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**Official Report
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Friday 12 September 2008

**Journal
des débats
(Hansard)**

Vendredi 12 septembre 2008

**Standing Committee on
Government Agencies**

Agency review:

Workplace Safety
and Insurance Board

Ontario Lottery
and Gaming Corp.

Chair: Julia Munro
Clerk: Douglas Arnott

**Comité permanent des
organismes gouvernementaux**

Examen des organismes
gouvernementaux :

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

Société des loteries
et des jeux de l'Ontario

Présidente : Julia Munro
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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON GOVERNMENT AGENCIES

COMITÉ PERMANENT DES ORGANISMES GOUVERNEMENTAUX

Friday 12 September 2008

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The committee met at 0934 in room 151, following a closed session.

AGENCY REVIEW WORKPLACE SAFETY AND INSURANCE BOARD

The Chair (Mrs. Julia Munro): Welcome to the Standing Committee on Government Agencies. This morning we have invited the WSIB as part of a follow-up to last year's review.

First of all, we would ask you to make the presentation and also introduce those who are with you. As you know, you have five minutes and then we'll take the questions from the committee members in rotation. Yesterday, although we're not tied to any particular rule on this, we began with the official opposition; this morning we will begin our questions, then, with the third party. I would just ask you to begin.

Hon. Steve Mahoney: I was under the impression that it was seven minutes, so I'll speak quickly. In any event, that's okay.

The Chair (Mrs. Julia Munro): I think we could probably allow—I don't expect to physically have the hook out.

Hon. Steve Mahoney: I'd be used to that.

It's an honour for me once again to be here to represent the Workplace Safety and Insurance Board. As requested, I'd like to begin by introducing the folks who are with me. We have our president and CEO, Jill Hutcheon; our chief operating officer, John Slinger; and our chief prevention officer, Tom Beegan.

The foundation of the Workers' Compensation Board in Ontario was laid almost 95 years ago, and it was the foundation of what is arguably the most copied workers' compensation system in the world, based on four simple but vital principles put forth by Sir William Meredith in 1914. The root of the Meredith principle is that workers receive compensation benefits at no cost for work-related injuries and employers bear the direct cost of compensation in return for receiving protection from lawsuits arising from injuries. This has become known as the historic compromise.

As you can imagine, Ontario's workers' compensation system has undergone profound change over the 94-plus years since its beginning. In its first year, the then WCB administered about 17,000 claims with a staff of 56

people. Today, we administer more than 340,000 claims annually—40 an hour, 24-7, by the way—with a staff of approximately 4,300 people in 14 offices around the province. Ontario's WSIB is an organization that has evolved and one that continues to evolve as the dynamics of our province's economy, workforce and culture change.

Let me be clear, the WSIB has not shied away from making difficult decisions or facing tough challenges. We do this in a business environment that is and frankly always will be filled with complex and often conflicting points of view. This juggling act is our operating environment, if you will, and our board of directors and executive team continue to manage it in the best interests of the system, in the best interests of all workplace parties, but most importantly, in the best interest of those injured workers we are charged to serve.

I could offer you a litany of summary data and statistics—the cost of workplace injuries to our economy in Ontario is a staggering \$15 billion annually; the details of the exact financial planning we undertake to achieve a reasonable rate of return on our investments, which I would be happy to discuss in greater detail a little bit later; the strategy for eliminating our unfunded liability; and the millions of decisions our staff make each year on the hundreds of thousands of workplace injury claims that we receive—but to do so would be a disservice to the people we serve at the WSIB. The Ontario workplace safety and insurance system is, first and foremost, about people: the people behind the statistics, the employers who make meaningful decisions each day about improving the health and safety of their workers, the employees who exercise their rights and obligations to keep their workplaces safe; and, perhaps most importantly, it's about the injured workers who struggle with often profound changes to their lives and yet find the will and strength to succeed. And it's about the WSIB staff throughout this province who are motivated by the successes of the men and women they work for and with in a combined effort to make Ontario's workplaces the safest and healthiest in the world.

My first time before this committee was in May 2006, when I answered questions regarding my appointment as chair of the WSIB. At that time, I told members present that if my appointment was approved, my intention was to "travel the province and to meet with the stakeholders, and to find out directly, face to face, what their concerns are" regarding the worker compensation system. As

many of you may know, I have done that; I have travelled throughout Ontario for the past two years. I have met with all 4,300-plus of our staff in all 14 offices, and I've met stakeholders in virtually every community across the province. I've met with many employers who have recognized and acted in concrete and practical ways to eliminate workplace injuries in some of the most dangerous work environments that one could imagine. They recognize that having an exemplary workplace safety record helps them retain skilled workers, it makes them more competitive in today's global market, and it delivers real bottom-line profitability. I've told them that health and safety belong on the asset side of the ledger sheet.

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But what the benefits in statistics and financial reports don't reveal is the pride of accomplishment on the faces of every single employee within these organizations, from the boardroom to the shop floor, from managers to shop stewards to the janitors, who see safety as their number one priority. There's clear recognition that together they have achieved something that dramatically improves their quality of working life and binds them together in a common purpose: getting home safely to their families at the end of each day.

I've met with injured workers all across Ontario. Their stories are sometimes tragic, and occasionally so much so as to make one overcome with emotion. Many struggle with financial hardship. Some face social, psychological and emotional circumstances that seem impossible to overcome, and the impact on their loved ones, their friends, and indeed their co-workers is sometimes beyond our understanding. Yet amongst all of this, there are many untold stories of success, of triumph over adversity; without sounding clichéd, inspiring examples of the unshakable power of the human spirit.

I've learned from employers, employees, labour leaders and the men and women who've been injured on the job that workplace safety is not about blame. It is not about who is at fault or who is responsible for allowing this or that incident to happen. I've learned that it is about preventing it from ever happening again. It's about taking joint responsibility and meaningful action to ensure that no worker is faced with that risk again.

As I mentioned, I've met with all of our staff across Ontario. I can tell you that they are a dedicated and professional group of men and women who face difficult challenges and must make even more difficult decisions every single day. I've learned from them too. We must continue to get out to communities and spread the word about workplace safety, we must engage leaders in the private and public sectors, and we must reach out to our young people to ensure that they know and understand their rights. The ideas, suggestions and support and deep commitment to customer service of our front-line workers help keep the WSIB in touch with the people whom we serve.

Nearly a century ago, Sir William Meredith laid the foundation for our compensation system. He set out the

principles upon which our system is based, and I believe that his wisdom in defining them as he did was founded on his own clear understanding that it was designed to serve the people of Ontario. I believe he understood that, as an entity, the Workers' Compensation Board had to be flexible and have the freedom to evolve and meet changing needs. It had to account for the vagaries of human experience in a province that, even in 1914, was destined to become an economic and social leader in Canada and indeed the world.

Over the course of the past two and a half years as chair, I have not yet met anyone who doesn't believe that we need the WSIB. It has received and will continue to receive its fair share of criticism, and I personally and frankly encourage that if it makes our system better.

The Chair (Mrs. Julia Munro): I must remind you that you have run out of time.

Hon. Steve Mahoney: Let me just wrap up by saying that we take a system-wide approach to this system. We try not to simply make our decisions based on an issue that comes up on a given day, but look long term, because this is a 40, 50, 60-year future-looking business that we're running at the WSIB.

I thank you for the opportunity to address the committee, and I look forward to your questions.

The Chair (Mrs. Julia Munro): Thank you very much. Ms. Gélinas.

M^{me} France Gélinas: Good morning, and welcome to Queen's Park.

Hon. Steve Mahoney: Good morning.

M^{me} France Gélinas: I would like to start with question 10 that had been put forward to you during the review, which was, "The WSIB ensure that all employers are in compliance with requirements under the OHSA"—the Occupational Health and Safety Act—"to have a joint health and safety committee or a health and safety representative." That was one of the 10 questions you responded to.

In September 2007, the joint health and safety certification compliance project reported that only 41% of workplaces are in compliance with the OHSA. The report goes on to state that 49% are partially compliant, and for 10%, they could not determine. Without the spin, it means there are 59% of workplaces that are not in compliance with the law.

My question to you is, of the 59% that are not in compliance with the law, how many of these workplaces received experience rating rebates?

Hon. Steve Mahoney: The specifics of that, perhaps the staff could answer. I'm not sure that we would have the actual specifics on experience rating rebates.

We do share the desire that all workplaces of 19 employees or larger require a joint health and safety committee, and we work very diligently to ensure that that happens. In the smaller businesses, which happen to make up about 85% of our customers, if you will—our employers; "smaller" being six to 19—there's a requirement that they have a safety rep. There is not, below that, from one to five, and I'm frankly concerned about that,

although it's difficult, if you've got a one- or two-person operation, to have a safety committee, but I do think that expanding the education to those folks would be critically important.

I'm not sure that we would have specific numbers about how many of those folks received experience ratings. The experience rating system is based on numbers, and we are currently undertaking a review of that system to see if we can't improve it to make sure that it is actually doing what it was designed to do, and that is to prevent injuries and incidents from happening in the first place. That review has been under way through the entire summer. We have a committee that has met weekly on that issue. We have hired a consultant. We're doing a study on this and we hope to have a paper to release this fall for comment for all of our stakeholders to have input.

Do we have any specifics, Tom, about the numbers that the member mentioned?

Mr. Tom Beegan: Not specifically relating to rebates, but I can say to you that since we were here last, we made a commitment that all newly registered firms with the WSIB in 2007 that did require to have a joint health and safety committee and two members trained were in compliance, and we achieved that. Anybody that we found not in compliance—as you know, we don't enforce the legislation; we refer that for enforcement. In the first two quarters of this year we've looked at the people who are insured with us to see if they have more than 20 people and if they have two representatives, and if they haven't, we refer them for enforcement action. We do an update every quarter, so I'm reasonably confident that those who get rebates in the future would in fact be compliant with the joint health and safety committee requirement.

M^{me} France Gélinas: Are you saying that the WSIB doesn't follow up with these organizations that are not in compliance to determine whether they have? For a lot of them, it was about the second stage of—they knew that they needed certification but they didn't do the part pertaining to workplace-specific hazards. So WSIB hasn't done any follow-up?

Mr. Tom Beegan: No; forgive me if I misled you on that. We have done the follow-up. I'm making the differentiation between what we can do within our statutory remit, which is essentially to develop the standards and to certify people and to keep a register. The enforcement of that in the workplace is not our responsibility, but we have made sure that the people who have more than 20—we follow them up to determine whether in fact they have a joint health and safety committee in existence or not.

I had indicated that there are two aspects to becoming compliant. One is part one and the other is part two. We have done our part in making sure, insofar as we can, that the companies that are insured with us that have more than 20 employees have the necessary people trained.

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Hon. Steve Mahoney: Could I just add briefly to that that there are currently over 100,000 certified members

with part two training and over 245,000 certified in part one. While there is always this sort of anomaly between enforcement and encouragement on the part of the WSIB, I can assure that we're very committed to health and safety training in the workplace.

M^{me} France Gélinas: Okay.

Mr. Tom Beegan: Just to help you a little bit more with this, we have recently established a validation unit, and they're particularly looking at the connection between rebates and compliance with the legislation. That's a new initiative since we were before the committee the last time out.

M^{me} France Gélinas: Interesting. Can you tell me what that looks like on the ground?

Mr. Tom Beegan: That's the number of staff who are drawn from different parts of the WSIB who have different expertise right across the business. They are looking at companies in terms of what they may be getting under the experience rating programs to make sure, insofar as it's within our legislative agreement, that they are in compliance. So as I said, that's a new initiative since we were before the committee last time.

M^{me} France Gélinas: So are you looking at not issuing rating rebate cheques to employers who are not in compliance with the law, including the one we were just talking about?

Mr. Tom Beegan: We want to make sure that everybody is legally compliant. We have made a very clear statement about adjusting the federal adjustment premium in relation to fatalities. That's part of the work of that committee as well that the chair alluded to.

M^{me} France Gélinas: I'm aware of that one. Anything else, except for fatalities?

Mr. Tom Beegan: As the chair indicated, we are in the middle of reviewing our experience rating, and whatever recommendations come from that this unit we'll also take on board as well.

M^{me} France Gélinas: Do I have time?

The Chair (Mrs. Julia Munro): Yes.

M^{me} France Gélinas: Thank you. We've been talking about experience rating. In May 2007, this committee recommended that the board review the effectiveness of the experience rating program to ensure that it reflects the overall safety practices of the business. Then, in October, the Ontario Federation of Labour produced a document titled *The Perils of Experience Rating: Exposed!*, showing that employers were receiving rebates after causing workers' deaths or after being convicted of an offence. Here again, without the spin, what was the review process for experience rating before the Toronto Star ran this series of articles earlier this year?

Hon. Steve Mahoney: We had discussions about it, but I will admit that we did not establish our committee prior to it becoming a huge public issue. I committed at this committee in the February appearance, when I was here, and it's in the record on Hansard, that we intended to undertake a review of experience rating. So it wasn't something new. One could argue, and I have heard the argument, that we were pushed, but I think that's unfair,

because frankly, I did make the commitment sometime before that we would conduct a review.

The extent of the review, though—I want you to be absolutely reassured that there will be no stone left unturned on this matter. We are conducting a very thorough analysis of experience rating not only in the province of Ontario but right across the country and, indeed, even some European experiences. From what I can see, I have yet to see a compensation system that doesn't have some form of incentive program or premium adjustment program for the good performers. The bottom line for me, as the chair of this organization, is that if there is an adjustment of premium, it has to be justified around the Road to Zero, the prevention mandate that we have, and the successful introduction of good health and safety practices in the workplace. We cannot tolerate people abusing it, and frankly, if we find anyone—we have zero tolerance for a company who will refuse to report any kind of an incident that occurs. That's corporate fraud, and when we find out about it, we will have zero tolerance and take action.

I have no intention of seeing rebates going out to companies who refuse to provide good quality health and safety.

M^{me} France Gélinas: Good to hear. After all the criticism of the experience rating system based on lost-time injury statistics, creating false reporting and forcing injured workers back to work before they're really ready to do that, I understand that you're about to pilot a new accreditation program which is also based on lost-time injury. How can you justify to me doing this rather than having a system of comprehensive audit with actual workplace practices similar to the WSIB Workwell program? Why not?

Hon. Steve Mahoney: I'm going to ask Tom Beegan to respond, but I just want to make it clear that the accreditation pilot will take probably until the end of 2009 for us to determine where we want to go in the future on that. This is part of what I said in my opening statement, that the WSIB needs the freedom to evolve as our economy changes and as our situation changes, and that's what we're doing. We're looking at new ways that we think may in fact drive health and safety to a new level, because frankly, anyone who achieves accreditation is going to have to be an exemplary performer in the area of health and safety. Notwithstanding some of the criticism that has been stated both here and in the media, there are many, many companies that are in fact providing exemplary health and safety services, and I think they should be recognized.

Tom, do you want to expand on the answer a bit?

Mr. Tom Beegan: Yes, indeed, and thank for the question, because I've heard this a bit.

Yes, the performance of the company as it pertains to lost-time incidents is part of it, but only a small part. I think it's important for members to understand that this is part of a comprehensive audit. The auditors who will be doing it will be certified to ISO standards. It will take a comprehensive view of the company. So we will look at

things like commitment of management—what does commitment look like? We'll be looking at examining, for example, the minutes of the joint health and safety committee. We will be speaking to the joint health and safety committee representatives. We will interview personally a cross-sample of the employees in that business, with a special reference on the mostly newly hired employee, to make sure that that employee has had the experience as set out in the policy of the company. We then look back three years on their performance so that it's not just some short snap over the previous year; it's a three-year history.

In companies that have subcontractors on their site, we are saying to those companies, "You are responsible for their performance while on your site." So it's not just a company that might employ X number of employees and then have Y number of employees employed by their subcontractors or at least providers. They're all part of what we look at.

So the first thing is that you must pass the audit, and the second thing, then, is that you must continue to be performing in the top 15 percentile of that rate group. That builds into the process and continuous improvement piece. So we have taken a lot of the Workwell that you referenced, which we think is a pretty good document as well, and we've built the continuous improvement piece into it. This isn't something you can do and sort of perform well for the period of the audit. This is something you must continue to do and continuously improve, not just to stay at the bar but to raise the bar.

So the pilot, as the chair has said, is started. The reason we're doing a pilot is that we want to make sure it does what we want it to do. We're not interested in just any other incentive program. This has got to be one that's going to recognize the exemplars, and there are many, and hopefully pull others into that remit. We would like to see at a future stage that this would become, if you like, a stamp of approval for our fees and the awarding of contracts, that this will be a definition of the company, who really is a part of that.

I think the other thing that will help us in this as well is that we've had ongoing conversations with the employer community and also with labour, and we're engaged in a conversation around, "So what does the world-class system look like?" We will take what we get from those conversations and make sure they're embedded in the accreditation program because, as the chair said, our objective is very clear: We want to have the safest workplaces in the world here in Ontario and we believe that accreditation can do that.

M^{me} France Gélinas: I was interested to see that you are engaged in communication with labour. Can you expand a little bit and let me know how this is taking place?

Mr. Tom Beegan: We've had a number of conversations with OFL and we have more planned. We've also met with the building trades. We have an open-door policy with other trade unions within the system. I found that very helpful. We are very clear that we want to be grounded in the realities of the workplace. We see the

labour movement as a significant party to the workplace, as indeed are employers, and we need an open-door policy as well to the employer groups and indeed directly with employers, because we want to make this work. We want to make sure that we are the business partner we want to be with employers and workers. The only way we can do that, we believe, is by being inclusive and having a partnership approach as we go forward. We realize that survival in this economy is tough, and the world economy is posing significant difficulties, and for us to be there, to be of assistance to them, we have to understand it, and the best people to inform of us that are the people who run the businesses and who work in them.

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M^{me} France Gélinas: So this open-door policy also applies to this pilot working group that you're talking about?

Mr. Tom Beegan: Absolutely. We got to where we are by having a working group made up of people within the various sectors. We're going to continue with that, we're going to evaluate the pilot, and we'll make the evaluation of that public.

Hon. Steve Mahoney: If I could add to that on the open-door policy: I invited, by the way, and was pleased that the head of the Ontario Federation of Labour could find the time to come and meet me one on one very recently to discuss some of these issues. I've talked to Mr. Samuelson on many occasions. In addition to that, on our board we have members from the building trades, from the Teamsters, and a new member who, once confirmed by committee, hopefully is from the CAW. So we have a very robust relationship with organized labour. We don't always agree, but we have a robust relationship.

The Chair (Mrs. Julia Munro): Thank you very much. It's time to move on. Mr. Sousa.

Mr. Charles Sousa: Good morning. Thank you for being here. Thank you for your work and for your dedication to protecting injured workers and promoting a good culture of safety in the workplace. Certainly you provide an essential service, and it's not easy.

I want to expand a little bit on what you spoke about earlier in respect to the financial consequences, especially in the environment that we have today—rising health costs, the inputs are tough, revenues being taxed. Then, of course, you've got investments in our capital markets now, on which you've taken a hit on your unfunded liability.

I guess my question is two-fold: Can you expand a little bit on the sustainability of the financial issues as they pertain to the agency? And what is it that you're going to do to try to protect the unfunded liability now that it's been increasing as much as it has?

Hon. Steve Mahoney: Actually, we want to eliminate the unfunded liability, and we do have a plan in place that—and I have to admit, due to the situation in the markets, and the member would know, being a former banker, that life is pretty difficult in the investment realm. My first year in the job as chair, we enjoyed

returns of 16.2%; of course, I took the credit for that. The next year, we saw a negative return, and I'm afraid I had to take some of the blame for that. I don't deserve either, I think.

It is an issue that concerns us greatly at the board. We just had a new member confirmed by committee, Morgan McCague, who is a very experienced man in the investment field, and who has joined our board. He was just appointed yesterday at the board as the chair of our investment committee. He's been acting as one of the advisors on our investment committee for a number of years, but we think now that we've got him more engaged in the overall system, he's going to help us. But there is no silver bullet to this investment problem. I read an article in one of the Toronto papers where the columnist said that she was looking for a cave to hide in. We can run but we cannot hide.

We have a massive investment fund, varying between \$15 billion and \$17 billion, depending on how that market is performing, and it's not performing very well. How that impacts, however, on our plan on the unfunded liability is simply that we need to have some courage. We need to be prepared to stay the course. We have made some changes in some of our investment policies. We're increasing some of our real estate holdings because we think there's a more stable return there, and we have evidence of that from other pension funds in the province of Ontario and in the country. We have made some other changes that are somewhat technical in our investment policies. But the investment aspect is only one of the issues.

The unfunded liability is currently sitting at \$8 billion, which sounds like an atrocious amount of money. But to help understand it, fully one third of the premium that is paid, an average premium of \$2.26 per \$100 of payroll, is dedicated toward the elimination of that unfunded liability, and in fact, by 2014, that accumulated amount of the one third will be almost \$5 billion. So the reality is that we have to find an additional \$3 billion-plus from other sources.

I believe, and I've been told that it's the first time people can remember where we've actually got people on both sides of the great divide, if you will, pulling on the rope in the area of prevention and believing in our Road to Zero. I hear it every day; I hear it in every community. I was in Owen Sound the other day; I was in Parry Sound, speaking to the council. I've been to Ottawa, to Thunder Bay. I've been all over the province, and people have bought into this principle that there really are no accidents and that we need to do everything we can to drive down those numbers.

I mentioned earlier that when you're running an organization that is 40 years, 50 years, 60 years in the future, you've got to be able to stay the course and show some courage. I would just add, if I might, that the unfunded liability is what's recorded on any given day, the day that we actually file our reports for our annual report, so it's going to reflect what's happening on that given day. But we must, due to accounting principles, in-

clude all future liabilities. So we're actually taking the actuarially designed amounts of money and bringing them forward into today's accounting principles. It's a very unique system. We're the only insurance concept that's allowed to carry an unfunded liability, and we must also show that unfunded liability 40, 50 years down the road in terms of today's dollars. So the appearance is one that there's some kind of huge debt; that's simply not the case.

We're looking at reducing our growth in health care costs. There may be questions about that; we'd be happy to answer them. We're looking at reducing the number of incidents by 7% a year.

I should tell you that since 1999, Madam Chair, we have seen a reduction in lost-time injuries in the province of 27% and non-lost-time injuries of 15%. We are making headway. We saw a report at our board just yesterday on the current status of fatalities. We average two a week; 100 a year. It's an astounding number in Ontario. I am hopeful, God willing—we're sitting at 58 and we're heading into the last quarter of the year, and I'm hopeful that we're going to see a downturn in the number of fatalities so that we can eventually achieve our goal of zero.

It's all a very complex web that ties together to ensure that we serve injured workers, and frankly, that's our number one priority. So the unfunded liability is a concern, but we will not allow the tail to wag the dog. We must continue to serve injured workers, we must continue to work on prevention, and we must continue on our Road to Zero. We believe we're doing that, and our plan is sound.

Mr. Charles Sousa: Thank you.

The Chair (Mrs. Julia Munro): Any other questions? Ms. Albanese.

Mrs. Laura Albanese: Some injured workers in my community in the riding of York South–Weston have come to me to ask for help after being assigned I guess what you would consider inappropriate work considering the injury that they had, or they were asked to do work from home notwithstanding their condition. So it seems that in some cases, the company that they were working for was more interested in their good record than the condition of the worker.

You mentioned before that you have zero tolerance for companies who refuse to provide good-quality health and safety. What can a worker do and, more specifically, in your reviews, do you have any plans to improve maybe the workers' knowledge of their rights under the WSIB?

Hon. Steve Mahoney: If there's one hallmark, if you will, that I would like to be able to leave when I leave the WSIB, it's one of communicating rights and responsibilities to workers and employers. I just think it's really the secret to the future success on our Road to Zero. We don't support the return-to-work job being walking the boss's dog or doing something that is going to exacerbate the health problem of the injured worker. We have extensive return-to-work programs; we have extensive, what we call LMR—which is labour market re-entry—

programs. I'm not happy with our labour market re-entry programs currently. I don't think that they really provide on-the-ground, practical retraining for workers. How do you take a 55-year-old construction worker with great big fingers and hands and teach him how to operate a keyboard? I don't think that's relevant.

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We've been negotiating with a number of unions, with LIUNA, with Labourers' 183. We've met with the CAW and others that we've talked about, about trying to get a worker back to work in the industry in which they worked when they were injured in the first place, because that's where their life is, that's where their knowledge is and their friends are. People fundamentally want to go back to work. When I hear from employers that there are workers out there who are cheating, as I hear from some unions that there are employers out there who are cheating, there may well be, but I categorically say, as I said before, that we're not going to allow the tail to wag the dog. We want to find the workers—because I believe the vast majority of people want to go back to work. It's what they are, it's where their friends are, it's where their life is, and we need to help them.

Communication: Maybe John wants to add to this in terms of what we do with injured workers who are undergoing rehab to try to get them to understand their rights. But it also involves educating the employer to make sure they understand what their obligations are.

Mr. John Slinger: I'll speak to just a couple of the points that Steve mentioned.

One, of course, is the practice that exists out there, in some cases, where workers are taken back too early or left at home being paid full wages. When those cases are brought to our attention, we take appropriate action. I would say there are really a couple of reasons for this. I think our experience rating program needs to be looked at from that perspective, and in fact we're in the process of that review; in other words, what are the unintended consequences of the experience rating system? Certainly, I think the work that's going on now is identifying those and determining what in the design of our experience rating program is contributing to those unintended consequences and what you can do to lessen them, mitigate them, remove them. That's obviously something you need to do. You need an appropriate incentive program that's incenting the right behaviour, not the wrong behaviour.

The second thing would be what I would say is the fallout from the legislative and government direction received in 1998 with respect to the self-reliance model of return to work. The direction that we received very clearly, both through legislation and through the Jackson report that came out in 1996, was that the board should back out of return to work, that in fact the board provides too much vocational rehabilitation, the board creates too much dependency, it should be left to the workplace parties; they are in the best position to resolve return to work. While I think that, as a principle, is a fair one, what we did as a result was become very passive around return

to work. The legislation specifically removed vocational rehabilitation, said that we could arrange for labour market re-entry, but didn't put us in a position of actively helping the workplace parties reach good solutions on return to work.

I will say that the new service delivery model that we have recognized the need for through the Road to Zero initiative is really about getting more of our staff in specialized roles in the community, in workplaces, to actually work with workers and employers to identify more quickly the kinds of circumstances that we certainly don't believe should exist. In fact, the rollout of a new service delivery model, which will affect 1,500 of our front-line staff, started this week in the Ottawa and Kingston offices, and over the next seven months, we will be rolling that out in 14 offices throughout the province, which will be the entire province.

Again, from our perspective, we have seen too many things that have told us that the passive role we have played in the past is not contributing to the best results.

I think those are some of the things that we need to do to do a better job.

Mrs. Laura Albanese: Just one more question: You mentioned that you have these negotiations going on with the different unions. Are those part of the review?

Hon. Steve Mahoney: The review on experience rating?

Mrs. Laura Albanese: Yes.

Hon. Steve Mahoney: We actually started them long before. I had this idea that—because I was going out to some of the training centres. I'm sure many of you have had the chance to see some of the training centres that exist that unions run in this province. They're absolutely amazing. I went there, particularly to one that Labourers' 183 runs, to present certificates to young people who are graduating into the workforce as apprentices. I saw an opportunity there: As well as educating apprentices, why not help us to retrain workers who have been injured in the construction industry right in this training centre, where they have all of the facilities, the know-how, the technology, everything that is there?

We haven't made a deal with them yet, but we have had these discussions. They were very warmly received by those folks, and we've expanded those discussions. There is a need for certain labour market re-entry training in a classroom, if you will, in certain industries, but I think there's also a great need in other industries, where the classroom is somewhat irrelevant, to get that retraining done in an atmosphere that these folks are comfortable with and used to. We hope to be making some headway in 2009 in announcing some training programs directly with these people.

Mrs. Laura Albanese: Thank you.

The Chair (Mrs. Julia Munro): Anyone else? Mrs. Sandals.

Mrs. Liz Sandals: A few years ago, I had the opportunity to serve on the Small Business Agency of Ontario, and it was at the time that the Ministry of Labour was looking at some of the issues in the construction industry

around premium coverage, who was covered, what policy changes would be appropriate and whether to go to named insured. I notice that there was a recommendation the last time this came up around named insured.

I understand that some of this is an issue of Ministry of Labour policy and you're a creature of whatever the policy is that's passed along from the Ministry of Labour, but clearly the underlying concern that folks had was whether or not all the premiums were being appropriately paid to reflect the number of workers that were actually on the job, particularly when you got to non-unionized construction sites with a lot of subcontractors.

I'm wondering, aside from the policy piece, where clearly there wasn't any consensus on how to resolve the issue: Is there anything you can do from your end to try to make sure that premiums are being paid more effectively to make sure that you have the ability, from a financial point of view, to cover people who are injured on the site in construction—that there actually is the revenue flowing to cover that? Because there seemed to be a concern that there was a mismatch between the premiums being paid and the injuries actually occurring.

Hon. Steve Mahoney: I've said in the past that I support mandatory coverage in the construction industry. It is the government's decision, and they have our advice on that particular issue. If the decision is made to expand to mandatory coverage, there will be a rollout and implementation period that we will be aggressively and actively involved in.

I should say, at the risk of getting myself into a bit of trouble, that I frankly support mandatory coverage for everybody who works in the province of Ontario. We only cover 67% of the workforce, unlike BC, where I believe it's 98%. That again is a topic for the government, for another day and for great debate, but I would frankly like to see that happen. I think it's a critical issue. In construction, there are many, many small companies where that kind of coverage is not available to the workers, and I think it absolutely must be.

You raise other issues: named insured. The construction industry may well be the place where a pilot of named insured might make the most sense, to see how it works. But I would caution, as I have in the past, that named insured is not necessarily a silver bullet in terms of the coverage. We need to look at this from various different fronts. We have had a working committee, at the request of the minister, on named insured. We have not arrived at a consensus yet on that particular issue, but we continue to discuss it, both with officials within the ministry and with people on our task force. It's an idea that has not necessarily died, but we haven't come up with a resolution.

1020

The issue of proper coverage is, frankly, really very important, because I think workers need to be able to go to work, first of all, hopefully not to get injured, but if an incident does happen, they need to have absolute assurance that they're covered. We will always cover them, by the way, regardless of whether or not a premium has been

paid. We don't discriminate in any way whatsoever in that regard. We will then go back to the employer if in fact they are, let's say, hiding from paying the premiums. We've had a voluntary registration system put in place where we have—perhaps the staff can give some numbers on how many new companies we brought in the door as a result of our voluntary registration. We have changed the system so that if someone does come forward in the future voluntarily, they may have to pay retroactive premiums, but they won't be penalized.

On the other hand, we work with the Canada Revenue Agency to seek out any employer who tries to hide and not pay their fair share. All employers and all workers should join with us in that, because the employers who are in fact paying the premiums are being penalized by those who are ducking their responsibility and the workers are not being given the proper health and safety training. I would submit that any company that hides and refuses to pay premiums to the WSIB is likely not providing a joint health and safety committee, a safety rep being trained or any kind of secure health and safety training for their workers. We should all collectively put a stop to that as quickly as we can.

Mrs. Liz Sandals: So is the arrangement with the Canada Revenue Agency new—the ability to share information?

Hon. Steve Mahoney: Perhaps, John, you can expand on that.

Mr. John Slinger: We entered into an information-sharing agreement in 2004, we started a pilot in 2005, and it has come into our mainstream work in 2006. Since that time, we have in fact found, through data information matching, and registered 16,000 employers who were otherwise non-compliant. We have collected about \$50 million in premiums from those employers, so that has given us a real sensor, as it were, in terms of the underground economy. It has been, of course, of tremendous benefit.

Once we had that program up and operating—we now have an annual sharing going on—we thought it would be helpful to go out with a voluntary registration campaign on the basis that there are now significant consequences: We have an ability to find you now that we didn't before. The voluntary registration campaign that we started last October has added an additional 12,000 employers. So with respect to those two initiatives alone, we've added 28,000 employers who, again, would otherwise not be registered. When Steve talks about flying below our radar, we generally find it isn't just that they don't pay premiums, but they are also non-compliant with their health and safety requirements and various other things. They really represent workplaces where workers are left in very vulnerable situations. Again, I think that agreement has given us some real leverage to deal with the underground economy.

Mrs. Liz Sandals: So that's a significant improvement, then, since I was involved with the SBAO in order to find some of the delinquent companies and get them

paying. That's good progress there. Thank you very much.

The Chair (Mrs. Julia Munro): We'll move on. Mr. Bailey?

Mr. Robert Bailey: Welcome, Chairman Mahoney and the rest of your team. I wanted to thank you at the outset for the work that your agency has done with labour and management in the province to reduce injuries to people in the workforce. Before I joined this esteemed association here, I spent over 30 years in the workforce myself and had the opportunity to be a member of the joint health and safety teams that you alluded to earlier. I also had the opportunity as management to work on the other side of the fence for some of the things that you alluded to about bringing contractors in, and we would be responsible for them and work with them to make sure that the safety and health rules were enforced.

The joint training centres you talked about are interesting. We have a number of training centres that are being built in Sarnia-Lambton, my riding, by the unionized labour community there. I think that's something that I'd like to see us follow up on—the training—and do it right in Sarnia-Lambton.

Moving on, I guess my first question—I'd like to talk about the unfunded liability. Last year, in the 2006 annual report, you as chair heralded the \$500,000 drop in the unfunded liability, and you went as far as to proclaim that the board looked like it was "starting to turn the financial corner." Some people might say that we turned the corner into a brick wall.

In 2007, the annual report advises that the same liability has increased an incredible 35%, or over \$2 billion in a single year. It's now over \$8 billion from last year, according to the WSIB's 2007 annual report. Surprisingly, in light of your good-news message in 2006, I understand that you were a little silent on the news this year on that deterioration. I think you alluded to it a little earlier in your answers, though.

While the board still has a mandate to eliminate the unfunded liability by the year 2014, what measures are you going to put in place to do that? Are you going to raise premiums on employers or are you going to cut benefits, or maybe you just haven't come out and said that you're going to try to move away from that 2014 target?

Hon. Steve Mahoney: Madam Chair, I've never really been accused of being silent on something, so I won't be now either. We have a plan that I will admit is in some jeopardy as a result of the performance of our investments, but as you would know, we're not alone in that regard. Everyone, including all or any of you who have personal investments, would know what a rough ride it's been lately. Every night at 11 o'clock you watch the news and you see the stock market going down, down, down, and it's very disconcerting. However, it's not the only block in our plan; it's not the only important aspect. We have identified a number of key assumptions that will help us to achieve our target of eliminating the unfunded liability by 2014. As I said earlier, one third of

our premium fully goes toward the unfunded liability, and by the year 2014 that amount will have accumulated in the neighbourhood of \$5 billion. So the unfunded liability is a 40-, 50-, 60-year look at the obligations that the board has, determined by actuaries, as to what we're going to have to pay in benefits, whether they're rehabilitation benefits, death benefits, survivor benefits or whatever it happens to be. It's a long-term picture that we're looking at. But we must report it, due to accounting principles, in today's dollars.

As I lie awake sometimes at night, contemplating the frustrations of what's happening with such a huge investment fund, I always wake up in the morning with a view that we must stay the course, that we have frozen premiums for the third year in a row, which is a message to employers that says, "We do not want to impact negatively on the economy. We believe that we're an asset that belongs on the asset side of your ledger sheet, and we want to give you some kind of future planning ability in the area of premiums." At the same time, I supported and indeed even recommended to the government that we reintroduce indexation for injured workers, something that was taken out in the early 1990s and that was reduced again later in the 1990s: the Friedland formula and the modified Friedland formula which, frankly, were a slap in the face to injured workers, in my view, and needed to be changed. It was my opinion, and supported by my team—and the government shared the opinion—that it was time to put indexation back into the plan. It's been put back in; it's a cost of \$2.3 billion. There is nowhere to hide these dollars. If the dollars are not sitting in a bank account, it goes in the unfunded liability.

We can identify where the issues are that have driven that UFL to the level that it's at today, but we can also identify the solutions. Reducing the growth in health care costs is a huge issue. We spend over half a billion dollars a year at the WSIB. We're the second- or third-largest insurance company in North America, and when a blip occurs in the investment market of our average \$15-billion investment fund, it can have a very strong ripple through the system. But we need to have some courage, and I do have confidence in the staff, led by Malen Ng, who couldn't be here today due to a family death, but our CFO, led by Jill Hutcheon, who has shown tremendous character and has frankly taught me an awful lot about this system that I thought I knew and realized once I got inside the tent I didn't really understand it; I think I do now.

1030

We need to stay the course. We need to reduce injuries. We've targeted 7% a year as the reduction target for injuries. Some would say we're simply offing the responsibility to business and employers to reduce their numbers, to try to make our numbers look better. I say that's nonsense. What we're saying to employers is that they need to come inside the tent with us and try to reduce the number of injuries, illnesses and fatalities.

In 2006 and 2007, we lost 100 people each year to incidents and fatalities in the workplace and another 250,

on average, died from occupational disease. The WSIB was responsible for survivor benefits and funerals for 350-plus people in each of those years. This is an outrageous number that people—frankly and with greatest respect, I say everywhere in the province, including the Legislature, should be demanding that we drive those numbers down. Employers need to lead the way because it is their responsibility to take care of their workers first and foremost, absolutely no doubt about that. But it's a shared responsibility to make sure that the workers, when they get the training, implement what they've been taught, if in fact they've been given that training; that they have a right to refuse unsafe work, especially our young people. Ten of the 100 killed in the workplace in each of those years were kids working at part-time jobs. I just cannot tolerate that. The most difficult thing I've had to do in my two and a half years is to sit and talk to the parents of some those kids, and only imagine what they're going through, the frustration.

So we have a plan. It's robust. It's one that we monitor literally daily. We have various target numbers that we need our partners to come to the table and help us achieve if we're going to succeed. It would be premature for us to move off that plan even though the markets are scaring the daylights out of us on a nightly basis. We've got to stay the course and we've got to ensure that everybody in this province buys into our Road to Zero campaign.

Mr. Robert Bailey: A second question: I notice in the response to question 8, in the questions from the original committee, you talk about small business, that the WSIB continues to work with small business stakeholders to assist in reducing accidents in the workplace. I think one of the statistics in there is that 38% of workplace fatalities, at least in 2006, were in small businesses.

Can you expand a little bit upon that? What are you doing with small business, the chamber of commerce and labour to try to reduce that total?

Hon. Steve Mahoney: I met very recently with the CFIB to discuss some of these issues, and my staff may wish to add some things. It probably shouldn't be surprising that 90% of the firms registered with the WSIB have fewer than 20 employees. Our economy is very much built around small business. Even though we see the heartache and the heartbreak of closing auto plants and the problems that's causing around the province, this province is really built on small and medium-sized businesses. We have improved our access to information with small business.

We work with municipalities. Some of you may know I've been on a little bit of a crusade, going to municipalities to sign our community health and safety charter. Close to 30 of them have signed on so far, and if I showed you my schedule between now and the end of the year, you'd be surprised at the number that we're going to. We're going to get the mayor and the councillors to become champions of health and safety and work with businesses in their communities, their boards of trade, chambers of commerce, Lion's Clubs, Rotary Clubs,

whatever it is, and to talk to kids in schools about this kind of issue. Get 'em young; you know?

One of our staff came up with a wonderful idea to develop a colouring book for kids five, six and seven years old. It's just amazing. It goes into the schools in the early education years, being a firm believer in the principle that if you haven't got to them by the time they're seven, it's probably too late. They can colour in work hazards, they can colour in workplaces, and say, "That's where my daddy goes to work," or my mummy or my big brother or whatever. Start teaching them young. They will become owners of small businesses in the future.

Those municipalities, many of them—if not all of them—have self-help facilities within their city halls or their community centres where business people can go in and learn how to register a business, get information perhaps on some additional financial help, things of that nature.

I was the chair of a committee in my time in Ottawa that worked with young entrepreneurs, and I know how important that access to information can be. We are ensuring that our information is available to small businesses everywhere in the province. My staff and I have met with Harinder Takhar, the Minister of Small Business, to talk about how we can better integrate our policies and help all businesses, small, medium and large, understand that health and safety belongs on the assets side of the ledger sheet.

I could probably go on, which wouldn't surprise you, but perhaps I'll ask my staff to give some specifics about some of the small business initiatives that we've undertaken.

Mr. John Slinger: When we started to think more about small business—and this would go back about eight years, when we first established a small business group and a small business area—we did a number of focus groups to really find out how to reach them from a prevention point of view, from an information point of view. Of course, some of what we heard was, "We're working the front lines. We aren't just sitting in an office all day. So you need to be very flexible; you need to give us lots of options in terms of reaching you. We need 24/7 service." Those are the kinds of things we heard, and, "Just sending us paper doesn't do it. We actually need to hear from you."

One of the things we developed at that time was a small business guide, so that any time a small business registers with us, we send out a guide and then we follow up with a telephone call and a visit. From our perspective, that has been very helpful, and certainly we've gotten good feedback. That really came out of the focus groups that we did.

The other major thing has been the e-services that we've developed. We now have all of our major reporting online—the calculate and report premium—which was established in 2006, which allows someone to go online, calculate and report online in a secure fashion. We now have 30,000 employers, mostly small business, signed up to do that—so again, trying to identify what those needs are and working with small business.

Tom may have some more with respect to the prevention side. We will, by the end of this year, have established a small business centre of excellence, which is a further enhancement from the small business area that we had developed several years ago. So again, we're continuing our efforts to understand how best to provide service and how best to get messages of prevention out to small business.

Mr. Tom Beegan: If I may, just two points: The first one is that in order to get to zero, we have to come up with innovative ways of doing things. One of the things that we're doing right now is a pilot where, in the restaurant sector, we want to design a hazard identification risk assessment model that doesn't use any language; it's based on colours and symbols. We're quite excited about the potential that may have in other sectors.

The other thing we want to do, starting in the new year, is to have available for every newly registered firm that's a small business practical advice to mentor them through the system, in terms of how they can have prevention in the workplace, and also to explain to them how the system works so that they can do it for themselves. We've got to realize, as John and the chair have said, that these companies don't have the back-office support of HR, IT or health and safety. They are who they are: Their office is their kitchen table. They're out there to make a living. Some of them get by—one of the startling facts we've discovered is that 50% of small businesses are not around after three years; they don't survive. So we've got to make sure we're doing all we can. We work across government agencies to make sure we're doing our bit to make sure that they can run a profitable and a safer business.

The Chair (Mrs. Julia Munro): You have a few moments, if you wish.

Mr. Robert Bailey: No, that's fine.

The Chair (Mrs. Julia Munro): Okay. Thank you very much.

Hon. Steve Mahoney: I would just like to add, if I might, that I wouldn't want to give you any kind of impression that we think we've solved the issue around small business, because I don't think we have yet. It's an evolving and ongoing issue. We need to recognize, and we do recognize, that most small business people, particularly new start-ups, are trying to stay above water. Frankly, the last thing they're thinking about, in many instances, is either health and safety or paying premiums; they're not looking for other places to pay money, I can assure you. We understand that and we want to be helpful. We want to be going out in a proactive way to show them what a positive investment health and safety can be in their particular business. We have staff who are on the road, doing exactly that kind of thing.

We are not by any means resting on our laurels on this matter. We think it's a huge challenge, and we work very closely with the CFIB and with other stakeholders to try to get our message out there.

1040

The Chair (Mrs. Julia Munro): Thank you very much. M^{me} Gélinas.

M^{me} France Gélinas: I'd like to talk a little bit about issue number 6, where the recommendation was: "The WSIB evaluate the effectiveness of the 'deeming' provisions regarding the employability of injured workers." Well, we all know that "'deemed' to be receiving wages 'in the absence of actual employment earnings'" was causing some grief, and many groups criticized the practice. Bill 187, the Budget Measures and Interim Appropriation Act, 2007, came into play to address this issue, and the Workplace Safety and Insurance Act was amended to remove the concept of "deeming" and replace it with "determining."

I will read the actual section, 43(4) of the act, which states: "The board shall determine the worker's earnings after the injury to be the earnings that the worker is able to earn from the employment or business that is suitable for the worker ... and is available." It's quite clear.

I'll open it up wide and I'll dig in a little bit more: How is it working out?

Hon. Steve Mahoney: How is it working out? Deeming is a problem. I understand that some labour groups are of the view that we have not eliminated deeming. While I'm somewhat sympathetic, our intent is to work more closely with injured workers to ensure that, when they are ready to go back to work, there's a job available for them. That's a really big picture and a big challenge for us at the WSIB. As you would know, we have a somewhat limited impact on the state of the economy, but it is a stated goal. We've talked, and I'd like John to expand on this, about improving our LMR training so that we can retrain people, so that when they are ready to go back to work, they've been retrained in an area where there is a job available, because job availability is what was added to the legislation, and frankly that's the most important thing.

It is an ongoing process. Some of the things I've talked about in negotiations with some of the trade labour movement unions were about providing that training and trying to get people back to work in the industry in which they were injured. Things of that nature we think will add to it. We've had some discussions about expanding the time for a job search. We haven't come to a resolution of that particular issue yet, but it's a work in progress for sure. John, do you want to expand on the issue?

Mr. John Slinger: I accept what you're saying in terms of labour's view of how our policies have been developed and their concern that they haven't taken into account what the legislation has suggested to us. Certainly our view is that the legislation hasn't created an actual wage loss system; it continues to be an estimated wage loss system. The availability of suitable work, of course, was the key change from our perspective. The legislation was passed July 1. We came out at that time with an interim set of policies. The legislation of course included the indexing—the ability to go in after 72 months where there had been a deterioration—and the issue around estimating long-term earnings loss.

The policy that we developed we believe properly and effectively captured the spirit of the legislation and

represented a clear improvement from where we had been. We held the consultations over a three- or four-month period and we received about 50 responses from labour and employers. Certainly we did hear criticisms. I would say that while we understand the criticisms, we also felt that we needed at least a year working with the policies to see what impact we were seeing. It's now been a year. We're reviewing the impacts now. Certainly when we go out in the new year with final policies, we would expect to have taken into consideration the feedback we received from all sides. But again, we believe there's been a change, but that change doesn't make what has been an estimated wage-loss system an actual—it's still an estimated wage-loss system, but it is aimed at us doing a better job in approximating that long-term wage loss.

I think Steve is absolutely right when he says that the key to this continues to be the effectiveness of our labour market re-entry programs. I think that we need to be working on those at the same time, because the key to all of this continues to be restoring workers to the highest possible earning capacity. Our trends over the last several years show that there have been increasing numbers of workers whom we have been paying 100% long-term earnings to, which again suggests that we aren't doing as good a job as we should in terms of restoring workers, because that's really where it's at. Certainly, my view is that workers want to go back to work and that they want to go back to work at as close a wage as possible to their pre-injury wage. So I think that it's not just getting the policy straight with respect to estimating earnings, it's also the labour market re-entry programs that we provide.

M^{me} France Gélinas: When I read it, everybody understood what it meant; it's clear as to what it means. But the interim policy that you've put out didn't help it; it actually made deeming worse than it was before. There are still workers out there who do not have actual jobs, who do not receive salaries or benefits while they are doing a job search, but yet their WSIB is still reduced to reflect earnings that they don't have and that they don't have any hope of getting. This is what taking out the deeming was supposed to take out, but it is still happening. The bad faith in the field is palpable. What are you going to do?

Mr. John Slinger: I think that, again, the point I made earlier was that we haven't made those policies final, and we are looking at the impacts. I can say that so far we're not seeing it show up in areas like increasing appeals, which is often where it does. We aren't seeing that, but again, we are looking at the impacts, and we appreciate that we have held a consultation and have listened to the issues that have been raised.

M^{me} France Gélinas: So we can expect some changes from the interim policies to the final?

Mr. John Slinger: Yes.

M^{me} France Gélinas: That will go into the spirit as to what Bill 187 was supposed to do?

Hon. Steve Mahoney: Well, let me just say that the spirit is that we want to get workers who want to go back

to work healthy and back to work. It's not in our interest, as an organization, that we wind up with someone getting a job that not only denigrates them individually and their training and experience, but pays them less than what they were making before, and then we have to make up the difference. It is in our interest and in the interest of injured workers—and I stress that, “in the interest of injured workers”—that we get them back to work in jobs that they're happy with and pleased with and proud to do. We're going to be looking at this carefully. I said in my opening remarks that we live in this world of competing ideas and values and concepts, but I can assure you that we want to resolve this thing as much as you do.

M^{me} France Gélinas: Way back in the 1990s, the Tory government privatized the vocational rehabilitation services, and WSIB created what is now called labour market re-entry, or LMR. You referred to the labour market as one of the key areas to respect the spirit of 187. We hear constant complaints from workers about the substandard training that they are receiving from those labour market re-entry programs. I'm asking you today: Would you consider bringing those services back under your board so that it provides higher-quality services than those being provided by the private sector right now?

Hon. Steve Mahoney: What I mentioned earlier about our negotiations with some of the unions to provide that training more in the sector in which the worker was working prior to the injury is an ongoing issue. I very much believe in that. By the way, it's unlikely that you would hear from people who are happy with the training that they received in LMR, but we do know that there are many, in fact, who are retrained and put back into the workforce. In fact, some of the data that we have—because we do constant polling and analysis of the views of people—our Ipsos Reid analysis shows us that 71% of injured workers are satisfied with our claims process. That's not nearly high enough, but it is a substantial number. In fact, since 2004, there has been a 120% improvement in those numbers. You can go on and say that 81% of employers felt the WSIB gives them value for money, but it's the 19% that we hear from, not the 81%. So—

The Chair (Mrs. Julia Munro): Thank you very much. We've run out of time. Mrs. Van Bommel.

1050

Mrs. Maria Van Bommel: Thank you very much for being here today. I certainly have to say that your “There are no accidents” campaign is very effective. It's difficult to watch, but I think it certainly gets people's attention.

I also know that twice as many people die of occupational diseases as they do of the traumatic fatalities that your “no accidents” campaign is trying to address. Can you tell us how you're addressing the occupational diseases area, particularly in reference to recommendation number 9, where we talk about a scientific advisory panel?

Hon. Steve Mahoney: It's actually two and a half times as many who die from occupational disease, not twice as many; it's greater than that. Last year it was

even higher than that. It was 269, I believe, who died from occupational disease. These diseases can have incubation periods of 15, 20, 25 years before the fatality occurs. The hardship that it causes during those periods of illness and the treatment and also the cost is quite enormous, so it is in everyone's interests, but particularly in the interests of those who become ill, that we address this.

I'm going to ask John to expand, but I just want you to know that yesterday at our board meeting, our fairness commissioner, who is like our ombudsman—an arm's-length independent person whom people can appeal to when they're dissatisfied with a service or whatever—came before our board to give us a report on how we were doing in occupational disease. It was such an outstanding report that I wanted to issue a press release immediately following the board meeting. This is not a person who is necessarily given to passing around accolades. But there are reasons for all of this, and I'll let John expand on the creation of our new occupational disease division under Marjorie Mercer.

Mr. John Slinger: Just a little comment on our fair practices commission: It was created about five years ago to receive individual complaints and to resolve those complaints, but also to identify where there were a number of complaints and we had a systemic issue. Fair practices has identified five or six systemic issues with us that we have worked with them on over the period of years.

An issue that they identified with us at the end of 2006, early 2007 was around occupational disease. It was around the service that we provided, the length of time it took these claims to be decided. These are issues that have the highest emotional quality of all the cases we deal with. These are often survivors, where the worker went into work years ago unsuspecting and then years later, as a result of exposures that weren't well understood, has now contracted cancer and of course in some cases passed away. Certainly, the cancer claims are the toughest. It is fair to say that we have long struggled with those claims because they are challenging on many levels. We often have to go back years in terms of the information gathering, the exposure information, the medical histories. The scientific evidence is often not clear with respect to the relationship between a particular substance that someone was exposed to and the disease. In addition, those cases often arise in clusters. We saw a major cluster in Sarnia. We've seen a major cluster in Kitchener, in Peterborough, in Dryden and most recently in Fort Frances, where suddenly 300, 400, 500 claims came forward out of the same one or two workplaces.

We had struggled with those issues and, I think, tried to respond to the usual work, but also to the clusters that would come and create great peaks of work, and the fair practices raised some issues that certainly we believed were valid. As we started to look and examine individual files and data, it was our view that we needed to do more on a systemic level to get at these.

The Chair (Mrs. Julia Munro): I must ask you to wrap up. We are running out of time.

Mr. John Slinger: Sure, yes.

Let me just get to the upshot, because we created a new division. We have added resources, changed our processes. The result is that we have gone from 1,100 cases to 200 cases that were outstanding longer than six months, and from a fair practices point of view 200 is probably about the right number, because there are always going to be claims that go on longer. We have also added on our research side a commitment in dollars to getting additional research. We have also embarked on some significant work in the area of prevention, which allows us to go in in situations where there was previous exposure, but also those situations that were just identifying with new exposures, bringing the employers, labour, the Ministry of Labour and ourselves together. Certainly, in the handling of the two most recent clusters, all parties have been on deck from day one. From our perspective, we've developed a model that works—so a good-news story.

The Chair (Mrs. Julia Munro): Thank you very much.

Yes, Mr. Bailey?

Mr. Robert Bailey: How long do I have?

The Chair (Mrs. Julia Munro): Oh, you have—

Mr. Robert Bailey: A few minutes?

The Chair (Mrs. Julia Munro): Yes.

Mr. Robert Bailey: Okay, I've got a couple of minutes, then.

I raised an issue in the Legislature in the spring about bringing the Auditor General in to look at the financial affairs and other funding situations of the WSIB at that time. I understand there were certain employer groups who also wrote letters to the Premier and the government at the time. Since then, they've published your annual report where you said—and I know you've explained that a lot of it has to do with the market, and I can understand that. But there are still some issues out there.

As far as bringing the Auditor General in to look at the affairs, I wanted to ask your opinion. I want to quote an esteemed former member of this House, a member of provincial Parliament, in Hansard—I think it was October 27, 1993. The member, Mr. Mahoney, said:

“Regardless of who is in power in the province of Ontario, the Provincial Auditor, as I see it, is a watchdog the public should have some confidence in...”

“The auditor is supposed to be independent of government influence, independent of agency influence, independent of any influence. It's his job to analyze what's going on in the government, regardless, as I said, of who is in office.”

Again, I think it was in 1999, the same member, Mr. Mahoney, said:

“We all know the provincial audit that comes out on the government of the day, at which time they delve into shoes in the closet, literally, which in terms of an accounting audit would hardly be considered normal in the business of accounting where a large accounting firm comes in and analyzes the books, so to speak. There are often comments made about a government of the day that

some of its activities are inappropriate or the auditor finds something wasteful and this is not, clearly, the same as if you owned a company and your auditors came in to check your accounting procedures.”

In view of those comments you made at that time, has your opinion changed today because you're now the chair, or would you still—

Hon. Steve Mahoney: If the government decides it wants to send the auditor in, that's fine with me. I just have to tell you what I have learned in the past two and a half years, notwithstanding my comments that invariably resurface as I travel the province, which only goes to show that I understand the game or the business that, when you're questioning something in opposition you have clearly a different role, and I respect that role tremendously. But we have been audited. We've had internal audits done, and I'm going to ask our president, Jill, to just tell you a little bit about that.

Before I do that, though, might I just say, because we ran out of time, that the person who came up with the idea to create the occupational disease division inside the WSIB was Jill Hutcheon, and she deserves tremendous credit, along with Marjorie, who is doing great work in that area. It's off topic, but I didn't give her a chance to respond to that issue, and I just want folks to know that.

Do you want to just explain how we've been audited?

1100

Ms. Jill Hutcheon: Yes. I would say that we have been audited extensively.

In 2003, we had a third party audit that was directed by the Ministry of Labour that came in and made 63 recommendations that dealt with efficiency, effectiveness, looked at all aspects of our business; and we put in place, on the basis of that, modern controllership functions. That third party audit came back and did another report two or three years after that and gave us a clean bill of health in terms of everything that had been put in place.

As well, on an annual basis, we're required, under the legislation, to do value-for-money audits. So, again, we have auditors from the outside come in and look at a particular part of our business; in fact, this year we're going to be looking at appeals. This has happened over the course of the last 10 years.

As well, I would indicate that a senior representative from the Provincial Auditor's office sits regularly on our audit and finance committee and so very much has a chance to see all of our books. In fact, at our last meeting they commented to us about the openness and the transparency with which we were doing business.

So we do get audited a fair amount and, as the chair said, internally as well.

Mr. Robert Bailey: That's probably because of the chair's comments years ago.

Hon. Steve Mahoney: If I could make a brief point as well, I'd refer you to some comments I made when I was vice-chair of the Select Committee on Education, at which time I said that constantly pulling up the roots of a tree to examine it is eventually going to kill the tree.

So if we were being secretive or lacking in co-operation in any of these items, the document that I have had prepared by our staff, which I've shown the member here, very clearly outlines what our goal is and our obligations are. We're very transparent. My door is always open, and we meet with our stakeholders. But I understand their anxiety; I share it, as a matter of fact, again, at 11 o'clock when I watch the news and see the results of the investments of the day. But we still believe that we're on the right track.

Mr. Robert Bailey: The other item in the 10 was item 4, about safe work associations and delivery of education training and consultation services with the workplaces. Could you speak to where you are with that or how successful that is?

Hon. Steve Mahoney: I'm going to ask Tom Beegan to. Before he does, though, I want to tell you that I go out and meet with and speak to our safe work associations, our HSAs, as they're called. We have 14 of them that we fund a very substantial amount of money. There are the familiar ones, the IAPA and the construction safety and the transportation safety, but we have municipal, we have all these different sectors. I think they do some great work, but times are changing, and we all need to respond to that. As I said in my opening remarks, we need to be able to be free to evolve into becoming a better system. Tom Beegan, since he joined us from being the head of the worker compensation system in Ireland, came over as our chief of prevention and is leading some negotiations with those groups.

Mr. Tom Beegan: Just to pick up on the point that Steve has just raised, we have a group called OSHCO, which is made up of the 14 agencies that we fund as associations, and it also includes the Ministry of Labour and the Institute for Work and Health. Everything we do is linked back and has a clear line of sight to our prevention strategy that we rolled out in February of this year. It has four key thrusts, which are: We want to create this national habit of safety; we want to provide leadership in aligning the system; we want to make sure that our decisions are made on evidence; and we want to make sure that we have the capabilities to do the job. So the central piece about the organizational structure is a conversation that we've had since then with them. We're now at a stage where we believe and we have agreed collectively that there should be a smaller number of HSAs, more focused, with a clear remit to have more resources on the front line so that we can have more sector-specific responses that are tailored to all the issues the members have raised earlier here today as part of our meeting and that we get to achieve zero quicker. So we're there. We obviously have issues to discuss, and we have a process by which we're going to discuss them. I'm meeting with the boards of each of the HSAs in the next month. We're bringing together the chairs and vice-chairs and CEOs of all the HSAs in October to have a final discussion, and I'll report to the board in November on the outcome of that. But our success criteria is around the resources that we have on the front line to protect the

workers and to provide practical tools to employers to help them get to the road to zero quicker. So we're pleased about the cooperation that we're getting.

We also, from this year, have a governance framework with everyone we fund. That governance framework sets out the standards by which they're designated. The board annually reviews the performance of these laws and determines their designation for the following year. From this year onwards, the funding given to HSAs will be tied to targets. We have agreed on a model by which we look at all the companies we insure to make sure that each partner has the appropriate business to go and see and to work with, so whether that's providing educational advice, providing an audit, as we do, or indeed, in some cases, unfortunately, the Ministry of Labour going in and making people do it. That's why we believe we should make sure that our resources are properly targeted.

Hon. Steve Mahoney: If members have an opportunity to go to the great city of Mississauga at some point in their travels, I would encourage you to go to Creekbank Road to the facility that has been set up, which is a combination of three of the HSAs working together to share backroom costs and administrative costs and things of that nature. The IAPA, transportation and the services sector all work together. It's a wonderful facility that provides great opportunities for training. Frankly, I think that if we had some of that kind of co-operation among the HSAs around the province, that would be a great thing.

The Chair (Mrs. Julia Munro): Thank you very much. This concludes the time available, and I want to thank you for being here today.

I'm going to, just for the benefit of committee members, provide a five-minute recess because we need to have a closed session before we begin the second open session on Ontario Lottery and Gaming.

So the committee stands recessed for five minutes. We'll see you in a short time to resume on Ontario Lottery and Gaming. Thank you very much.

The committee recessed from 1105 to 1114.

The committee continued in closed session from 1114 to 1144.

The Chair (Mrs. Julia Munro): Welcome to the Standing Committee on Government Agencies.

ONTARIO LOTTERY AND GAMING CORP.

The Chair (Mrs. Julia Munro): We're using the second part of our time today for the Ontario Lottery and Gaming Corp. We would like to welcome you here to provide us with a follow-up from last year's discussions. For the purposes of Hansard, I'd ask you to identify yourselves. As you no doubt know, we have allocated a very brief time—we're looking at five minutes—which will give the members of the committee the opportunity to ask questions. Please begin.

Mr. Michael Gough: Thank you for the opportunity to appear before the committee today. I'm Michael

Gough, chair of OLG, and with me is Kelly McDougald, our chief executive officer.

It's been a very long two years since we last appeared before this committee. Just after our last appearance, we were the subject of a very public examination of retailer lottery wins and, six months later, a highly critical report by Ontario's Ombudsman.

Following the release of the Ombudsman's report, the board committed to making fundamental change in OLG to restore public trust in the organization. Change started at the top: In the last two years we've had significant changes in our leadership and in our executive team. Principal amongst those changes is Kelly McDougald, who was recruited and hired by the board of directors following a North America-wide search by one of Canada's leading recruitment firms. A special committee of the board was also struck to oversee comprehensive change within the organization. That change has affected our very organizational structure. It has affected our policies and procedures, our technology systems and, most importantly, it has affected the way we sell our products and the way in which we treat our customers.

Our corporate culture has also changed. It's not yet complete, however. It will remain an area of continuous improvement for this corporation for the foreseeable future.

One thing that has not changed is the commitment, at all levels of this corporation, to responsible gambling. We've adopted a number of the recommendations made by this committee to us a year and a half ago. In addition, we've taken a number of other steps. We've committed to expanding the responsible gambling resource centres from the two pilot projects we had at Windsor and in Niagara Falls to all 28 of our sites. We're moving to significantly strengthen, in ways we'll describe today, our self-exclusion program. Finally, we've broadened and deepened our relationship with our responsible gambling stakeholders.

I'd like to ask Kelly to complete our brief statement.

Ms. Kelly McDougald: Thank you, Michael, and good morning to members of the committee. I have now been the CEO for OLG for the past 11 months. Since my time arriving on-site, I have spent some time assessing the business. Let me first say that I think it is a tremendously exciting industry—Ontario has great assets—and it's a growing industry, so we have lots of opportunity there. I will say too, however, that the organization has a requirement for some cultural change and that there are business opportunities ahead of us. We have had very modest growth in the top-line revenue performance and we have had a declining bottom line. Therefore, there's an exciting opportunity for me, as the new leader, to take on this organization and make some impactful and positive changes.

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In the short time that I've been here, I'm very proud of two accomplishments. The first is the replacement of the senior executive team, and we've been able to bring on some very competent and capable individuals. The

second is a renewed focus around the vision for the organization, and we refer to that as our balanced framework, and you'll hear me refer to that numerous times today. You know that when the Ombudsman spoke, he was very blunt, and he said that OLG had become singularly focused on profit. Today everything that OLG does is based on four guiding principles, which we call our new framework, and they are public trust, player experience, partnerships, and of course as a commercial agency, also profit. We call those the four Ps, or the four pillars of the organization, and I'd like to spend just a minute talking to you about each of those.

The first one is public trust. We believe that public trust will be built through two fundamental initiatives. One is the integrity of our internal operations. We need to be more curious about our operations, open to more scrutiny and more transparent than we have been in the past, and that will assist us in building trust in our operations. Secondly, we must put our customer at the centre of everything that we do. Bob Edmonds cannot happen again. It is only through that intense focus on our customer that we will continue to earn and build public trust.

The second "P" after public trust is partnerships. We are a great big, complex organization and we deal with many stakeholder groups. Our success will be very much dependent upon our ability to forge constructive partnerships with those groups. That includes, but certainly isn't limited to, municipal government and community leaders. It includes labour, the horseracing industry, the charitable gaming industry and First Nations communities.

The public's trust and partnership are the first two. Our third "P" is player experience. At OLG, our product is an entertainment experience based on games of chance, but this is an increasingly complex and competitive marketplace, particularly with our casino properties at the border and with competition from the Internet. Our players expect us to have regularly evolving and competitive products and superior customer service, and we must focus on them always as our customer, consuming the product that we have to offer.

Finally, the fourth "P" in our pillars is profit. We are a commercial agency. We contributed \$1.8 billion to the coffers of the Ontario government last year, and that was for the benefit of all Ontarians. We must focus on aggressively protecting and growing this contribution, but always in light of the other three pillars that I referenced.

Going forward, public trust, partnership, player experience and profit—and not profit alone—will be the ruler by which we guide our actions and by which we measure our success.

I'm very enthusiastic about the future opportunities for OLG and I look forward to taking your questions.

The Chair (Mrs. Julia Munro): Thank you very much. We'll begin with Mrs. Sandals.

Mrs. Liz Sandals: In your opening remarks you mentioned the fact that you have a number of partners in this enterprise. My riding is Guelph, home of the Ontario Veterinary College and the Ontario Equine Centre, so what I tend to hear about most around OLG is actually

the racetrack connection and the horse industry. I know that Stanley Sadinsky was appointed to do a report, and while that was perhaps more focused on the Ontario Racing Commission, it certainly overlaps with you folks.

I know from talking to my constituents that the horse industry has had some concerns around that partnership. There's a concern that there's perhaps a trend to some of the tracks being a transition into ownership by gaming companies rather than people who are primarily track companies; a concern around deterioration of backstretch or closing backstretches, which has an impact. A concern that I think would be more generically yours is Internet gambling, illegal Internet gambling, having an impact on slot revenues. I guess, specifically where you're concerned, there is a bit of frustration on their part in how they set up a true partnership with OLG so that they have a venue to discuss some of these issues? I'm wondering, now that you've had a chance to see Mr. Sadinsky's report, if you have any comment on those issues or any sort of updates for us on that whole issue with the horse industry. They are very appreciative of the slot revenue having generated revenue for the industry, but there seem to be some outstanding issues.

Ms. Kelly McDougald: Just for clarity, in terms of the funding mechanism, as a premise to the discussion going forward, it is through the direction of the province that we will give 10% of our top-line revenues to the horse people, the racing community and the purses and 10% of the top-line slot revenue to the operators of the tracks. We would further operate a slot facility at all existing tracks within the province. We are about to open our 17th track facility at Quinte. That has generated considerable money for the industry. Since we started in 1999, there's been about \$2 billion equally split between the horse people and the track owners and operators. OLG's position in that has been fundamentally one of a tenant, if you will, in the facility. We don't own or operate the facility with the exception of the gaming floor. But we do understand that it has been a fairly fractured industry with many stakeholder groups and there has been difficulty in aligning the objectives of the industry around that money and direction going forward. So we were quite enthusiastic to see the initiative undertaken through the Sadinsky panel to look at that, and we have made specific recommendations to the minister and the panel around that.

One such recommendation is that because the revenues associated with our top line are fairly volatile and they float with the degree of our business, good and bad days, we think there is an opportunity to be more predictive around the top-line revenues through a finite definition of monies, as opposed to a floating amount. Secondly, it has been difficult in some arenas for tracks that have been underperforming, because monies are tied directly to the facility in which we operate, so our second recommendation to Mr. Sadinsky and to the minister was that perhaps a pooling of the monies and a new distribution methodology will allow for some greater oversight and consistency among the tracks and perhaps

more consistency and guidelines in the operation of the tracks.

Mrs. Liz Sandals: That is still at the recommendation stage, so where that discussion goes is a work in progress.

Ms. Kelly McDougald: Yes.

Mrs. Liz Sandals: I know that my local track, if I can put it that way, Grand River, seems to have a really good relationship with the horse people, but I understand that's not the case with every track.

Ms. Kelly McDougald: There are multiple different owners of the tracks across the province, as I'm sure you're aware. Some are ag societies, some are not-for-profit associations and others are private sector individuals, and the relationships vary across the province.

Mrs. Liz Sandals: I know that my colleague has some follow-up questions—

Mrs. Maria Van Bommel: On the same issue—and certainly, having a rural riding. According to your own statistics, the horse race industry is the third largest agricultural enterprise in the province.

Thank you to our researcher, Mr. Johnston. He has given us some information as to the breakout for the tracks and the horsemen and the track owners. My understanding is that 20% of the revenues of the slots is split equally between those entities. Again, the assumption is that those dollars would be spent on the purses and on the infrastructure to ensure that the track is safe for the horses to run on, that it is properly maintained, that the barns are properly maintained. I certainly have had occasion to visit a raceway in my own riding, and there have been concerns expressed by the owners of the horses about some of those issues.

When I look at the dollars that are allocated, the 20%, do you, as the lottery and gaming corporation, have a way of ensuring that those dollars stay in that particular raceway? As Mrs. Sandals has said, we have a number of different things. Where it's an agricultural society that owns the raceway, they tend to be very localized, but there are also private entities that may own multiple raceways and slot facilities. Do you have a mechanism to ensure that those dollars stay in that particular raceway when they are earned from the slots at that raceway?

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Ms. Kelly McDougald: We do not. Under the current regulation, it's fairly specific that we are required to make direct payments in the amounts that I identified previously, but beyond that, we don't have any governance rights or obligations other than that. So we fulfill our obligation essentially through the disbursement of monies, and we do, out of a very selfish undertaking, attempt to work very closely with the track operators on the condition of the track, because obviously it's to the benefit of our business if the track is a viable and competitive facility. But the scope of our direct obligations and requirements is the payment of the monies, and the rest of the oversight I defer to other agencies like the ORC.

The Chair (Mrs. Julia Munro): We'll move on to Mr. Bailey.

Mr. Robert Bailey: Thank you for appearing before us today. I have a couple of questions. In my riding, we have both the Point Edward charity casino and also, in the city of Sarnia, Sarnia-Lambton, the Hiawatha horse track, with slots and that. They've both contributed immensely to the city and to the village of Point Edward over the years, as I'm sure other facilities across the province have as well.

I understand there's a move within the city of Toronto and also a motion that's been passed at Ottawa city council to increase the share of revenue from approximately 5% to 10%. I wonder if you could speak to that this morning: if you did any forecasts on that and what your opinion is. I guess at the end of the day, it'll be a government decision and recommendation. So could you comment on that, what long term you can see there?

Ms. Kelly McDougald: Certainly. The funding methodology for municipalities now is that they are entitled to 5% of the top-line revenue for the first 450 slot machines in the facility and then 2% thereafter. On an annual basis, that amounts to about \$90 million to municipalities across the province. We do that, again, at the direction of the province, not dissimilar to the distribution of monies as directed for the horseracing industry. The change in that methodology or distribution would be at the discretion of government and not within the purview of OLG.

Mr. Robert Bailey: Okay. Second question: You spoke earlier there about the four pillars and obviously the headlines that were in the paper the last couple of years over fraud and all the different horror stories that took place. Can you expand a little bit more on what you've done and put in place to prevent those types of things happening again? Have you done any audits in the meantime to see that those in fact are working?

Ms. Kelly McDougald: Yes, I'd be happy to expand on that, because it's been a very consuming part of life at the OLG over the last year and a half.

Based on the recommendations of both the Ontario Ombudsman and a subsequent report that we commissioned from KPMG, we have implemented 176 of 177 recommended actions to put in place further security for the protection of players in the province. The last action is the checking of scratch tickets by a self-checker within the store, and we're implementing that currently. So we will have completed the full scope of recommendations by the end of September of this year.

The recommendations included a number of safeguards for players, most significantly the requirement to sign your tickets and the mandate that that be enforced by all of our retailers across the province; the ability for the terminal to identify, for every ticket scanned, whether it was a winner or not; the ability to freeze the terminal if there was a win over \$5,000 so that we can contact the store immediately and speak to the individual; and very significantly, the requirement for the OPP, under the guidance of the AGCO, to investigate any retailer win or insider win, such that we have a third party determining the appropriateness of the win and the entitlement to the

monies. We're publishing the names of all retailer winners on our website for 30 days prior to issuing a cheque to them, so that our customers have the opportunity to see and challenge that if there's a concern. Those are just some of the 177 safeguards that we're putting in place—the self-checking scanners, as well, that you will see for all 6/49 and Super 7 tickets that have been in the stores for over a year now.

That was really putting in place the safeguards for customers today and going forward. We also have the opportunity to go back and say, "What else can we learn from our previous data and information?" So we have subsequently engaged Deloitte to come in and take all of our play data for the last 13 years, to slice it and dice it and to come up and identify to us any other trends, anomalies, instances from which we build further safeguards beyond those that were recommended through the Ombudsman or KPMG.

It is incumbent on us, going forward, to be more critical of our operations, to be more inquisitive of our operations and what's happening than any media outlet, any government. We need to ensure for the public that we're doing the maximum efforts possible to ensure the security and fair play of our systems, and we're committed to undertaking that going forward.

Mr. Robert Bailey: I have another question.

The Chair (Mrs. Julia Munro): Yes.

Mr. Robert Bailey: Ms. Sandals referred to the horse racing industry, and that's obviously—I come from a rural riding as well—mainly rural. I understand that there are some problems with the horse racing industry. They feel—this might just be a perception—that they're a necessary evil, that they're not really treated with respect by the commission. They just don't feel like they're getting the support that they could have from local tracks and maybe from the OLG as well. Could you comment on that? Is there any liaison, any work that goes back and forth with the harness racing industry in general?

Ms. Kelly McDougald: Not with the industry specifically. As I mentioned previously, our obligation is to provide the funding. Last year, that was about \$340 million across the tracks. On a site-by-site basis, we have very constructive relationships with individual tracks, where we do cross-promotions to make the entire experience more valuable for potential customers and more entertaining. To the degree that we can work with the track operators to continue to encourage folks to come and participate in both sides—the slots and the tracks—we attempt to do so. But our obligation is limited to the disbursement of monies.

Mr. Robert Bailey: One more question—sorry.

The Chair (Mrs. Julia Munro): Go ahead.

Mr. Robert Bailey: Problem gambling: I'll finish up on that. What steps have you taken there? It's a concern of mine and, I'm sure, a lot of other people around this table. We all have friends and neighbours, people who have perhaps been caught up in the excitement of the times—or maybe a boring life, in my opinion—and they have spent all their money there. Anyway, what steps

have we taken, as province and as the OLG, to prevent that or remediate it?

Ms. Kelly McDougald: That, I can assure you—we understand that there is an opportunity for addiction in this industry. It is a foremost concern for both the board of directors and management. No one wants to participate in an industry that's causing harm. The OLG focuses its efforts on three specific areas. We have a number of partnerships in the province to ensure that we are implementing best practices as we look at our opportunities to both educate and mitigate problems. Those are the Responsible Gambling Council of Ontario; the Ontario Problem Gambling Research Centre; CAMH, which does a considerable amount of training for us; and the Ontario Problem Gambling Helpline. As a partnership amongst the five of us, with memorandums of understanding between us as well, we attempt to continue to aggressively understand what further we can be doing in the province.

OLG is not a treatment provider. We're not an expert in that; we leave that to the Ministry of Health and to CAMH, as an example. But there are numerous steps we can and do take around education for our players. The majority of Ontarians gamble responsibly. Statistics show that 98% of players do not have a problem with addiction. However, those 2% are of concern. So we have launched responsible gaming information centres in our two largest facilities, at Fallsview and Windsor, in conjunction with the Responsible Gambling Council. Those have proven to be highly successful. We have had in excess of 8,000 visits, since their inception, of people wanting information, wanting to know more. So we have taken a commitment to deploy responsible gaming centres at all of our facilities across the province over the next two years. We'll have three additional manned facilities by the end of this year. The rest will have kiosk facilities, and we will migrate into more fully staffed facilities as we go forward.

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Additionally, we have what is the self-exclusion process, which is the opportunity for individuals with gambling problems to identify that they have a problem and, as a first step in addressing that, to ask that we assist in keeping them from our facilities. We are implementing new technology to better that program, working in conjunction with the privacy commissioner and encryption specialists from the University of Toronto. We have sent out an RFQ and have now acquired a firm to implement for us this year facial screening and recognition, and the complete digitization of our database so that we can do probability projections etc.—problem gambling behaviours. If an individual has tried three times at various locations to come, this software will allow us to predict that they may attempt to game, versus someone else. So we are implementing a much greater degree of technical capability to assist in our self-exclusion process as well.

We have also trained all 8,000 of the OLG direct employees and we are working with CAMH, which conducted the original training, to launch that training for us again this fall.

The Chair (Mrs. Julia Munro): Okay, thank you. Ms. Gélinas.

M^{me} France Gélinas: Good morning—or almost afternoon. Welcome to Queen's Park. I was very interested to hear about the four pillars of your strategy: public trust, players' experience, partnership and profit. You are a commercial agency, after all. But I was a little bit surprised that we didn't find in there anything that has to do with your human resources. You have 8,000 employees. I see that education of those employees in order to deliver your responsible gambling is very important, and to have them named as one of the stakeholders in partnership is a little bit puzzling to me. I wanted to hear your view on that.

Ms. Kelly McDougald: Thank you. I appreciate the opportunity to expand on that because we've had those conversations at length within the organization. We say that people are the foundation of our pillars. Truthfully, our product portfolio consists of slot machines, tables and paper for lottery tickets, and really what the organization consists of is the energy, the enthusiasm, the commitment and the integrity of our employee base. We fully recognize that that is what will define the success of the organization going forward.

I'm very pleased to say that we have hired a new senior vice-president of human resources who comes to us from many years within TD Bank. He had in excess of 32,000 employees under his responsibility and brings a great discipline around HR recruitment, development and retention. So they are very much the lifeblood of our organization, and in our pictorial we have the four pillars, and then we have our people foundation piece at the bottom. Unfortunately we didn't share the pictorial with you today, but they are very much the core of our organization.

M^{me} France Gélinas: I certainly would agree that they are the lifeblood of any organization, yours included.

My riding is Nickel Belt, and the OLG slots at Sudbury Downs was on strike for nine weeks this summer. I mean, a thousand of them walked off the job, but there is still a lot of unrest among the other 7,000. This labour disruption is not healthy for an organization, it's not healthy for the people who work and it's not healthy for the communities they live in.

I wanted to hear again your point of view as to what your strategy is with your human resources and your new human resources director toward your organized labour.

Ms. Kelly McDougald: You're right, we did have a nine-week strike and Sudbury Downs was certainly impacted in that. A strike is a failure on the part of both management and labour. It is not constructive for anyone, and the employees are most hurt through that process, obviously. It was not a proud moment for us. It was the first strike that we had of the OLG population in Ontario. We have taken considerable efforts post that to understand our learning from that and how we can better engage our employee base to pre-empt that kind of dissatisfaction on a go-forward basis. I personally met

with Buzz Hargrove and the CAW four times in an attempt to understand why we got to this point, and subsequent to the strike met with the CAW to talk about what practices we need to undertake, going forward, to make sure we are much more closely aligned in understanding the employee issues and that we can prevent such a situation from happening in the future.

M^{me} France Gélinas: In the small rural northern community where I live and where Sudbury Downs is located, we expect those jobs to be good jobs that pay more than minimum wage and that allow you to raise your family. If you work full-time all year, you should be above the poverty line. I don't think those are unreasonable expectations. Is there a commitment on the part of the OLG to provide good jobs for the people who deliver their services throughout this province?

Ms. Kelly McDougald: Absolutely. We're very committed to having both a rewarded and an engaged employee base. We have just undertaken again—it had been done in the past—a benchmarking of salaries across all of our positions across the province, both to the public sector and to the private sector, to ensure that we're offering competitive rates. We regularly look at our retention base to ensure that we're able to retain employees and continue to offer a valuable package to them; it is critical to the operation of the organization. We're proud to directly employ 8,000 people in the province and we want to ensure that those employees are well treated and respected.

M^{me} France Gélinas: In your opening statement, you said that revenue growth has been modest and earnings have been declining. Do you want to expand a little bit as to why you figure that is?

Ms. Kelly McDougald: Certainly. I'd appreciate the opportunity, because when you look at the numbers initially, there are causes for concern.

Revenue growth has been modest primarily because we have, I'll suggest, been focused on deploying product for an objective that was described approximately 10 years ago. You'll recall that before 10 years ago, there were no gaming facilities in the province, other than the resort casinos at Rama and Windsor. Since that time, we have built out 17 facilities. It has been a very aggressive undertaking to get those facilities built, people hired, operations up and running, and the revenues from that have been to the benefit of all Ontarians.

But it's time now to take a much more commercial and clinical look at the operations, to ask, "How are we doing in customer satisfaction? How are we doing, relative to competitive forces, particularly in the border properties? What does our product portfolio look like?" and to take a very aggressive stance in understanding what options exist for us in terms of meeting customer desire and a competitive product. I believe that there's opportunity for more aggressive top-line growth should the province elect to pursue those, and similarly, there is an opportunity, now that the facilities have been built out, to step back and have a much more rigorous understanding of our cost base.

We have had very logical increases in costs. As you build, you increase your depreciation costs every year. That's to be understood and is assumed in terms of your profitability going forward. We have kept track with ongoing employee increases, and that has impacted our cost base.

I hope that what I bring, with my background as a commercial operator for 26 years prior to joining OLG, is the ability to bring that commercial discipline around profits and top-line growth to the organization.

M^{me} France Gélinas: My other line of questioning will have to do directly with the resort casinos. We were supplied—but I guess you have access to that information from the researcher here as to the profitability of the resort casinos, which, as I understand, showed a \$55-million deficit in the last year. My first question is: Who picks up the tab for that \$55-million deficit?

Ms. Kelly McDougald: I need to better understand your numbers. But in aggregate, the resort casinos, which, just for clarification, are those that have amenities beyond just the gaming floors—so, Windsor, Rama and Fallsview in Niagara, which have hotels, entertainment complexes etc.—have been profitable. However, the profitability has declined over the last several years, very much as a result of the increasing dollar and the increasing competition at the border, and certainly, Point Edward is subject to that as well.

I'll give you an example. Previously, 80% of the traffic coming to the Windsor casino was American traffic. With the increased restrictions in crossing the border and the decline in the Canadian dollar, that is now down around 55%.

That challenge exists in Niagara Falls, in Point Edward, it exists in Sault Ste. Marie, where we have casinos directly across the border, and certainly Windsor. When we launched the Windsor facility 14 years ago, there was no competition on the south side; there are three very aggressive casinos now on the south side of the Detroit River. MGM has invested in an \$800-million facility that opened last fall, MotorCity has just invested another \$300 million in their property and Greektown is also investing. So we have been challenged, and it is our opportunity now to look at those properties much more aggressively and pursue a differentiated profit offering.

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I'll just close by saying that the initiative we took branding the Windsor property a Caesars property was very specifically for that purpose: It was to differentiate from the properties that exist on the south side of the Detroit River. It has shown, in its very short time, to increase the profitability, since we opened in June, by 25% over last year. So there are things that we can do, certainly, to make our properties attractive and competitive, and we need to be very commercially alert to what those need to be so that we can assure ongoing and sustained profitability at those sites.

M^{me} France Gélinas: Just to be sure, for the resort casino, you're telling us that we can see the decline in net income, but you're saying that they haven't gone into negative, that they don't have a deficit?

Ms. Kelly McDougald: I'm saying, as an aggregate, the resort casinos have certainly been very challenged, but on the whole, they are profitable in their contribution to the province. We have ups and downs in each property, but in aggregate, those are profitable properties.

M^{me} France Gélinas: In the aggregate, do you take the 20% tax on winnings?

Ms. Kelly McDougald: The 20% tax is the tax levied by the province—

M^{me} France Gélinas: I'm aware of what it is, but when say that as an aggregate they have been profitable, are they profitable because you take in the 20%?

Ms. Kelly McDougald: Oh, I see; I'm sorry. It is cumulative of the 20% top line that goes directly to the province plus the bottom-line operating profit.

M^{me} France Gélinas: Okay. I'm interested in the bottom-line operating profit. If we take away the 20% tax on winnings, would they still be profitable?

Ms. Kelly McDougald: No, they would not. The 20% is a very significant contribution, and if you removed an aggregate 20% of the profitability, in aggregate, the properties would suffer. But it is the cumulative net profit back to the province, both the 20% and the operating profit, that we look at—with the exception of Casino Rama, because currently Casino Rama's net operating profit goes to Ontario First Nations.

M^{me} France Gélinas: I guess my question is, if I can zero in on it: If you take away the 20% that the province gets on the winnings, if you look solely at the operations, the operations are not profitable; they're in a deficit. So how is this deficit being covered?

Ms. Kelly McDougald: Well, we look at, whether it's extracted at the top line or bottom line, the contribution to the province to be an aggregate contribution of about \$150 million a year across those properties. But we continue, as I mentioned in my previous comments, to work very aggressively to understand how we differentiate those properties to attract more players from competitive products, and to ensure that we have ongoing scrutiny across our operations so that they are as efficient as we can be. That is always a delicate balance, as I'm sure you can appreciate, because the opportunity to make things more profitable often comes at the cost of jobs, so we walk that line very carefully.

M^{me} France Gélinas: So the operators would never be responsible for the deficit in the operations; it comes out of the provincial tax revenue?

Ms. Kelly McDougald: As I mentioned, cumulatively we don't have a deficit at the moment, but the operators' fee is structured both on top-line performance and bottom-line performance, so they are directly impacted by how the property is performing under their guidance.

The Chair (Mrs. Julia Munro): Thank you very much. We'll go to Mrs. Albanese.

Mrs. Laura Albanese: In your opening statement, you underlined your efforts and the concerns surrounding responsible gambling. It has been brought to my attention, but also to some of my other colleagues, that some casinos target, in particular, certain seniors' buildings,

and provide transportation to the casinos. As we know, seniors can be more vulnerable than other sectors of our population. Doesn't this provide too easy an access, and maybe lead to problem gambling?

Ms. Kelly McDougald: Are you referring specifically to the busing programs, just so I understand the question correctly?

Mrs. Laura Albanese: Yes.

Ms. Kelly McDougald: The busing programs are actually operated by third party operators and they provide transportation to the major resort casinos. It's done based on commercial viability for them, so who wants to come and where they want to come from.

We are always concerned about the exposure of responsible gaming. I will say that seniors tend to gamble more frequently, we have the experience, only because they have more leisure time. They have more time to come to the properties and many of them find it, based on our feedback, a wonderful way to spend the day away from whatever home or facility they're in, and participate, have lunch with their friends and spend time. The direct busing program is run through third party operators.

Mrs. Laura Albanese: But you spoke of education earlier.

Ms. Kelly McDougald: Yes.

Mrs. Laura Albanese: So have you maybe thought of any specific education programs aimed at seniors—

Ms. Kelly McDougald: Yes.

Mrs. Laura Albanese: Maybe even pamphlets, maybe even in different languages, given our multi-cultural reality, that could be handed out on these buses?

Ms. Kelly McDougald: There are actually two comments that I'd like to make on that. The first is that we have been working on research programs with the Ontario Problem Gambling Research Centre specifically around seniors playing. We haven't got the results from that yet to understand that. We have provided them access and facilitated discussion with seniors in our facility in London so that they can conduct that research.

Secondly, on an annual basis, we work in conjunction with the Responsible Gambling Council to conduct research and education during the month of March; it is Gambling Awareness Month. You may have heard many of the ads that we co-sponsor with the Responsible Gambling Council in terms of demystifying what gambling is all about, how the odds work. I'm very pleased to say that we've worked with them to define that next March the campaign will be specifically focused on a seniors' campaign.

Mrs. Laura Albanese: Okay, thank you.

Mr. Charles Sousa: I have two questions, if I have time. They're brief.

The Chair (Mrs. Julia Munro): Certainly.

Mr. Charles Sousa: OLG is known across the province for its sponsorship of community events, including musical festivals. In my riding specifically we have the Mississauga Waterfront Festival some time in June and the jazz and blues festival in early September. They're

great for tourism. They attract a lot of economic activity and they're destination spots. My question, if you can elaborate, is why you think it's important to support these types of community events.

Ms. Kelly McDougald: Sure. I'll talk about it in two ways. We do have a formal community sponsorship program. The cost of that is about \$3.5 million a year, and we do exactly what you said, which is sponsor festivals and events within communities. We have targeted those as music—we've defined it around a music definition—because that's consistent with our theme and mandate around entertainment. What it allows us to do is both be a responsible operator within the province and a good community citizen. As well, we operate direct facilities in 26 communities across the province that are great beneficiaries of our money. We think that it's incumbent upon us also to support communities that don't have an operating facility from OLG, and we do that through our sponsorship programs. So that's the first thing that we do.

We also have a very extensive employee volunteer program. As an example, on the Federated Health program that just recently ran, OLG employees gave more than any other agency or ministry in the province. There is a great commitment to volunteerism within our employee base. We couple that with our community sponsorship program, and we're proud to show up in the communities across the province.

Mr. Charles Sousa: Lastly, and you touched on this already, could you tell us a little bit more about the facial recognition, the biometrics, and the how the technology is used by OLG, specifically with the self-excluded portion?

Ms. Kelly McDougald: Sure. There has been facial recognition technology available in the province for some time and it has been tried at various sites, and actually across the country. There have been two concerns with it. The first concern was just the effectiveness of the technology itself and its accuracy. That has improved substantially over the last couple of years. The second concern was the privacy of the data that you collect when you actually scan an individual's face, albeit on a voluntary basis from them. We're required and certainly want to ensure that we protect their privacy associated with that.

Seeing the advancements in technology, we wanted to pursue facial recognition as a tool. Worrying about privacy, we then went to the privacy commissioner of the province and to the University of Toronto and worked collaboratively with both parties to say, "What would the criteria and specifications have to be in order to ensure, if we undertake this facial recognition, that we can do everything possible to secure the privacy of the data?"

Standards were defined; we included those in our request for quotations from vendors. We were pleased when multiple vendors agreed to do the development and we have selected a vendor and will be implementing that, as I mentioned, this fall, starting with tests on the executive of the organization. That will allow us to have a much more effective way of recognizing patrons who

attempt to re-enter the facilities if they have elected to self-exclude.

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The Chair (Mrs. Julia Munro): Mr. Bailey.

Mr. Robert Bailey: I've only got a couple more questions. Could you give us an update on the Casino Rama First Nations negotiations: where they're at, where they've progressed from?

Ms. Kelly McDougald: I am very happy to do that; that's a very good news story. Casino Rama has been a great facility, both for OLG and for our customers. For several years, it has been voted Ontario's favourite facility within the province. We know that it has been very profitable and very well attended, and the benefit of that has gone to Ontario First Nations, both the Ontario First Nations Limited Partnership and the Mnjikaning First Nations band at Rama.

The agreement expires in 2011, and the province has re-established a funding methodology which will be based on the top line of OLG revenues, 1.7%, as opposed to the specific bottom-line contribution from Rama.

So the question is, then, what do we do with Rama? I'm very pleased to say that we have undertaken highly constructive negotiations with the Mnjikanings around an agreement, post-2011, to keep that property open. It will be much more a tenant-landlord relationship than had been in the previous construct, and we are hopeful to take that proposed arrangement both to our board and to government for consideration over the next couple of months.

Mr. Robert Bailey: Another question coming out of the recommendations: Have you any comments on the recommendations for the gaming secretariat that was mentioned on page 27?

Ms. Kelly McDougald: Only to say that there are many stakeholder groups associated with gaming in the province. Certainly there is ourselves, with both our lottery and gaming operations; there's the charitable gaming sector; there's the horse racing sector. I believe that there's an opportunity for a more comprehensive view to gaming in the province that would be valuable. They're looked at very discretely today.

The Chair (Mrs. Julia Munro): Ms. Gélinas.

M^{me} France Gélinas: My first question had to do with recommendation number 3, and I'll read it for you: "OLGC continues to work with operators of its resort casinos to explore ways to provide the same responsible gaming/problem gambling training to their employees, as appropriate, that the OLGC has provided to its employees." So we understand that your 8,000 employees get the training. What happened to the 12,000 who work in the resort casinos?

Ms. Kelly McDougald: Each of the resort casino operators had their own methodology for training that they had introduced. We've now taken the CAMH training to them, which they have incorporated in their training. All casinos in the province, directly operated or otherwise, do extensive training of individuals who come in as new employees, and then refresher training. I'm pleased to say that Windsor is an example—the relation-

ship with Caesars. They have also reached out into Caesars US to get best practices from them as well. All of the operators have been completely transparent in sharing their practices and adopting our practices as we move forward. It's something that we undertake collectively, and we have a shared objective around making sure that our employees have the best training possible.

M^{me} France Gélinas: Were you able to make sure that the training that matches the one that you offered to your 8,000 employees was not only offered to new hires but to people who were already employees of casinos?

Ms. Kelly McDougald: Certainly, in the OLG direct properties we took that through to every employee in the company, inclusive of our lottery people, our general administration staff etc. Then, as I mentioned, we took it through and had each of the resort properties benchmark against their own so that they could continue to do refresher and new employee training. It is a commitment that we mandate and that is supported by the resort operators as well. It was both Windsor and Fallsview that first implemented the responsible gaming centres as well; they started in the resort properties. As I mentioned, we've been pleased to have more than 8,000 people visit those centres, and the employees in those centres have been trained as well.

M^{me} France Gélinas: So you feel comfortable that the existing workers did have training at least at par with your employees and are getting your refreshers now?

Ms. Kelly McDougald: I do, and I am very comfortable that the resort operators are quite anxious to see the new training and to make that available to their employee base as well.

M^{me} France Gélinas: In your response, you talked about blending the best practices from the OLG with what happens at Caesars. I don't know what that means.

Ms. Kelly McDougald: We have a very unique opportunity to leverage in the province, in that we operate all of the slots at racetrack facilities ourselves plus five OLG-operated casinos, like Brantford and Sault Ste. Marie. We also have four other major operators: Caesars operates Windsor, Penn National Gaming operates the Rama facility, Casinos Austria operates Great Blue Heron facility, and Falls Management operates the Niagara and Fallsview facilities. So we have the opportunity to bring not only our own learnings to the table but the learnings from across all of those international operators, and to look for best practices across the organization.

As an example, we have a group that works together not only on responsible gaming initiatives but procurement practices. We have a group that works together in terms of product design. We're quite fortunate in this province to have that combination of both our own internal expertise plus some of the best operating expertise on the globe to draw from.

M^{me} France Gélinas: And has this actually changed the training that you provide to OLG employees right now?

Ms. Kelly McDougald: The responsible gaming training specifically?

M^{me} France Gélinas: Yes.

Ms. Kelly McDougald: Most recently, we have deferred to CAMH, though we made them aware of all of the training that we have available through our facilities. But we continue to work with CAMH to design our programs on a go-forward basis.

M^{me} France Gélinas: Okay. My next question was about issue number 7, which had to do with investigating the possibility of making screening for problem gambling a part of the hiring process....” In your answer, you said that “there is no evidence at this time to suggest” that your employees had special needs. It goes on: “They are not permitted to gamble at Ontario casinos and slot operations under certain conditions....” But I understand that they are allowed to gamble at the resort casinos, am I right?

Ms. Kelly McDougald: That's correct.

M^{me} France Gélinas: Okay. Did you have a look at those 12,000 employees to see if there is evidence that they have special needs?

Ms. Kelly McDougald: Just to be clear, the way that the AGCO has regulated employee play across the province is that you cannot game in a property that's operated by your employer. So OLG direct employees can only game at the resort casinos operated by Penn and Casinos Austria. Similarly, the employees of the operator facilities are challenged in their gaming at their local premises. So the primary way that we have in defining—

M^{me} France Gélinas: Just to be clear, you said that they are challenged in their gaming at their local premises. Does that mean they're not allowed to gamble where they work?

Ms. Kelly McDougald: I must admit, I need to get back to you on the specific rules, because it varies by position within the facility. I will come back to you with true clarity within the resort casinos on who's permitted to game where as opposed to guessing at that information at this time.

M^{me} France Gélinas: All right.

One of our primary indicators for problems is our employee assistance program. It is a confidential program, so we do not know by specific employee the issue, but our provider of employee assistance regularly provides to us statistics on the number of employees using the service and the types of problems that they are cumulatively encountering. There's been no indication that there is an issue with problem gaming amongst those employees.

We also went to the Ontario Problem Gambling Research Centre to ask if they felt that we should undertake specialized screening. It was their opinion that there was nothing to indicate that a unique program needed to be undertaken for employees.

M^{me} France Gélinas: Thank you. My next question has to do with your branding. I realize that things have changed since you did your branding exercise. At the time, OLG was used mainly for ticket sales—I should use the right terminology, but I'm sure you know what I'm talking about it—and it is now being extended to the casinos etc. At the time, when we asked if you were to

consider French branding, the answer was no. I want to ask the question again. I'm a proud member of the Franco-Ontarian community and certainly I'd love to feel that I am part of an agency such as yours, and when the name is in English only, I feel like I don't belong. I was wondering if this is something you would consider.

Ms. Kelly McDougald: We have looked carefully at the branding of the name, and the name with the three letters, OLG, is not intended to be either way, francophone or anglophone. It is not dissimilar to OPG, if you will, or LCBO in that it is simply the letter acronyms.

I will assure you, however, that we take all efforts to be wholly compliant with the French Language Services Act in the province. We have aggressively hired both francophone and anglophone employees in respective communities where there is a bias one way or the other to ensure that we're meeting all of our customer service requirements to provide services in both languages and make it available.

As an example, in the very extensive campaign that we did last year around prize integrity and the changes to

the lottery systems, all of that was done both in English and French. In fact, we worked with OMNI as well to do it in 20 other languages to ensure that the majority of Ontarians would get the message around the changes being made in the lottery system.

M^{me} France Gélinas: So, I guess the answer to my question is no, there is no intention of making OLG known under a name that would be more friendly to the francophone population?

Ms. Kelly McDougald: Currently we are intending to retain the name OLG.

M^{me} France Gélinas: Okay.

The Chair (Mrs. Julia Munro): I think we have exhausted the questions, and we'd like to thank you very much for making the time to come here today and answer the questions of the committee. Thank you very much.

This committee will stand adjourned until Wednesday, September 17, at 9 a.m.

The committee adjourned at 1239.

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