kiss, Stephen	Unclassified	$127,572.57	$ –	$127,572.57
Kosmyna, Roman	Board Auditor	$189,164.88	$4,413.95	$193,578.83
Kwong, Paul	Director, Applications and Integration Services	$129,001.23	$257.84	$129,259.07
Lamanna, Pat	Director, Small Business	$126,187.11	$250.24	$126,437.35
Lancaster, Geoff	Project Director	$133,137.29	$ –	$133,137.29
Lau, Chosen	Medical Consultant	$118,931.80	$207.24	$119,139.04
Lau, Robert Hing	Director, Financial Services	$124,788.45	$230.99	$125,019.44
Lee, Tommy	Senior Specialist, Technology Services	$105,549.03	$174.25	$105,723.28
Leshchyshyn, Dana	Executive Director, Service Delivery	$134,470.92	$2,730.17	$137,201.09
Levitsky, Marianne	Director, Best Practices	$117,380.81	$234.44	$117,615.25
Lewis, Owen	Director, Applications Development	$118,374.25	$236.16	$118,610.41
Londry, David	Director, Client Server Development	$121,352.29	$242.10	$121,594.39
Lorenz, George	Director, Compensation	$116,738.79	$233.01	$116,971.80
Lovelock, Ronald	Director, Prevention Services	$117,214.70	$234.44	$117,449.14
Lovett, Kerry	Director, Small Business	$101,310.08	$200.68	$101,510.76
Ma, Betty	Actuary	$142,929.34	$285.60	$143,214.94
Ma, Chun	System Architect	$103,472.72	$177.25	$103,649.97
Maehle, Waldemar	Medical Consultant	$139,354.39	$272.38	$139,626.77
Malara, Nives	Director, Learning and Program Evaluation	$100,439.16	$200.73	$100,639.89
Mallette, Claire	Director, Professional Practice/Chief Nursing Officer	$111,827.56	$223.42	$112,050.98
Mastrilli, Arcangelo	Medical Consultant	$139,354.39	$272.38	$139,626.77
McAdam, Roberta	Director, Revenue Audit Services	$119,945.91	$239.40	$120,185.31
McCarthy, Jane	VP, Health Services	$201,100.95	$682.65	$201,783.60
McIntosh-Janis, Faye	Director, Occupational Disease and Survivor Benefits	$115,316.15	$230.72	$115,546.87
McIntyre, Moira	VP, Strategic Communications, Policy and Research	$142,804.20	$275.05	$143,079.25
McKenna-Boot, Patricia	Associate Director/Physician	$150,570.69	$290.32	$150,861.01
McKenna, Erin	Director, SIP and Specialty Programs	$107,153.49	$221.63	$107,375.12
McLean, Katherine	Director, SPMO ad Business Advisory Services	$114,969.57	$229.69	$115,199.26
McMurtrie, Robert	Corporate Controller	$128,174.49	$252.95	$128,427.44
Meenan, John J	Medical Consultant	$139,354.39	$272.38	$139,626.77
Mikkelsen, Allan Charles	HR Business Partner	$113,719.95	$227.45	$113,947.40
Morrison, Richard	Director, Small Business	$127,329.56	$249.66	$127,579.22
Morsillo, Joe	Director, Benefits and Revenue Policy	$118,261.13	$203.12	$118,464.25
Mould, Roy	Chief Prevention & Corporate Strategy Officer	$271,775.28	$3,485.12	$275,260.40
Ng, Malen	Chief Financial Officer	$287,347.06	$503.81	$287,850.87
Noble, Elaine	Legal Counsel	$102,368.67	$204.47	$102,573.14
Painvin, Catherine	Director, Clinical Resources	$166,301.95	$318.71	$166,620.66
Peddle, Laura	Director, Compliance Projects and Plan	$101,115.45	$198.10	$101,313.55
Peter, Alice	Director, Research Secretariat	$111,484.64	$222.71	$111,707.35
Petrie, Gordon	Director, Collection Services	$112,417.55	$224.85	$112,642.40
Potocny, Steve	Finance Business Partner	$106,960.42	$213.44	$107,173.86
Potter, Douglas	Senior Project Manager	$120,353.68	$236.13	$120,589.81
Prichett, Barry	Medical Consultant	$139,354.39	$272.38	$139,626.77
Pushka, Wayne	Director, Security & Investigations	$118,759.69	$237.26	$118,996.95
Rabbito, Maria Teresa	Assistant Director, Industry Sector/Small Business	$100,508.79	$200.93	$100,709.72
Rajack, Christina	Manager and Practice Leader Services Management	$102,544.89	$198.88	$102,743.77
Ramsey, Willard	Actuary, Pricing and Valuation	$148,918.98	$297.57	$149,216.55
Rodenhurst, John D.	Director, Strategic Planning and Alliances	$119,731.31	$231.83	$119,963.14
Schofield, Michel	Physician Co-ordinator Specialty Clinic	$160,078.72	$309.12	$160,387.84
Scullion, Catherine	Medical Consultant	$139,354.39	$272.38	$139,626.77
Setton, Allan	Chief Architect	$163,753.74	$304.08	$164,057.82
Sgro, Joseph	VP, Specialized Claims Services	$151,279.45	$300.70	$151,580.15
Shapiro, Gary	Medical Consultant	$139,354.39	$272.38	$139,626.77
Share, Frances	Director, Return to Work/LMR	$111,814.29	$223.15	$112,037.44
Shewell, Kathryn	Director, Business Relationship Services	$129,784.33	$240.70	$130,025.03
Slinger, John	Chief Corporate Services Officer	$237,982.25	$4,518.96	$242,501.21
Smargiassi, Lou	Acting Director, Appeals	$109,401.03	$202.78	$109,603.81
Smith, Carol	Medical Consultant	$111,493.38	$218.36	$111,711.74
Snowden, Edward C	Manager, Enterprise Network Services	$102,461.76	$190.23	$102,651.99
Stasila, Dave	Director, Investments	$196,670.34	$329.39	$196,999.73
Subryan, Keith	Director, Service Delivery	$100,708.31	$198.37	$100,906.68
Tam, Ed	Director, I.S. Audit	$109,042.68	$217.87	$109,260.55
Taraschuk, Ihor	Medical Consultant	$139,354.39	$272.38	$139,626.77
Temnenco, Vitalie	System Architect	$102,037.54	$200.36	$102,237.90
Thomas, Roy E	Executive Director, Communications	$123,686.14	$247.22	$123,933.36
Thompson, Wayne	Director, Provider Relations	$115,392.70	$230.40	$115,623.10
Thorpe, William R	Medical Consultant	$104,868.63	$206.01	$105,074.64
Timlin, Robert J.	Director, Corporate BDI	$116,080.39	$231.71	$116,312.10
Tkachenko, Laurisa	Director, Privacy Office	$100,065.68	$200.22	$100,265.90
Todorovic, Slavica	Executive Director, Policy and Research	$131,447.38	$258.23	$131,705.61
Tucker, Cheryl	Director, Community Relations	$108,790.06	$214.74	$109,004.80
Uppal, Jason	Senior Project Architect	$126,806.35	$ –	$126,806.35
Vala-Webb, Gordon	Director, Knowledge Services	$127,131.96	$226.84	$127,358.80
Walker, John	Medical Consultant	$139,354.39	$272.38	$139,626.77
Wallace, Tim	System Architect	$114,415.49	$222.14	$114,637.63
Wang, Kennedy	Director, Schedule II Sector	$118,832.14	$228.71	$119,060.85
Ward, George	Director, Food Sector	$117,113.64	$213.17	$117,326.81
Weatherbee, Wayne	VP, Service Delivery	$212,957.10	$2,980.02	$215,937.12
Weber, Diane	Director, President's Office	$126,819.59	$2,979.94	$129,799.53
Wentzell, Scott	Medical Consultant	$113,053.05	$218.36	$113,271.41
Whitney, David	Director, Small Business	$117,019.63	$233.85	$117,253.48
Wiskin, John	Director, Schedule II Sector	$123,928.28	$235.69	$124,163.97
Young, David	Assistant Director, Revenue Audit	$102,086.67	$196.68	$102,283.35

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 Revenue Canada on the employer's T4 slip for an employee. The earnings shown in this statement may therefore include non-recurring payments in 2005 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.

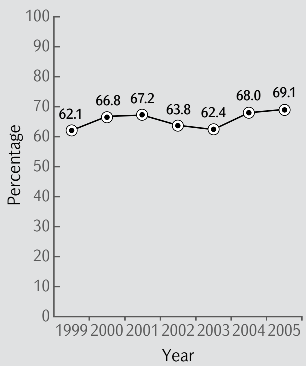
Outcomes & Measures

The WSIB continues to improve its products and services, looking for better ways of serving workers and employers. A corporate outcomes, measures and targets initiative has helped the WSIB monitor its progress and stay focused on:

- 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

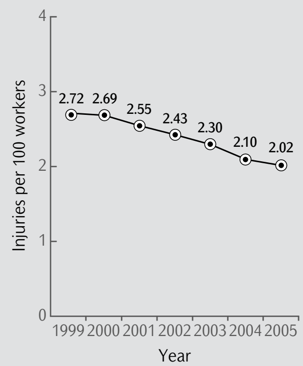
The charts below measure the WSIB's progress against each of these fundamentals.

Measure: Funding ratio



Ratio of assets to liabilities expressed as a percentage

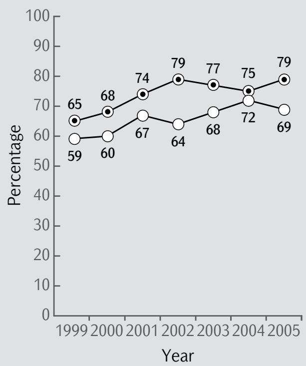
Measure: Schedule 1 & 2, WSIB/MOL Harmonized Lost-time injury rate



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

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Workplace Safety & Insurance Board

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