



ISSN 1180-4335

**Legislative Assembly
of Ontario**

Second Session, 38th Parliament

**Assemblée législative
de l'Ontario**

Deuxième session, 38^e législature

**Official Report
of Debates
(Hansard)**

Thursday 1 March 2007

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Jeudi 1^{er} mars 2007

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Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
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Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON GOVERNMENT AGENCIES

COMITÉ PERMANENT DES ORGANISMES GOUVERNEMENTAUX

Thursday 1 March 2007

Jeudi 1^{er} mars 2007

The committee met at 1031 in room 151.

INTENDED APPOINTMENTS

PHILIP J. OLSSON

Review of intended appointment, selected by official opposition party: Philip J. Olsson, intended appointee as member and chair, Liquor Control Board of Ontario.

The Chair (Mrs. Julia Munro): Good morning. I'd like to welcome all of you to the standing committee on government agencies. This morning, our first interview is with Mr. Olsson. As you know, there's 30 minutes allotted to intended appointments. You may use as much of that time as you wish. Any time remaining will be used for questions. Please begin.

Mr. Philip J. Olsson: I have a very brief statement, Madam Chair, if you'd permit me. First I'd like to say it's a pleasure to be here today. I'm looking for frequent flyer points, because I've appeared before the committee twice before: In May 2004, the committee approved my appointment as vice-chair of the LCBO, and in September 2006, the committee reviewed the LCBO and other agencies. We received the committee's report from that review on December 11. We are addressing the recommendations and will reply within the 120 days specified. I'd be pleased to answer questions on any specific recommendation if asked.

I won't take up time going into my credentials—they were thoroughly reviewed in 2004—but I would like to update you on several noteworthy developments at the LCBO to put things in context.

Andy Brandt retired as chair and CEO in February 2006, and I automatically became chair and CEO pursuant to the Liquor Control Act. The LCBO continues to improve sales and its dividends to the province. Sales in fiscal 2006 increased to \$3.6 billion, and the dividend was \$1.2 billion. We expect sales and dividends in fiscal 2007 to be even higher. In fact, our annual report was tabled with the Clerk of the Legislature yesterday, and I have placed at each member's place French and English versions of the annual report.

The store network continues to be modernized and customer service improved, all in a socially responsible manner, and there have been two government-sponsored reviews of the LCBO: the Beverage Alcohol System Review and an operational review of the LCBO by consultants Deloitte. The government, as you know, did not

accept the recommendation of the BASR report. The conclusion of the Deloitte report was that the LCBO is "a well-managed organization" and it cited several examples of best practices.

I can't claim credit for the LCBO's achievements. That belongs to the foundation laid by Andy Brandt, to the experienced management team led by president Bob Peter and to the more than 6,000 dedicated LCBO employees. I do take satisfaction in changes that I've helped make: to strengthen the governance structure and increase management's effectiveness. As vice-chair, I first turned my attention to recruiting highly qualified candidates for the board. When a solid board was in place, I initiated and led a comprehensive review of corporate governance. We looked at practices in other Ontario provincial agencies, at the liquor control organizations in other provinces. We also reviewed practices recommended by the Toronto Stock Exchange, by the Treasury Board of Canada for federal crown corporations and by other private and public sector companies.

The board then prepared a modern corporate governance framework for the LCBO which reflected the state of the art in governance. We also recommended changes to the Liquor Control Act. The government welcomed our input on this important matter, and the Liquor Control Act was amended to separate the roles of the chair and chief executive officer. Bill 151 came into force on December 20, 2006. Another amendment to the act expands the board from seven to 11 members, allowing us to draw on a greater pool of expertise across the province.

The audit and governance review committee has been split into separate committees so that both areas can be afforded the attention they deserve. An executive director, internal audit, has been appointed to coordinate the audit functions across the LCBO—another best practice coming out of our study.

In addition to these changes, I've also encouraged the board to continue its leadership in protecting the LCBO's core values. Our first priority is social responsibility. The LCBO works hard to prevent sales of beverage alcohol to those who should not have it. The LCBO employees made more than 1.7 million challenges last year, and we will make more this year. We encourage the LCBO in environmental stewardship, including implementing the new deposit return program, as well as continuing to reduce container waste at source. The board and audit

and governance committee encouraged the establishment of a comprehensive enterprise risk management process. This helps us identify and mitigate the key risks to our business. The board continues to monitor the LCBO to ensure that our employees' health and safety are carefully protected. In September, I told the committee that what had most impressed me about the LCBO was its focus on continuous improvement, which characterizes the corporate culture. I also made the comment, based on a career in finance, that the LCBO is one of the best-managed companies in Canada. I continue to hold that view.

I welcome questions on my suitability for this intended appointment, which I would consider a great honour and privilege.

The Chair: Thank you very much. The time remaining gives us about four minutes for the government.

Mrs. Carol Mitchell (Huron–Bruce): We have no questions at this time. We'd just like to make a comment. We appreciate you putting your name forward, and thank you for all the hard work that you've put into the LCBO to date.

Mr. Olsson: Thank you.

The Chair: We'll turn to Mr. Tascona.

Mr. Joseph N. Tascona (Barrie–Simcoe–Bradford): Thank you for coming here today, Mr. Olsson. You were here as vice-chair back on June 10, 2004. Interestingly enough, when you were questioned about the chair position, you said, "I don't believe my appointment as vice-chair is a chair-in-waiting position." I guess that turned out to be not so prophetic.

You're here today as a part-time chair. It has always been a full-time chair with the LCBO; now they're proposing a part-time chair. One of the roles of the chair was to ensure that the proper balance between revenue generation and the supporting of the Ontario product was achieved. How can you do this as a part-time chair?

Mr. Olsson: First, I'd like to point out that this committee recommended that the roles of chair and CEO be split. That was in your report from that meeting in September, and that is very much in keeping with the split between governance and management at both public and private organizations. In fact, it's very interesting: Yesterday the Treasury Board of Canada announced with some pride that three of their agencies had now completed the split between the role of chair and CEO.

Mr. Tascona: That's fine. I've only got 10 minutes; How can you do this job as part-time chair?

Mr. Olsson: My job is to oversee the governance of the organization, to make sure the organization is fulfilling its mandates, which include, as you say, social responsibility and the promotion of Ontario product. That ultimately falls to management to do on a day-to-day basis. They have been doing it, and we will ensure they continue to do it.

Mr. Tascona: So you'll just be dealing with governance.

Now, you didn't come before the committee. You've been acting chair, I believe, since January 13, 2006. Typical of the government process here, they put some-

one as interim so they don't have to come before the committee, but here you are today before the committee. You were quite frank about your Liberal connections, when you came here back in June, as a fundraiser etc. How have you been able to do the job without coming forth here until now? We're now in 2007. You've been on the job for over a year. Have you been doing anything different then than you're going to be doing now? Will there be any change?

1040

Mr. Olsson: This may sound picky, but I didn't come before the committee as a Liberal fundraiser. I came before the committee as a potential nominee as vice-chair, and I communicated to the committee that I had a background in the Liberal Party.

Mr. Tascona: We know that. I'm just asking you, you've been acting chair for a full year now and now you're coming forth here as part-time chair. What did you do for the last year? Were you just dealing with governance in the last year?

Mr. Olsson: That's correct, because the vice-chair automatically becomes the chair, so the government didn't appoint me to that role. You approved my appointment as vice-chair in 2004. As I've suggested to you, and as you would now be well aware, we had a governance study underway and it was clear that we were heading to the split of chair and CEO. I can't speak for the government, but I would assume they felt it would be inadvisable to appoint a new chair and CEO, which might be for a three-year term, that having been the practice, knowing that the roles were about to be split into chair and CEO. So the course of action, it seems to me, is quite reasonable.

Mr. Tascona: Okay. Part-time chair. Are you an employee of the LCBO?

Mr. Olsson: I get a T4 as a director of the LCBO.

Mr. Tascona: I guess you are, if you've got a T4. How much do you make as part-time chair?

Mr. Olsson: It's \$150 a day, sir. I understand that it may be raised under some new guidelines for boards, but I haven't even asked what that is and I don't know what it is. It's public service as far as I'm concerned.

Mr. Tascona: You're T4'd for it so it can't be total public service.

Mr. Olsson: I give it to the United Way, sir.

Interjections.

Mr. Tascona: I've got this right here, Mr. Olsson, if you want to give me your attention so you can have the laughing stop with your Liberal colleagues over there. This Food and Drink magazine here: I want to know how much it costs to publish this document which you've given us today and how many you produce every year.

Mr. Olsson: The document costs about \$2.5 million a year to produce. We do get some advertising revenue that lowers that amount to about half that, I understand. I'd have to get back to you on the correct amount. We have limited the circulation to about 250,000 for the last several years to take extra care that we are not competing with the Canadian publishing industry.

The purpose of that magazine is to promote the use of alcohol with food and in in-home entertaining. We feel that it has been a very effective part of fulfilling our social responsibility mandate. Its popularity with our customers and its readers would seem to support that view.

Mr. Tascona: So it's used to promote consumption of alcohol, not control the consumption of alcohol?

Mr. Olsson: No, that's precisely not what I said.

Mr. Tascona: I think you did.

Mr. Olsson: What I said was that it's used—

Mr. Tascona: I think you did.

The Chair: Excuse me, just one at a time.

Mr. Tascona: Mr. Olsson, I want to ask you this. If you didn't spend money on this glossy magazine here—

The Chair: Wait a minute. Excuse me, Mr. Tascona.

Mr. Tascona: —wouldn't it be better used in health care and policing costs, Mr. Olsson?

Interjections.

The Chair: Mr. Tascona, excuse me. I wanted—

Mr. Tascona: I've only got 10 minutes, Madam Chair—

The Chair: I know.

Mr. Tascona: —and they're yelling and screaming at me.

The Chair: I wanted Mr. Olsson to finish his sentence.

Mr. Brad Duguid (Scarborough Centre): On a point of order, Madam Chair.

Mr. Tascona: Not on my time.

The Chair: Just a minute. We'll go to Mr. Olsson.

Mr. Olsson: It's incorrect to characterize what I said as promoting the consumption of alcohol. Precisely what I said is, it is designed to change behaviour to promote the use of alcohol in a socially responsible manner, with food and in in-home entertaining.

Mr. Tascona: Now, the wine strategy was a partnership among the government, the Ontario wine council and, most importantly, the LCBO, to hit certain targets in terms of LCBO sales of Ontario wine and a proportion of domestic wine sold in Ontario. Specifically, the goal was to have a 50-50 market share after five years, by 2007-08, between domestic and imported wines in the province. If we understand correctly, the province, sadly, is off target. I think the best the province is projected to do now is 44% of domestic product. As of 2005-06, the percentage of total wine sales for VQA was at 30.8%. Are you satisfied that 30.8% is the appropriate share of sales at the LCBO for Ontario product?

Mr. Olsson: Could you tell me where the 30.8% comes from again? I'm not familiar with that number.

Mr. Tascona: That's the share: 30.8% of the sales at the LCBO are Ontario product.

Mr. Olsson: My statistics would be that even though we've had significant supply issues—we've had two short crops—the share of Ontario wine of wine sold at the LCBO was in fact 44.3% last year, versus 43.5% the year before. Given the short crop issues, we're quite happy with that.

Mr. Tascona: The VQA is at 30.8%, so aren't you woefully putting the VQA wines, which are in the Vintages section, behind even the Ontario domestic product? You're not promoting it.

Mr. Olsson: Actually, I distributed a sheet regarding how we do promote it. We sell every drop of VQA that the industry will give us to sell.

Mr. Tascona: Okay. With respect to deposit return, LCBO president Bob Peter has been a strong critic. Your spokesman has always been very critical of the initiative, but now obviously there has been a sudden change of opinion. Was the LCBO involved in the negotiations with the Beer Store to deliver the deposit return program?

Mr. Olsson: Yes.

Mr. Tascona: This was a single-sourced and generous contract to the Beer Store—no bidding, I understand. The Premier simply announced he was going to do it through the Beer Store and then proceeded to negotiate. Isn't that a recipe for a raw deal for taxpayers?

Mr. Olsson: No.

Mr. Tascona: Why not?

Mr. Olsson: First, you are correct in asserting that in the past we had taken the position to reduce waste at source and had not been huge fans of deposit return—and we have made considerable progress in reducing waste production in our containers. However, the government, led by the Premier, felt very strongly that a deposit return was in the interests of the environment. We were mandated to do that, and we have enthusiastically supported it.

The Beer Store was used, and interestingly enough it's not an option we had ever considered, but the government did because it has a ready-made recycling system. It seems to have worked quite well to date.

The Chair: We'll move on to Ms. DiNovo.

Ms. Cheri DiNovo (Parkdale-High Park): Thank you, Mr. Olsson, for appearing before us. I'd like to start my questions in regard to the agency store proliferation and the concern of OPSEU that this might be a de facto privatization move of the LCBO. I was wondering if you would comment on that.

Mr. Olsson: This is a position that OPSEU has taken, and I think they're always right to be concerned. They look after the interests of their members very well. Actually, we think they're a very responsible union to deal with. It is not backdoor privatization. The idea of the agency store program really is in two parts, as you probably know. It has existed in northern Ontario, where numbers simply don't exist to support corporate stores, for 30 or 40 years. What is new since the 1990s is the agency store in southern Ontario. Communities, often self-identified, which are underserved but cannot support a full corporate store are served by putting in an agency store.

We invited OPSEU to give us their views. Bob Peter and I and many other members of management met with OPSEU last month and reviewed some work that they had done suggesting that a number of our agency stores could be corporatized or brought back into the LCBO

successfully, and we have been working with them to refine the assumptions of that so that they understand what standards we use financially and so that they have the correct information to work with. That discussion continues with OPSEU, and I think it's constructive.

Ms. DiNovo: Could you expand a little bit on that? In terms of deciding whether an agency store or a corporate store goes in, what would the basis be for that? You said the numbers don't justify it. What sorts of numbers would you look at?

1050

Mr. Olsson: When we do a store, we actually have a three-member store location planning group and they follow demographics. Of course, the key element is the growth in an area. We work back through that—real estate costs—and develop a business case for every potential location and then apply a 12% hurdle rate. If a store doesn't make that hurdle rate, then we would invest somewhere else in the province because we try to prioritize our investments according to return, which in a free market generally corresponds to consumer demand. The most any agency store is selling in the province is about \$1.2 million. And, by the way, those aren't sales that are lost to us; they buy that product from us at a 10% discount. So it has proven to be a convenient way to serve some of these small communities, and the sales are not lost to the LCBO except for the discount that's paid.

Ms. DiNovo: I know that one of OPSEU's concerns also with the agency stores was perhaps third party buying and the lack of training for some of the folks who work in those agency stores. Again, I was wondering if you could make a comment about that.

Mr. Olsson: It's been an ongoing topic. We do actually provide the same social responsibility training and updated training to an agency store operator and any staff who sell beverage alcohol that we provide in our corporate stores. We also keep records on challenge and refusal, and we monitor carefully any reports. No statistics have been produced to suggest that it actually is a problem; in fact, I said at the committee last September that if I were an agency store operator, I wouldn't make a lot of money on selling the alcohol. What I'd really make the money on is the traffic I get so people don't drive to Orangeville or London or wherever to buy their liquor and pass my grocery store up. So I'd be a lot more concerned about losing my licence than I would be about making an extra dollar or two selling to an underage patron.

Ms. DiNovo: Just to wrap up this section of my questioning: What I'm hearing or what I hope I'm hearing is that there will be an increase in the number of corporate stores and a look at trying to convert agency stores into corporate stores as the case warrants. Is that correct?

Mr. Olsson: We are looking at that, and in due course we will. I won't take the time today; the point has been made that it's limited, and I'd be willing to meet with you. But it's quite complex because both we and the Beer

Store provide the products separately to the agency stores, and it's not as clear-cut a case as one might think.

Ms. DiNovo: Well, I look forward to hearing back about it.

I'd like to flip over to the environment and the recycling programs. I think every MPP this morning received something from the friends of the blue box campaign and their concerns about recycling versus the blue box. They pointed to the experience of recycling versus the blue box in Edmonton and they make the point, or the case at any rate, that it's less environmentally friendly to have the Liberal government's recycling program than it is to continue and expand the blue box program. I'm wondering if you could comment on that.

Mr. Olsson: I'd prefer not to get into what I consider a government policy matter. We're executing a mandate that was given us. I would point out, though, that we have been giving \$5 million a year to the blue box program in respect of recycling of our products, and we have agreed to continue that for two years no matter what the experience is.

Also, I hadn't expected to see any data yet, but it's very interesting. I have here a clipping from the North Bay Nugget—I believe that riding is represented here on the committee—and their waste management coordinator yesterday said that he noted a "significant reduction in the amount of glass at the curb." He couldn't quantify it, but said, "It's quite substantial." So it looks like it's working.

Ms. DiNovo: Not according to the friends of the blue box, but I'll leave that be; I know that I'm getting a little out of your jurisdiction in answering that. But I would like to focus on the Tetra Paks and the LCBO move to Tetra Paks. Again, a number of environmentalists have issued concerns about that and the fact that studies and the facts just don't back up the use of Tetra Paks as an environmentally friendly move. Could you comment on that?

Mr. Olsson: One thing I've learned about the environmental debate is that there are lots of facts and they're used in very creative ways by many different people. There are two facts that I would like to start with:

(1) It is asserted that Tetra is not recyclable or that it is not recycled. That is not true. All collected in a blue box or by the Beer Store is recycled. It happens that the most effective place to recycle it is in Michigan because no one in Ontario seems to want to do it at the moment, but it gets done. It's pulped just like milk cartons or something like that; there's a little bit of residual aluminum and plastic. So that, I think, is a misperception.

(2) When people cite statistics that blue box recovery rates have been very low, my answer to that is, "Well, hello, until we introduced it at the LCBO, the primary use of Tetra Paks was in school lunches, and almost all of those containers just go into garbage." In fact, our experience has been that there's a very high recovery rate of Tetra in the blue box program since we've introduced it. It's too early to say, but I'd be very surprised if the Beer Store doesn't experience the same thing.

Ms. DiNovo: That's not what we're hearing from some environmentalists, who are saying they end up in landfill as well. But I'd like to move on, because I don't have very many minutes, to another topic, a concern that was raised before our committee from the smaller wineries in Ontario, who have asked and would love to see more shelf space given to their product. I'm wondering if there's any hope for them on the horizon.

Mr. Olsson: VQA wines: there's nothing wrong in someone advocating a position that might give them a further commercial advantage, and it doesn't bother us. The fact of the matter is, Ontario wines are heavily over-indexed, according to their sales, and VQA wines in particular. In fact, when we have more VQA to sell, we will give them more space.

We also go to some considerable extent to promote the sale of Ontario wines. I've put our latest Vintages release out. We have a six-page spread on Le Clos Jordan, which is a small new winery opening, and we've done this with many other wineries in Ontario. I've also given you a sheet that shows how we support the Ontario wine industry. For everyone who would complain about not having enough shelf space, I could also produce comments of people who have been very fulsome in their praise of the way we promote their products.

The Chair: Thank you very much. That concludes the time allocated for questions. Thank you for coming. You may step down.

Mr. Olsson: Thank you.

The Chair: We will now deal with concurrence. We will now consider the intended appointment of Philip J. Olsson, intended appointee as member and chair, Liquor Control Board of Ontario.

Ms. Monique M. Smith (Nipissing): I move concurrence of the appointment of Philip J. Olsson as member and chair of the Liquor Control Board of Ontario.

The Chair: Thank you. Concurrence in the appointment has been moved by Ms. Smith. Any discussion?

Mr. Tascona: Yes. In terms of questioning Mr. Olsson today, we've had him here before. We had the LCBO here before. Certainly, dealing with his appointment, there's a recent release here in terms of the way the LCBO has been operated in the past through a full-time person. This is a part-time appointment. Mr. Olsson's comments with respect to what he thinks his role is in terms of strictly governance, which is just looking after the board of directors, I think are unsatisfactory. I really believe that the job requires much more in terms of what's expected of an individual in his approach, which I think is quite cavalier in terms of the management of a \$3.6-billion operation. To have a part-time chair just goes to the fact of what the government really thinks about this particular position. So I can't support this appointment. And obviously it's a political appointment.

1100

Mrs. Mitchell: I just want to make a comment. I will be supporting this, and I just wanted to add that I believe that by supporting this motion, we are strongly putting the LCBO in very capable hands and we will continue to

see the LCBO surging forward in a responsible manner. So it's certainly my pleasure to support this motion.

Ms. DiNovo: In regard to the political aspect to this appointment, I can't imagine an appointment that isn't political before this body, so I won't go there. He seems like a nice enough man. I hope we heard some reassurance about corporate stores over agency stores, because I am really concerned about the proliferation of agency stores, and I'm not alone in that. I don't want to see back-door privatization.

I'm also concerned about the recycling effects. I don't think the numbers, contrary to what Mr. Olsson said, are firm, that the recycling effort is better than the blue box or that Tetra Paks are actually environmentally friendly. I just wanted to put that on the record.

I'm prepared to support this appointment. They're all political anyway. They're all going to be supported by the government. It doesn't matter whether it is supported or not; he's going to get the job. But I do want those concerns on the record.

The Chair: Any other discussion? If not, all in favour?

Mr. Tascona: Recorded vote.

Ms. DiNovo: I'll abstain.

Ayes

Delaney, Duguid, Milloy, Mitchell, Smith.

Nays

Tascona.

The Chair: The motion is carried.

Thank you very much. This concludes this part of the session.

AGENCY REVIEW WORKPLACE SAFETY AND INSURANCE BOARD

The Chair: As you know from your agenda, now we will have the opportunity to have the Workplace Safety and Insurance Board representatives return.

Good morning and welcome back. I want to take a moment just to explain the situation that we find ourselves in. When we did our consultations in the fall, there was some question raised about the fact that the agency we asked to come before us had no opportunity to respond, in the circumstances of our previous meetings, to those stakeholders who had come and made their own comments. So the subcommittee, and then later the committee itself, voted to embrace this as a possible solution: an opportunity to give—in this case, you—the opportunity to make some comments that reflect your response to those stakeholder depositions that were made to us two days ago.

What I'm going to do is first of all turn the opportunity for comments over to you and then I will divide the remaining time that we have to each caucus to provide any further questions or comments that they might have, based on your comments.

I want to remind everyone that the purpose of this time is to look at those deputations that were made. So we're not here to talk about other issues; we're just here to hear you respond to what you heard. So I would ask all to consider that that's the purpose of our meeting here today, not to go off on new tangents and things like that.

So, Mr. Mahoney, welcome back. The floor is yours, and we will then go in rotation.

Mr. Steve Mahoney: Thank you very much, Madam Chair. I assume that, even though there are some new people on committee today, it's not necessary to introduce the staff again, but I do have the senior staff here who can respond as well.

The Chair: I'm sorry; for the purposes of Hansard, I would ask you to do that.

Mr. Mahoney: All right. Our president and CEO is Jill Hutcheon. Our chief operating officer is John Slinger. Our chief financial officer is Malen Ng. We have our chief of prevention sitting somewhere behind us: Tom Beegan. They're certainly available to committee as well.

I think it's a good suggestion and a good compromise that you've come to: to allow, at least in our case, an opportunity to comment on some of the deputations that were made, simply because this is public record, this is Hansard, and this will of course lead to a report by your committee with recommendations. Frankly, we want to ensure that we understand the same things that our stakeholders understand. If we disagree on issues, we want to make sure the facts are correct.

In that light, there were comments that were made with regard to a couple of items in general. I'm not going to be specific. The Hansard will show which organizations and which individuals made whatever comments, but I do want to deal first of all, if I might, with some of the questions around the financial responsibility of the organization.

In 2004, the Auditor General of Ontario ordered a complete financial audit to be done, and Grant Thornton was retained by the province to do that audit of the WSIB. In 2006, the Auditor General appointed Deloitte to come in and take a look at the audit. There were some 64 recommendations made in that financial audit that we had a year and a half to two years to undertake. When Deloitte finished their work, they concluded that indeed the 64 recommendations had been complied with and that there were significant managerial improvements that had occurred as a result of those audits.

I would also like to tell you that we benefit from a member of the Auditor General's staff who sits on our audit and finance committee, which meets on a regular basis. So there's real dialogue between the Auditor General, the auditing teams and our financial people. In short, our books are open, transparent and publicly accessible. In fact, the original auditor's report and the follow-up

review are posted on our website for anyone to see. So any questions about what happened to the 3% increase or what happened to this or that are clearly outlined and dealt with in an appropriate way.

I also want to clarify, with regard to the unfunded liability, that we have set a target to eliminate the unfunded liability, currently at \$6.7 billion. By the end of our fiscal year, it will be at about \$6 billion. We are on target to eliminate it by the year 2014, and that remains our goal.

We continue to work diligently on issues like persistency of claims. As I said in my report to you the other day, we have seen a reduction in lost-time injuries but an increase in our financial costs in dealing with them due to the persistency—the length of time they're on the system. So we're working on that issue. We're reviewing our health care costs, which are approximating half a billion dollars a year, and we think we have some ideas. We're running pilot projects. We're looking at new ideas and ways we can reduce our health care costs. Our prevention strategy is key to the next number of years that will lead us toward the elimination of that unfunded liability by the year 2014. That's still our goal and still our target.

1110

I would also like to clarify that my predecessor took the chair in 2005. And my predecessor, just to correct the record, was not Glen Wright but in fact was the current and then president of the WSIB, Jill Hutcheon, who was asked to be the interim chair for a period of two years and to juggle both roles during that two-year period immediately preceding my appointment in May of last year.

I'd just tell you, anecdotally, a true story. I attended a function two days after I was appointed. Someone came up to me and greeted me and said, "Hi, Steve. What are you doing now?" I said, "I'm the chair of the WSIB," and his remark was, "Well, no wonder things have improved down there." The improvement started long before I arrived on the scene, and Ms. Hutcheon and the entire team deserve a lot of the credit for that. In fact, Jill led a \$30-million reduction in the board's administrative operations, which I believe is a concrete example of the WSIB's commitment to fiscal responsibility.

Also during that time and in the year preceding my arrival there was a 3% premium increase, which was referred to by some of our stakeholders. It was factored into the overall costs of health care, service delivery and worker benefit improvements. In fact, the service level provided to our clients improved notwithstanding that in 1996 we had almost exactly the same number of staff in the organization that we currently have in 2007. So there's been a real flatlining of the administrative budget, and in fact a reduction of some \$30 million. Jill and her senior management team deserve tremendous credit and recognition for that, in my view.

I also want to say there were a number of comments made around lack of consultation. Frankly, for anyone to suggest that the WSIB does not consult with the employees, employers and associations in the province

simply shows either a lack of understanding or a lack of awareness. In 2006 alone we attended—and I'm not just talking about one-off meetings—over 1,300 meetings with employee groups, employers and associations. I must tell you that even as a former federal cabinet minister responsible for six federal crown corporations, I have never experienced the degree of consultation demonstrated by this organization. Once again, I can assure you it began long before I arrived on the scene, but it's something I support.

I've been in the service of the public for nearly three decades and I have learned not to become defensive over criticisms of the system that I represent, and I will not be defensive of some of the ideas. In fact, I'm going to be sharing with you some comments that show that we actually learned some new things from the deputations and from the committee in some of the questions. Constructive criticism helps us to improve the services we are mandated to deliver and it can point out systemic weaknesses that we all seek to eliminate. However, I have to say that I consider it somewhat unprofessional, and certainly unfair, to cast aspersions or make defamatory remarks about what I consider to be the dedicated and professional staff of this organization, from our president to the chiefs, to the adjudicators, to the doctors, the nurses and the front-line staff whom I've had the privilege of meeting and working with over the last eight months, who are all committed to our number one obligation at the WSIB, and that is serving the injured worker.

I'll just leave those comments for the committee to digest as you do your report. We will be submitting a formal letter in relationship to some of the disagreements or factual errors that we saw, but I want to thank the committee members for the opportunity for the WSIB to appear before you. I also do want to thank, in spite of our concern over some of the comments, our stakeholders for their comments and submissions. Getting this kind of input is a vital part of meeting our mandate to serve the workers and employers of Ontario. I look forward to continuing our dialogue on the many important workplace health and safety issues that have been raised and that touch so many of us across the province.

As I said on Wednesday in my opening statement, we are all on the same team. We may not always agree on how to get there—and you saw that in different perspectives presented earlier this week—but we are all working toward one goal. I want to reaffirm my commitment to work with all of our stakeholders to achieve that common goal: the complete elimination and eradication of workplace injuries, illnesses and fatalities.

I want to ensure that the door remains open to injured workers and their families, that they are fairly compensated and that they are treated with the dignity and respect they deserve. At the same time, we must be cognizant of the stewardship responsibilities that we have, ensuring that the system entrusted to us by the employers and workers of this province remains financially viable now and for future generations.

We remain focused on our eight-year journey that the system has ahead of it. The elimination of the unfunded liability by the year 2014 will allow us greater flexibility to improve benefits to injured workers and decrease premium rates.

A lot of good work has been done, but in the first month of this year, 12 workers lost their lives in the province of Ontario to traumatic injury at work. If this trend continues, 144 workers in small, medium and large businesses will die on the job this year alone in this great province. This number, I'm sure you would agree, is unconscionable. If we add deaths due to occupational disease, that number would be three times higher, and that's without including the potential clusters of exposures in the workplace. All of this must stop.

Occupational disease continues to be our biggest challenge on the Road to Zero. We are very sensitive to the fact that every claim is more than a piece of paper. We understand that there's a human being with a family within the pages of every claim file. While we continue to implement a plan for the present, we all need to work together to make occupational disease a thing of the past. We are focusing on expedited decision-making, strengthening support for adjudication and quality service, improving our communications with affected workers and, in some cases, their survivors, and enhancing information and technology to support the difficult decisions that have to be made.

With respect, we have not sat on our hands or on reports. For the past two years, our internal focus has been to ensure that the appropriate building blocks are in place. This includes developing extensive adjudicative advice support materials to help guide the training of 70 occupational disease staff and aligning our policy priorities with our research advisory council's mandate. Rather than waiting for the ODAP policies to be put in place, we have implemented an adjudication protocol based on the principles of Brock Smith's final report on occupational disease.

I agree with stakeholder comments that we cannot do this on our own and we all need to work together. Whether you are an association, an employer or a worker, we need to work together to move this issue forward. Over the next several months, we will again consult with our stakeholders on the draft policies.

The work that has already begun in the areas of prevention, return to work and education of all workplace parties is now more important than ever in order to achieve the system breakthroughs that we're all striving for. We are constantly reviewing the way we do business to make sure that the WSIB continues to provide the kind of service excellence that employers and workers expect and deserve.

One such example—and this was referred to by one of the presenters—is with respect to the employer audit. We have already commenced a review of our practices, and that review will help to inform us of any process improvements which need to be made. Similarly, in the area of collections, which was also referred to by one of

the deputants, we are currently looking for service improvements. We will take the suggestions to heart and we will examine them to see how we can do things better.

Our board of directors reflects the stakeholders that we serve, bringing different points of view to all of our decision-making. We meet regularly to review and plan and take action to meet our shared goals. We remain committed to operating in an environment that is open, transparent and accessible.

Communication is a cornerstone of our relationship with our stakeholders. As you saw during the presentations on Tuesday, we may have differences of opinion based on different needs and different pressures at different times. I don't believe that we are guilty of not communicating. Perhaps we're not telling some of our stakeholders what they want to hear, but that isn't the same as not communicating. That's what making one million decisions every year sometimes does. A decision is a choice between alternatives, and each alternative will have its proponents. Our job is to make tough decisions. We can't sit on the fence. Madam Chair, as you well know, every decision is open to criticism from one side or the other. We strive for service excellence, and most of the time we get it right. We seldom hear from our stakeholders when we're doing a good job, but when they tell us we're not doing a good job, we take it very seriously and we take appropriate action. And I'm sure you, as elected officials, can understand that situation.

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Since 2005, the management at the WSIB has had over 1,400 meetings, consultations, presentations and information sessions with workers, employers and associations on a variety of issues. We identify action items from those meetings and follow up to ensure that they are all being addressed.

On Tuesday, there were several discussions about joint health and safety committees. It was the New Democrat member who raised this issue and brought forward some concerns in this area. These concerns were about the health and safety committees in workplaces and the proper certification of their members. I believe these committees are crucial to developing a health and safety culture in workplaces across Ontario, and critical to the success of prevention initiatives. The WSIB sets the standard for this certification training, accredits the training agency and ensures quality control of the courses.

Consequently, as a result of the questions by the member at this committee, I have asked our new prevention chief, Tom Beegan, who is also chair of the Occupational Health and Safety Council of Ontario, to make joint health and safety committees a priority and to work with our system partners, including the Ministry of Labour and the HSAs, to explore the opportunity to improve compliance across the province.

Worker and employer stakeholders have both suggested that a named insured system is a simple answer to coverage issues. I'm more than open to discussing the idea of a named insured model. This issue is not new; we've explored it in the context of mandatory coverage

with stakeholders since 2000. On the surface, it appears to be an attractive solution to the coverage issue. However, it is not an alternative to mandatory coverage as it will not get at those who continue to evade the system.

The reality is, there are a number of roadblocks that need to be addressed and would require legislative change. As you know, the construction industry has a very mobile workforce. Making those employers maintain and report up-to-date lists would represent a significant administrative burden. Unlike private insurance, the WSIB has an obligation and a responsibility to the injured workers of this province to provide benefits and services without compromising them, regardless of whether or not they are named by their employers.

Regardless of where we land on coverage, we've been proactively tackling the underground economy to ensure that all employers are paying their fair share. We have fostered a very successful partnership with the Canada Revenue Agency to address compliance issues and help create a level playing field. In the last two years, we have registered 17,000 non-compliant employers. As was suggested on Tuesday by one of the deputants, we will be reinstating the voluntary registration program to give employers who continue to avoid the system the opportunity to come forward before we identify them through other means.

Our prevention mandate is more than a commitment; it's a culture. It's a new way of doing business. To build on this culture, we need to encourage and recognize appropriate behaviours in the workplace and to pull all the levers out of our prevention toolbox. Our new accreditation initiative, which will set standards for successful health and safety programs, is just one of these levers.

We already know that prevention incentive programs like safety groups and experience rating result in positive behaviours. We also recognize that, like anything, there will always be a few who will try to take advantage and cheat the system for their own benefit. But rather than dismantling the program because of a few bad apples, we're doing all we can to crack down on this kind of fraud, including a verification audit to ensure full and appropriate reporting of all injuries and illnesses. The WSIB recognizes the need to review and find opportunities to improve all of our financial incentive programs, including experience rating, and to ensure their future effectiveness.

I have told this committee and the employers of this province that the WSIB far surpasses the service and value for money provided by any private insurance company. I want to ensure that this continues to hold true. The WSIB continues to support employers in the following ways:

- by providing protection from liability, a point that is often overlooked by employers as I travel around the province, and some actually express surprise when they find out that they have that kind of protection;

- by encouraging and rewarding positive health and safety behaviour through prevention incentive programs;

—by providing training programs, products and services through 14 health and safety organizations;

—by developing an accreditation program to recognize superior health and safety practices;

—through research initiatives such as the centres of research expertise that find innovative solutions that inform WSIB programs and practices;

—by developing an e-channel to make WSIB more accessible to employers;

—and a final point that is often overlooked: by providing tax-deductible premium rates to employers.

All of this is done while also ensuring that injured workers and their families continue to receive the best possible service and that benefits are at adequate and secure levels. We are committed to supporting the injured workers of this province:

—through comprehensive multilingual support to workers. I said in over 42 languages the other day but it's actually in over 60 languages;

—by the creation of an adjudicative best practices working group comprised of WSIB staff and external stakeholders that continue to identify ways that we can be better and more efficient;

—through staff training in areas of occupational disease, return to work and, particularly for our front-line staff, worker sensitivity;

—through the creation of a serious injury program working group with external stakeholders, once again, to identify ways that this program can improve service to most seriously injured workers in the province;

—through a review of the WSIB's service delivery roles as part of our commitment to service and organizational excellence;

—through funding of \$6.5 million for occupational health clinics for Ontario workers;

—through numerous benefit improvements over the last few years, including removal of the cap on burial expenses, and the extension of monthly benefits for dependent children from 25 to 30 years of age.

As I said in my opening remarks, my opening statement, at the end of the day we want to ensure that workplaces are safe and that all workers return home to their loved ones without injuries or illnesses. I know that the stakeholders who presented on Tuesday and everyone in this room share that goal. I am deeply appreciative of the opportunity to hear their concerns, share some of our plans with them and with you and reaffirm our commitment to working in partnership with the workers and the employers in the province of Ontario. Thank you very much.

The Chair: We have in the time remaining just about 12 minutes, actually. We'll begin with Mr. Milloy.

Mr. John Milloy (Kitchener Centre): Madam Chair, just on a point of clarification: 12 minutes per party or 12 minutes in total?

The Chair: Per party. Sorry.

Mr. Milloy: Okay, so I can relax a little.

Mr. Mahoney: Me too.

Mr. Milloy: Thank you, Mr. Mahoney, once again. I was just on the last round when you appeared in front of the committee and we only had a few minutes to talk. I didn't get a chance to get on the record that you're a proud graduate of St. Jerome's High School, the best high school, well, anywhere. But thank you for coming in front of the committee.

There are two areas I wanted to touch on, one very briefly: There was a lot of comment on this whole issue of consultation and you touched on it a bit in your response today. Just digging down a little deeper, if you could provide for the record some examples, I guess, of where you've engaged in consultation as chair where you've made yourself open to stakeholders. Also, on a point that I think some of the witnesses made, what happens to that information? Obviously, you can't agree with every side, but maybe some examples of where you've been able to follow up with some of the concerns that have been brought forward.

Mr. Mahoney: Thank you, Mr. Milloy, for that question. First of all, I actually graduated from Richview, but I did spend three years as a boarder at the greatest high school ever in Kitchener, St. Jerome's.

Some of the consultations that I personally have undertaken have been to meet with all of our staff in 14 offices to spend time with them and to learn their issues on the ground. At the same time, when I've been in those communities to meet with stakeholders, with injured worker groups. We met with the folks from Dryden who had suffered terrible illnesses from the Weyerhaeuser situation—that was in Thunder Bay. We've met with injured workers in London. In fact, I went to their office, where I met a couple of the people and saw the pain and suffering they were enduring and some of the problems. And I've met with and spoken to a number of different employer groups and associations.

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What I have strived to do is to continue the openness in terms of meeting with folks around the province who had been there prior to my arrival, but perhaps from a little different perspective, having been in elected office in this place and having had some experience as an MPP with some of the problems that people bring to you on the ground. I appreciate the comment that you made to me yesterday that "It's great to see that you're not defensive about the criticism." I don't want to appear to be defensive at all. I think it's important that we look critically at all of the things. For example, you asked a question yesterday about LMR, labour market re-entry. I'm not at all satisfied with the situation we have in terms of labour market re-entry, and Jill and I have talked about how we can improve that situation, because too often workers are given training either for jobs that don't exist or for jobs that, frankly, they shouldn't be getting training for, either due to linguistic issues or perhaps their past history and education. And we'll continue to do that.

I want you to know that the very first day I was appointed, one of the first phone calls I made was to Wayne Samuelson at the Ontario Federation of Labour,

at which time I gave him my cellphone, my home phone, my cottage phone and my office phone, and I said, "I'm available to you 24/7 if you have any issues or concerns." I did that with a number of our stakeholders so that they would feel that as the chair, I was going to be accessible to them.

Wayne and I have also come to disagree, as might not be shocking to many, on a number of issues, experience rating being one. I'm a strong supporter of incentives for the business community to provide better-quality health and safety and I categorically reject the comments that the people who are employers in this province are liars and cheaters. I don't believe that. I do believe there's fraud on both sides of the envelope, but I also believe that it is a very minor part of the situation when you deal with 350,000 claims a year, 550,000 injured workers in our portfolio, 200,000 employers that pay us premiums, \$4 billion a year in revenue, over \$3 billion in benefits, and I could go on. It's a huge corporation, arguably in some categories the largest insurance operation in the country, although it is truly not just an insurance company; it is also part of a social contract that I think is vital.

Consultation: I also want to say that the staff have been superb in supporting me and briefing me, almost to death at times, but they really have, and they've welcomed me at the WSIB with open arms. That has allowed me to have confidence to go out and talk to people in all areas of the province. As I have said to worker groups, union leaders and employer groups, our number one mandate is to take care of the injured worker. I believe that we are getting better at doing that literally every day.

Mr. Duguid: What's that cellphone number again?

Mr. Mahoney: It's 416-302-1801.

Mr. Milloy: That's going to be in Hansard.

Mr. Mahoney: That's fine. I don't mind. I don't have to answer it. I can turn it off.

Mr. Milloy: This is obviously an opportunity, as the Chair said, for you to respond to some of the comments that were made. One area that I don't think you've had a chance to touch upon was some of the concerns that were brought forward particularly by the small business community. I think there's a view, and I don't mean to put words in their mouth—one of the statistics I heard was I think from the CFIB, that said, "You know, a lot of our companies get one injury every 10 years, and you're trying to make it every 20 years. Basically, why can't we allow the small business community to get on with it and not be imposing so many onerous requirements?" Then at the same time, leading from that, to sort of ask a two-part question, is, "We also have the WSIB getting you so involved in these safety campaigns and commercials and all that." I think there is a view which I don't share but a view that came forward from that: "Be an agency, leave the folks who aren't having huge accidents alone and get out of the rest of the business." As I say, I want to give you this opportunity to respond to that kind of approach.

Mr. Mahoney: I appreciate that. The sad fact is that in 2005, 12% of all of our claims came from small busi-

nesses. We're talking about firms with fewer than 20 employees. I'm assuming many of those would be members of the CFIB, although I don't have access to the membership list so I don't know that. Of the 12%, if you do the math, that's 42,375 injuries or illnesses that could have been prevented. So they're not exempt, and we can't exempt them. With respect, I was in the Legislature when the same people were involved with the CFIB, and I heard the same complaints and the same story 12 and 15 years ago. I respect that they represent a segment of our society that is a critical part of our economy.

We provide services; we will actually send a staff person out to sit down one on one with a small business owner to show them how simple it is for them to fill out the forms. We're undergoing some technological change; it's called ICAM. I can't tell you what it stands for, but it's new software. The new software that's coming in is going to allow people to actually file their claims online, for the employer to actually—I mean, they can't do that now. We get 14,000 faxes every day at the WSIB. It's almost antiquated in that regard. So we're improving our technological capacity to provide better service.

One of the first things, which Jill will recall, I said when I arrived in the chair was, "I'd like us to look at creating a new schedule for small business." We have schedule 1 employers, who pay us premiums; we have schedule 2 employers, who are primarily government and federally regulated corporations. As schedule 2, they don't pay us premiums, but they do pay for the health care costs that are associated with return to work or rehabilitation for the injured worker, and they pay an administration fee on top of that. I had this idea that maybe we could create a schedule 3 just for small business. When I looked into it and learned more about it, I realized that in essence we already do that. In fact, recognizing that small business—I've met with Harinder Takhar, the Minister of Small Business, to talk about how we can address some of the complaints that he gets, perhaps of some heavy-handedness by either auditors or inspectors who go into the workplace, by trying to improve communication, by trying to recognize that they have operations that are in many cases 24/7. We want to provide them with a Web-based tool to help them calculate, because they do self-calculate, their premiums and submit them; we don't figure them out and send them a bill. This is, in that regard, a voluntary system.

Within five days of registering, a small business owner receives our small business employer guide, which includes very easy to understand pamphlets and posters etc. expressing their obligations, their benefits, the legal protections they have, the premiums and how to appeal a WSIB decision. Each small business is assigned a customer service representative, who provides that one-on-one service that I referred to.

We conduct regular customer satisfaction surveys and focus groups. We actually do surveys by third-party, independent companies, so it's not coming from the WSIB and people don't have to be afraid to answer because they think we're going to find out what they

said, because we don't. We simply get the statistics back. I shared, and it will be in Hansard, some of the quite remarkable percentages. If I can recall—it's in my binder—I believe the employer satisfaction was in the neighbourhood of 80%, 79%, from our surveys, and the worker satisfaction was 69% to 70%.

We recognize that we have some problems and that we can do a better job with small business. We're looking for ideas, and we're looking for constructive ideas, frankly, on how we might be able to serve them. I would argue strongly that I have a little more confidence in the surveys we conduct than simply asking a small business owner a question like, "If you had a chance to buy your coverage competitively from five or six companies instead of being forced to buy it from the government's WSIB agency, what would you prefer?" I know as a small business owner myself I'd probably say, "I prefer the competitive approach." But the reality is that we are competitive, beyond competitive, when you look across the country, the services that we provide, the protection that we provide. We are an asset to small business and belong on the asset side of their ledger sheet. We can justify that. We've done a business case for that, and we're very confident in that.

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When problems occur, I've intervened personally; Jill has intervened personally. John has gone to the mat for some of these people. The Umbra example that was brought before this committee the other day: We've all gotten involved to try to deal with the issue and the problems that this gentleman expressed and will continue to operate in that fashion.

Let me briefly discuss the social marketing question that Mr. Milloy asked. This campaign has developed what I call a water-cooler topic across the province. It has been phenomenal as I have travelled from Thunder Bay to Ottawa, from Kitchener to Windsor and down to Niagara and all over the province: People are talking about it, the impact that it had and why did we do it. I go back to the fact that in spite of the fact that we are confident we're running a first-class operation at the WSIB—a huge change, by the way, from the times in the early 1990s when I was in the Legislature and a rather vocal critic of the WCB at the time; a huge change in the operation—we still continue to lose 100 people every year to fatalities in the workplace. We still continue to lose almost two and a half to three times that to occupational disease. We still have asbestosis coming down the pipe from years gone by because the latency period is so long. We've got to wake society up.

One of the reasons I was delighted to have the opportunity to come before this committee was to say to legislators, "Join us in our Road to Zero. If you want us to come to your communities to talk to your constituents, if you want us to come and meet with your business groups, your unions, we are more than willing to do it," because we've got to drive the culture change in society right up into the CEOs and the CFOs of the province, to ensure that everybody understands that we still have a serious,

serious problem in terms of fatalities, injuries and illnesses in the province. So you're going to see more social marketing from this organization, certainly as long as I'm involved as chair and I know as long as Jill and her senior management team are on the job, which will be for many years.

The Chair: Thank you. We'll go to Mr. Tascona.

Mr. Tascona: I have nothing to add. I want to thank Mr. Mahoney and his staff for re-attending and taking this process very seriously.

Mr. Mahoney: Thank you very much.

The Chair: Ms. DiNovo.

Ms. DiNovo: I hope that means I get more time.

Thank you for coming again, Mr. Mahoney. I heard an allusion to my colleague Andrea Horwath. Unfortunately, she's not able to be here, but in lieu of her I would like to ask her question, because I heard the question reframed but I didn't hear an answer. So just for Hansard's sake.

The WSIB has the authority under the Workplace Safety and Insurance Act to certify members of workplace health and safety committees and set their training requirements. Every workplace with more than 20 people is supposed to have at least one certified employee on the health and safety committee. She asked, and I ask again, how many workplaces currently aren't fulfilling this requirement?

Mr. Mahoney: First of all, let me say that it was as a result of her questions that we've decided to ask our chief of prevention to make this a top priority across the province and go out and find the workplaces where we do not have health and safety committees in place and where we don't have properly trained and certified reps on those health and safety committees. So I'd like you to express our gratitude to her for making that suggestion, and it will help in our Road to Zero and our attempt to get to prevention.

The specific job of actually doing the training is done through the Ontario Federation of Labour, for example. We provide them with a grant of somewhere in the neighbourhood of \$800,000 a year to do training out in the community, and they do a superb job. In one of my outreach attempts I actually met with a classroom full of people at the OFL headquarters in Toronto where they were undergoing training, and I talked to them for half an hour about some of the issues. So they do a great job.

Our HSAs also provide training for the people in the workplace to ensure that we have the kind of knowledge on the shop floor, if you will, that's required in these joint health and safety committees. But it is the responsibility of the Ministry of Labour, in fact, under the Occupational Health and Safety Act. I don't mean to duck the question in any way whatsoever. We provide the design, the format, if you will, for the training, we provide the grants for the training to be done, but the enforcement of it does belong in the hands of the ministry.

Having said that, I think it's an area where we need to roll our sleeves up and get more actively involved. Current estimates would show—estimates are always

dangerous—that 20% to 25% of the workplaces have either not fulfilled their mandate in this area or are still undergoing it in terms of training. So I agree with your colleague, Madam Chair, with the member who made this suggestion, that this is a critical area for us to improve on in the future.

Ms. DiNovo: So what I'm hearing is a commitment to improve the tracking of these inspections and to look at the results of them. Because surely this is within your mandate to do.

Mr. Mahoney: Well, once again, we work with the ministry, but the inspectors are employees of the ministry, even though we pay for them. It's just one of those anomalies in the relationship that the WSIB has with the ministry. But I can tell you this: In addition to the work that Tom Beegan, our new chief of prevention, is going to do, I'm going to personally bring this up to the minister and say that we should do a better job of making sure that 100% of the workplaces have a good joint health and safety committee and have trained people on that committee.

Ms. DiNovo: Thank you for that. I'm also interested in the universality, of course, of WSIB coverage. I have a graph provided by our own researchers and see that about 69% of the province's workers have coverage. The graph shows that this is the second-lowest rate of coverage in the country. I was wondering, in the future of the WSIB, what plans are in place to deal with that.

Mr. Mahoney: I thought it was 67%, but I'll accept your researcher's number. It's too low, in my view. My view is that if everybody's in the tent, it's going to spread the risk and the responsibility, help us to reduce the premiums and have everybody pulling on the same oar, if you will, in the same boat. However, I must say that it is—there was a comment made in response the other day to my remark that we're not the legislators, that we simply operate under the mandate that's given to us in the legislation. The comment was made that we really are legislators, because we have all this power. The fact is, we have the power to set premium rates; we do not have the power to set benefit levels. That must be done through the Legislature and through legislation. The same thing is true in terms of mandatory coverage. There's currently a paper and a discussion that's been going on on mandatory coverage in the construction industry. I support it.

I'm selfish in this. I have a 32-year-old son who's in the construction business who is a sole operator, but he has four employees, and his employees are all covered and he's not, although he voluntarily makes sure he is, because I told him to. But it shouldn't require that. I also would tell you, just as an aside, that when I arrived in the chair's job, the first thing I did was check to see if all his premiums were up to date. I thank the Lord they were, because I had visions of writing a cheque.

But in all seriousness, the people who are in the trenches who run small businesses like this, who drive the equipment—they're the owner-operators, they're the independents. I really believe they should be covered.

I'll restrain myself from making political comments about who else should be in, but suffice it to say that I do believe it should be much broader than it is at the present time.

Ms. DiNovo: What about tying benefits to inflation? One study that I looked at suggested that 53% of the homeless on the streets of Toronto are actually disabled workers who simply couldn't pay the rent and feed themselves particularly easily because of the lack of this tie-in to inflation. I'm wondering, Mr. Mahoney, if you could comment on that.

Mr. Mahoney: Yes. I would tell you that previous to 1990, benefits, pensions etc. were indeed tied to inflation, to 100% of CPI. It was in 1994 that the government of the day made a decision to bring in what's called the Friedland formula. The Friedland formula determines that benefits will increase by 75% of CPI minus 1%, subject to a cap of 4%. In 1998, the government of that day determined that they would change that, and they put in the modified Friedland formula, which took it to 50% of CPI minus 1%, subject to a cap of 4%, which effectively de-indexed the benefits to the workers.

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We have been asked for advice, we've been asked for costings. The question was asked in committee the other day, what would it cost to provide full indexation to CPI levels? It would be \$2.3 billion in total that would be added on top of the unfunded liability. That would be a very difficult pill for the WSIB to swallow.

Having said that, we've done all of the financial models at various levels of indexation, and we've given our advice to the minister. Once again, it's up to the minister and to the Legislature to determine if indeed, through legislative amendment, they're prepared to change the indexation system.

I would briefly tell you a story of a worker who stood up at Bright Lights. You'd probably be familiar with Bright Lights. They're a group of injured workers on the Danforth. I met with about 100 of them in their office. The fellow stood up and he read a letter from us at the WSIB proudly telling him that he was being rewarded with a 0.1% increase in his benefits. It was somewhat embarrassing, frankly, to listen to that story. It's not fair.

We'll see what happens. If it's introduced by the government, it will come on to your table as legislators.

Ms. DiNovo: It's certainly less expensive than keeping somebody on the street, which I think runs about \$40,000 per person per year.

Madam Chair, how many minutes do I have left?

The Chair: About two.

Ms. DiNovo: Great.

Just very quickly, I wanted to ask about this strange thing called "deeming" that occurs. It seems to mean that somebody cannot be paid for not having a phantom job. This was brought to my attention by an injured worker, so I was wondering if you could comment.

Mr. Mahoney: In 1994, when I was still in the Legislature, as the labour critic for the Liberal Party, I published a report called Back to the Future, and in there

I addressed deeming. I've asked, as I said in my presentation the other day, that that report be shredded by everyone, because that was then, this is now. However, my position on deeming is consistent. I think it's ridiculous that we deem someone capable of earning their pre-injury wage and yet there's no job where they can actually go to work and earn that same wage from.

Having said that, there does have to be some way of determining when the person is into another job and off benefits. While we're not purely an insurance company, we're also not purely a social welfare company; we have to come down somewhere in the middle of that: find ways to rehabilitate, retrain—the labour market re-entry training that I talked about—get people back into jobs. It's not only about what they earn, because we will supplement the shortfall. If they earned \$20 an hour before the injury and they get a job for \$10, we'll supplement the rest of it to put them back to their pre-injury rate. So it's not just about the money; it's about the dignity of the job, about the fact that you have someone who's trained to operate a lathe who's driving a cab or something of that nature—not that there's anything wrong with driving a cab. You get my drift: We want them to have the dignity of their job, too.

Ms. DiNovo: So am I hearing that you might be in favour or that you're not in favour of someone with a permanent disability receiving benefits for life?

Mr. Mahoney: We operate under three different systems. When we go back to pre-1990, there are people who are on benefits for life. We would adjudicate the level of that injury. That's a different issue than deeming, at least in my mind. The deeming issue is something that needs to be addressed in terms of getting people back into meaningful employment. The decision on the extent of the injury and the length of the benefit is something that would be made through the adjudication process.

Ms. DiNovo: But presumably if somebody is—I hate to use the word—deemed to have a permanent disability, then it's permanent and they would need support for the rest of their natural life.

Mr. Mahoney: Again, that's not really my interpretation of deeming. Deeming is that they're capable of earning the money they were earning pre-injury, even though the job isn't there for them to go to work to earn it. So I don't want some false decision being made.

Once again, the issue of deeming, the level of benefits, all of those things, are matters to be dealt with by the lawmakers—you folks—with respect, and to be introduced by the government of the day, whoever that may be. Whatever that decision is—whether I'm the chair or Jill is the president or John is the COO or Malen is the chief financial officer—whatever it is, we'll do the job.

The Chair: Thank you very much. On that note, we want to thank you for coming back and allowing members to be able to have the discussion that we have. Thank you.

Mr. Mahoney: Thank you very much. We've enjoyed being here and appreciate the opportunity to put some of our points on the record. We will be submitting a letter in

the very near future to the clerk outlining some of the other issues where we perhaps have some disagreement or clarification.

The Chair: Okay. Thank you very much.

INTENDED APPOINTMENTS

WILLIAM MILLAR

Review of intended appointment, selected by official opposition party: William Millar, intended appointee as member, Hamilton Niagara Haldimand Brant Local Health Integration Network.

The Chair: To the members of the committee, we will now deal with concurrence—oh, sorry, with our second interview.

Mr. Milloy: We'll concur with that.

The Chair: Our second interview this morning is with William Millar, intended appointee as member, Hamilton Niagara Haldimand Brant Local Health Integration Network.

I think I can still say good morning to you. Welcome to the committee. As you may be aware, you have an opportunity, should you choose to do so, to make an initial statement, and subsequent to that there are questions from members of the committee.

Mr. William Millar: Thank you, Madam Chair. Members of the standing committee, I look forward to responding to your questions about my potential appointment to the board of directors of the Hamilton Niagara Haldimand Brant Local Health Integration Network. Perhaps I can offer a few words about skills, experiences and insights that I believe I can bring to the important work of that organization.

As you know from my resumé, I spent about 35 years in public education in Ontario, serving in a variety of capacities. My years as a senior administrator, particularly as the director of education in Niagara, provided me with experiences that I believe would be useful to the local health integration network board. In addition to the perhaps expected role in leadership and management, I spent a great deal of my time in communication and consultation with our staff, our students, their parents and the broader community we served. The development of a quality strategic plan with measurable outcomes and the establishment of strong and effective partnerships were very important to me. These experiences relate quite directly to the LHIN mandate.

In addition, since I served in the capacity of director and associate director in the 1990-99 period, you'll be aware that public education underwent some significant changes in those years. Processes of consolidation of services, amalgamation of organizations, changes in governance and significant and rapid change in program delivery that I was involved in not only experiencing but planning and leading taught me a great deal that I believe would be of value to the LHIN board.

After my retirement in 1999, I spent about two and a half years working with the Education Quality and

Accountability Office coordinating the development of the quality indicators program for elementary and secondary schools. I believe there are many parallels between the accountability measures we were developing for public education and those for the delivery of the broad range of health services with which LHINs are involved and for which they are expected to be accountable.

My direct involvement in health care is somewhat modest. I've been a consumer, of course; fortunately, not a significant one. I served for a period of time on a committee working to attract badly needed family physicians to our community. I've been married for over 40 years to a registered nurse, who has worked in both acute and long-term care as well as mental health. But I believe I'm a willing and a relatively quick learner, and I'm keenly interested in serving both my immediate and larger community in this important work: the provision of always scarce resources in the most effective ways possible to ensure the long-term strengths, quality and sustainability of our health care system.

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The Chair: Thank you very much. We'll start with Mr. Hudak in rotation.

Mr. Tim Hudak (Erie–Lincoln): Mr. Millar, nice to see you.

Mr. Millar: Nice to see you.

Mr. Hudak: I have known Mr. Millar for some time in his former role of leadership in Niagara. You've decided that retirement is just a little bit too dull?

Mr. Millar: Well, I do look forward to engaging in this kind of thing again, yes.

Mr. Hudak: Welcome to the committee. There's no doubt Mr. Millar has extensive experience and background and organizational qualifications, and that's not my main area of concern. We already have your former colleague, though, Bill McLean, who has pretty much the exact same skill set on the LHIN that you would bring to the LHIN. This is an organization that will soon control significant sums of money. So are we missing a balance here in terms of people with private sector business interests? I respect what you've done, but doesn't Bill McLean already cover those bases?

Mr. Millar: As a matter of fact, he and I have spoken about that, and while there is a fairly obvious similarity in professional backgrounds, I believe that some of the things I've done and perhaps the different approaches that have been taken over the years would bring some different skill sets.

The first one that comes to mind, and I think perhaps the most important, is my work with the Education Quality and Accountability Office on developing quality indicators and the processes of measuring outcomes, especially in a field in which the outcomes are often not as easily defined, if you like, as they might be in the production of widgets, say.

Secondly, our school board at the time prior to amalgamation spent a great deal of time in strategic plan development and then implementation, and in that area

we were quite different as school systems. I believe that process would bring some different skills.

Finally, I believe that I will bring some knowledge of another part of the geographic jurisdiction, from my work there. Those skill sets would perhaps be useful in assisting the board in its decision-making work.

Mr. Hudak: Again, Chair, I have tremendous respect for what Mr. Millar has accomplished in education and in his work since then, his volunteer work in the community—Mr. McLean similarly; an excellent background on the education side particularly—my point being that we are lacking representatives with private sector business experience on the LHIN. Would your advice to the committee be to try to strengthen that aspect of the LHIN management?

Mr. Millar: Certainly, if that's an area that's of concern, yes. I do not profess to have the kinds of insights about the private sector that someone who has spent a career in that would have. I ask you to note that I have for the past several years been involved with the Community Futures Development Corp. as a board member in Welland, and certainly all of our work, except for the funding source, is directly applicable to the private sector. So I have gained some insights there that, frankly, I didn't have before from my background in public education.

Mr. Hudak: It was probably between one and two years ago that we first had the Hamilton Niagara Haldimand Brant LHIN appointees here. What have they accomplished in the last year and a half? What stands out in your mind as a salient accomplishment of the LHIN to date?

Mr. Millar: Well, not being a member of that board, of course, I can't profess to be conversant in that. I have, since getting involved in this process, of course, looked at their bulletins and publications and so on. I'm aware that they have developed their first integrated health service plan. I'm aware from publicity and also talking with Mr. McLean in particular that they've done a great deal of community consultation. They have, hopefully, through that process—I would not be able to evaluate well—communicated their role and perhaps eased some of the concerns that I know are there as a result of the changes in process. Beyond that, I really am not close enough to their workings to know other accomplishments.

Mr. Hudak: There has been a lot of consultation, a lot of hand-holding, a lot of conferences. I'm not clear what the LHINs have accomplished other than that. I'm not sure what they're going to accomplish in the future. I'm a bit skeptical of the exercise. I'm worried it's another middle level of bureaucracy that's actually not going to deliver front-line services, again, with all due respect to your experience, Mr. McLean's and that of other board members. For example, they've spent \$53,000 to date purchasing new furniture or renting furniture for their offices, which they pay \$12,000 a month for, at a time when wait lists are growing longer for many procedures,

at a time when we need more doctors in Niagara, certainly. Isn't this a waste of taxpayers' dollars?

Mr. Millar: I really am not in a position to judge that. I certainly would hope that I would be open-minded enough to be concerned about those potential difficulties as a board member. As an observer, at this stage I see, yes, perhaps another layer, although there were other layers removed, as I understand it, through the legislation that created the LHINs. But also, frankly, from working in public education, I have an appreciation for the attempt, at least, to create an entity that can be closer to the community, that can perhaps be more sensitive to community needs in periods of wholesale change and large amalgamation. In fact, I was intrigued, as I was reading more about this process, about what might have been the case had this been the approach taken in education in our last major change; obviously lots of differences. But I am hopeful, and would not otherwise want to be involved, that it will be an important component of the delivery of quality health care, and in particular in providing that local sense of input to the directions that are to be taken.

Mr. Hudak: Do we have too many hospital sites in Niagara and should the LHIN play a role in making changes to our institutions like that?

Mr. Millar: First of all, from a technical point of view, I believe the LHIN does not have a mandate to close facilities, but obviously, in rationalizing resources and programs and so on, it would have some role to play. As you know, municipalities in Niagara fiercely protect their independence and the resources they have. I'm constantly aware of the concerns of places like the city of Port Colborne in maintaining the hospital services they have. It certainly will be one of the challenges. I'm not in a position to comment whether there are too many sites or too few sites or whether the right services are in the right place. This is what I would hope to learn about and be able to contribute to as a member of the board.

Mr. Hudak: We went through a review process, as you referenced, some time ago and there was an outcry about any proposals to downsize sites in Fort Erie, Port Colborne and West Lincoln. Thankfully people pushed back and were successful in keeping those hospitals open. At that time, there was an accountable, locally elected MPP to put pressure on; there was a Minister of Health who ultimately makes the calls. Now, with the LHINs in place, which are publicly appointed—they're not elected by anybody; they're not mandated to have any profile in the community—if you're looking to take services out of the Port Colborne hospital down the road through the LHIN, or West Lincoln Memorial, where is the accountability mechanism to make sure you're making choices that actually are representative of what people would like to see?

Mr. Millar: I believe that that accountability ultimately will come through the kinds of processes you talked about, where the public will make their concerns known to elected representatives and that kind of thing. In turn, I would hope that the LHINs serve as a some-

what local-level touchstone for the government of the day in terms of the kinds of processes they're supporting or recommending or whatever.

It will be extremely important, I assume, for the board as a whole and individual members to develop, as best they can, a sense of confidence in the community that they have their best interests at heart and are trying to make decisions that are difficult. I know, again, from education experience that we had to close lots of schools in south Niagara over the past 30 years or so. It's a very, very difficult thing to do, especially in a community that sees the school as a hub of much of its activity. All you can do in those cases is take as much input as you can, consider it with as little bias as is possible and try to make the decision that balances between effective program delivery—in this case, health care services—and the economics of the situation.

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The Chair: Thank you very much. We have to move on.

Ms. DiNovo: I'm going to pick up where Mr. Hudak left off. I understand it's going to cost about \$55 million a year, starting this year, to operate LHINs. I know that over and over and over again we hear that there's not enough money in the health care system. We hear that from the providers, the caregivers, the unions etc.

I also hear concerns in my community. I was at a LHINs meeting that was supposed to explain this. There was good food, there was a lot of very expensive literature provided, but at the end of the meeting most of the people who attended didn't understand LHINs any better than they did at the beginning of the meeting. I guess my overriding concern is, with \$55 million a year, wouldn't that be better spent going straight into the health care system rather than into this level of what seems to be perhaps not completely necessary bureaucracy? As someone who's going to walk into that, what would your response be?

Mr. Millar: I hope you'll accept that I, of course, didn't have any role in framing the legislation or the regulations or the establishment of these boards. I'm simply a member of the community who's interested in doing what he can to help the quality of health care in my local area and the broader area that the LHIN serves. But it is clear to me, and was clear from the beginning of looking at the materials involved, that this would be an issue raised, if not by members of the Legislature like yourself, certainly by members of the public.

I think it will behoove us to be as open and forthright as possible in terms of what the costs are and what kinds of savings, as anticipated by the legislation, we can make and to ensure that the organization is justifiable in the overall scheme of the costs of delivering health care. I would hope, if it proves not to be so, that maybe one of the strongest sources of feedback will be these LHINs themselves.

Ms. DiNovo: One of the concerns, of course, and it was raised already, is that the LHINs are not elected bodies yet do the work of elected representatives and in

fact our cabinet minister himself, Mr. Smitherman. Yet one might want to ask the question, if LHINs make a decision that the public doesn't like or doesn't want, what is their recourse? LHINs cover a broad spate of the community; they actually cross riding boundaries, for example. What is the recourse for the public if LHINs decide to do something controversial, possibly close a hospital or open another one, I don't know—but if they do, who does one complain to? Directly to Mr. Smitherman or the cabinet? What do you feel about that?

Mr. Millar: As much as I understand that part of the process, I believe the conduit, other than the kinds of methodologies I've seen used at school board meetings and so on of waving placards and making some comments—

Ms. DiNovo: But trustees are elected.

Mr. Millar: Absolutely. As far as I know, the only conduit they would have would be through their elected representatives.

Ms. DiNovo: With my remaining time, I just wanted to go through some of the major concerns. I know that if I were a citizen of Ontario and somebody asked me on the street what the major concerns with our health care would be, apart from being chronically underfunded—I touched on that—they would probably be in this order, and one of them would be wait times. I wanted to ask you about how you think LHINs will address the issue or help with the issue of wait times.

Mr. Millar: As much as I've been able to determine, and you have to appreciate, I hope, that this is somewhat from an outsider's point of view, as of April 1 in the fiscal year 2008-09, I guess it is, we'll have a very direct funding responsibility, and hopefully, that is one of the areas through which they can address this issue; also the rationalization of services that might improve that, although it's a troublesome area in the territory that I would be representing in terms of lack of public transportation and those kinds of things. At any rate, I would hope that through that and through the encouragement of lateral thinking about the whole area and so on they could be addressed.

One of the things that struck me as I looked at this is—while I don't want to minimize the public consultation aspect of it—how important it will be for the LHIN to deal with the current deliverers of health services in the area and to develop a hopeful, trusting relationship with them and among them because, quite frankly, they will be the people who will colour or change or affect public opinion, more so than some action that the LHIN takes on a broader scale. So I really believe that it's through those kinds of connections and encouragement of innovative and creative thinking that the LHINs will be able to address the wait-time issue as well as, hopefully, some of the others.

Ms. DiNovo: I thank you for your patience. I realize, Mr. Millar, you're a soldier and not the general in all of this. But just to continue along that line, one of the answers for the wait-time problem is doctor shortage. Again, with \$55 million a year going into LHINs, I

wonder how this might redress doctor shortage, which is an ongoing problem in this province.

Mr. Millar: I frankly can't think of a way it will. This is an area that is somewhat dear to me because of my work in this area at the community level. The doctor shortage is incredible. We are overjoyed when we attract one doctor, and the community they left is now suffering and it's really not a great situation. I know of some of the efforts being made to try to address that in terms of credentials of foreign-trained doctors and so on. At the moment, I do not see a significant role that LHINs can play in that particular area.

Ms. DiNovo: To sum up, I'm not hearing how LHINs will benefit this province very much. Again, I realize you're the soldier, not the general here, but to conclude, I want to ask: Another major area of concern—it's a concern among those who are in organized labour, it's a concern of the New Democratic Party—is that LHINs might be a way of opening the back door to privatization in terms of accepting competitive bids for services. So I was wondering if you could perhaps speak to that concern as well.

Mr. Millar: Not with any great amount of knowledge. I'm aware, of course, as an observer of these things, that that's a concern. As a person with a long-term background in publicly funded institutions, I have not seen in these areas many good examples of private sector delivery that save money, so I guess coming in I'll state my bias that it would not be a strong suit on my part. On the other hand, getting inside the process and understanding the demands and perhaps being enlightened in areas that might be cost-saving, I'm not going to be totally intransigent, but it's not a leaning I have at this time.

Ms. DiNovo: How much time do I have, Madam Chair?

The Chair: One question.

Ms. DiNovo: Okay, perhaps I'll just use my time to sum up what I think I've heard and perhaps you can comment on if I've heard incorrectly. I've heard that, as I said, LHINs are going to cost \$55 million a year to the taxpayer, money that could go directly into the health care system; that we're not clear on how they're going to address the major concerns of our health care system—wait times, doctor shortage; I could go on, there are others—and that they in fact might be a way to opening the back door to privatization. So I'm a little concerned. I'm concerned for your well-being, Mr. Millar, walking into that organization, and I certainly wish you the best.

Mr. Millar: Thank you. I would just add that that summary wasn't heard from me. Hopefully, I'll be able to bring my thoughts to bear to all those very important issues.

The Chair: Thank you very much. We move on to a government member.

Mrs. Mitchell: Thank you, Mr. Millar, for putting your name forward. We sincerely do appreciate it. I want to give you the opportunity to talk about why you did put your name forward.

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Mr. Millar: Well, a couple of things. I really enjoyed the opportunity when I first retired to continue working in a public education capacity. It was a great way of ratcheting down, if you like, from a fairly busy lifestyle. But in recent years I've become a little bit hungry, frankly, for some more involvement in policy-level thinking, in strategic thinking, and in looking at big-picture items. From a selfish point of view, I get a lot of charge out of that kind of thing. So that was certainly one of the reasons.

Secondly, my work with the medical recruitment community, while it was focused primarily on recruiting family physicians, did get me intrigued about health care in general and what a tremendous resource it is for us and, at the same time, a challenge in terms of its cost and effectiveness of delivery. So when I learned through my friend, frankly, of this potential involvement, it seemed to be a good fit for me.

Mrs. Mitchell: Certainly the official opposition talked about the strengths that you will bring to the table in your governance. You talked about measuring outcomes. That was one of your strengths. How do you see that role expanded in the work of the LHINs?

Mr. Millar: As you know, there is to be the establishment of accountability agreements, both from the LHIN to the ministry as well as to the health service providers, and a requirement for an accountability process to be established. Accountability, particularly in the measures of specific outcomes in the areas where the outcomes are, if you like, soft, in that they're not always easily and readily identifiable, represents a tremendous challenge. There is a real danger in trying to look at services such as health care or education or others in the same way we might a production line kind of output. At the same time, there's also a danger of backing off from measuring outcomes because of that. I think I can bring some insight into how that whole area can be balanced, from both my work directly in education systems as well as the consulting work with the Education Quality and Accountability Office.

Mrs. Mitchell: Very good. Certainly you have a strong sense of community. You talked about all the work that you have done in the community. So you know what the communities need and how they will move forward, as you talked about the work that you have done in the past in the education system.

But as a consumer—I'm sure that's part of why you put your name forward as well. I know that in the riding that I represent, we have worked toward an integrated system for a very long time. Moving towards an integrated system only strengthens our health care system. Do you have thoughts on that? You talked about global thinking, and in my mind an integrated system strengthens the health care system. What are your thoughts on that?

Mr. Millar: I believe that absolutely, and not just because the resources we will always have to deal with are scarce, but because I think there are opportunities to

improve effectiveness, as well. It's a challenge, however, to balance that against people's concerns about accessibility, whether they be ones of geography or other kinds of access. So I think that's one of the challenges of the integration network concept: to ensure on the one hand that integration is taking place that improves the quality of the service and that hopefully makes it more cost-effective but, at the same time, doesn't put inadvertent barriers in the way of people accessing those services. It's that kind of a balancing act that I think we would be involved with in the LHINs.

The Chair: Thank you very much for coming today. You may step down.

Mr. Millar: Thank you very much.

The Chair: We will now deal with concurrence.

We will now consider the intended appointment of William Millar, intended appointee as member, Hamilton Niagara Haldimand Brant Local Health Integration Network.

Ms. Smith: I move concurrence of William Millar as a member of the Hamilton Niagara Haldimand Brant Local Health Integration Network.

The Chair: Concurrence in the appointment has been moved by Ms. Smith. Any discussion?

Mr. Hudak: I want to add some comments to my earlier questions. I have known Mr. Millar for a significant number of years now, probably about 20 years or so. He's a man of great credentials, he's been an excellent public servant in education at the EQAO. He's also held in high respect in the community, and I'm pleased to support his appointment to the LHIN on behalf of the official opposition.

I do want to register some concerns, as you could hear from my questions. Mr. Millar will be the eighth appointment to the Niagara LHIN. He brings a lot of strengths, as I discussed. Mr. McLean has a similar background and brings a lot of strengths to the board. I'd like to convey to the Minister of Health that I hope the ninth and final appointment to the LHIN will bring a different skill set. Somebody with some extensive private sector or small business background would be a nice strength to add to the LHIN board, which has been strengthened in public service by Mr. McLean and Mr. Millar, among others. I just want to pass on that request.

Secondly, I'd like to pass on the request that the chair, Juanita Gledhill, return to this committee. She was appointed on June 2, 2005, almost two years ago. I'd be hard-pressed to say publicly a single thing the LHIN has accomplished in that time period, aside from a series of meetings and consultations. I know they've had a series of conventions and get-togethers in Toronto at taxpayer expense. We will note that LHIN appointees are paid \$200 per diem, with the chair being paid \$350 per diem. That's a considerable taxpayer expense and I'm not clear, in terms of tangibles to the senior citizen who wants to have her surgery or to the new family that has moved to Niagara how this has helped them get to see a doctor or other kinds of health care.

I understand that the LHIN we're speaking of today has an annual budget of almost \$4 million. They have quickly staffed up, by my count, to 18 staff, which has also caused an expense for things like rent and the purchase of furniture of \$53,000. That's an awful lot of expenditure in an administrative capacity.

If I understand what the LHINs are to do, I think their single biggest step after all the hand-holding and expenditure of taxpayer funds is next to basically put an address and a stamp on an envelope and mail out the cheques to various health care delivery agencies. It's all well and good that they'll be playing a role, but I don't think they've actually made any decisions on allocating those funds any differently and basically are acting as middle managers with those envelopes that would normally be directed from the Ministry of Health, figuratively, to the agencies in question. So I'd like to pass on this request.

I'm pleased to support Mr. Millar. I think he is certainly well qualified, but I think the chair should come back to this committee and explain exactly what she has accomplished with all this expenditure of taxpayer dollars.

The Chair: Thank you. Any other discussion?

Ms. DiNovo: Yes, definitely. Mr. Millar, I understand you are a very competent individual from my colleague, Mr. Hudak. He suggests that you're probably the best person to do this job. The question is with the job you're being called to do and the question is with the LHINs themselves.

Again, we have serious concerns that the LHINs are simply the first step toward the privatization of some as-

pects of our health care. We have serious concerns that these are not going to address the major concerns about health care, and those are the concerns of our constituencies, which are wait times, doctor shortage. I know at St. Joseph's Hospital in my riding they are turning away 40% of folks who need rehabilitation treatment. This is due to lack of funds. At a cost of \$55 million a year, I think most taxpayers in Ontario could think of better ways of spending that money. As New Democrats, we don't have anything against regionalization. We've seen this in effect in other provinces, perhaps more effectively than the LHINs purport to do it here.

My hope for you, Mr. Millar, is that you bring all these concerns to the LHINs and that you make sure that the worst of our fears don't materialize. With that, I'd give concurrence as well.

The Chair: Any other discussion? Mrs. Mitchell.

Mrs. Mitchell: Just a quick comment. It's nice to see that we all going to agree on concurrence. So I thank Mr. Millar for putting his name forward. Good luck.

The Chair: Any other discussion? If not—

Interjections.

The Chair: Excuse me. We must complete the formalities here.

All in favour? Opposed? The motion is carried.

I believe we have no other business, except I would just remind members of the committee that there will be a need for a subcommittee to meet. Our next meeting will be March 21, so this committee stands adjourned until March 21 at 10 a.m.

The committee adjourned at 1230.

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