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Estimates**

Treasury Board Secretariat

2nd Session
41st Parliament

Wednesday 27 September 2017

**Comité permanent des
budgets des dépenses**

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Mercredi 27 septembre 2017

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON ESTIMATES

COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Wednesday 27 September 2017

Mercredi 27 septembre 2017

The committee met at 1545 in room 151.

TREASURY BOARD SECRETARIAT

The Chair (Ms. Cheri DiNovo): Good afternoon. We are going to resume consideration of vote 3401 of the estimates of the Treasury Board Secretariat. There is a total of four hours and three minutes remaining.

Before we resume consideration of the estimates, if there are any inquiries from yesterday's meeting that the President of the Treasury Board has responses to, perhaps the information can be distributed by the Clerk.

Are there any items, President?

Hon. Liz Sandals: I don't believe we have any.

The Chair (Ms. Cheri DiNovo): Okay, thank you.

When the committee last adjourned, the third party had 13 minutes left in their round of questions.

Mr. Vanthof, the floor is yours.

Mr. John Vanthof: Thank you very much, Chair. I don't know if we should put the fly thing on the official record or not. There was a huge fly here yesterday, and we're on guard for him today.

Laughter.

Mr. John Vanthof: I'd like to go on a bit of a different tack.

The Treasury Board Secretariat is responsible for—could you go back over a little bit of what you're responsible for, regarding remuneration for labour and for management, and exactly what you're responsible for?

Hon. Liz Sandals: Okay. Just in terms of broad strokes, we are the employer of record for the people who are directly employed by the Ontario public service.

You could generally say that we set policy, although, again—you've often heard this story—we're the policy-setter for human resources policy within the Ontario public sector, but we're not actually the implementer of that policy.

For example, if you were looking at sexual harassment, we own the policy, but the actual implementation of that policy falls to the Ministry of Government and Consumer Services—again, that distinction between policy and implementation.

One of the things that we are responsible for is the collective bargaining with people who are direct employees of the Ontario public service. Broadly, that would be OPSEU Unified; OPSEU Corrections; AMAPCEO; PEGO, which is the engineers; and some smaller groups.

One of the larger groups is in fact the people who are employed by the OPP, who are considered direct public servants.

Yesterday, when you were asking some questions about what commissions belong to the Treasury Board Secretariat, you found the remuneration commissions for various people involved in the judiciary. Again, the judges are public servants, but because of the separation of the judicial system from government, we don't directly negotiate with them in the way that we have negotiations with other groups within the OPS.

So we are responsible for collective bargaining.

While the salary lines for OPS employees are in the ministry to whom they directly report, we hold the employee pension plans and benefit plans centrally. So you will see the funding for the pension plans and the benefit plans for members of the OPS in our ministry's estimates.

That gives you a summary of our role with respect to labour.

Mr. John Vanthof: So you're involved with basically—I'm just trying to get it straight in my head—employees who work directly for the government.

Interjection: Correct.

Hon. Liz Sandals: Who we're not responsible for, if that is helpful, is—we do not directly bargain with colleges, because colleges are separate entities. We do not directly bargain at Treasury Board Secretariat with the school board employees, because they are not direct OPS. We don't directly bargain—we don't bargain, really, I guess, at all, with hospital employees or with university employees. They have different structures. The people who are not our direct employees, we do not bargain with. Generally, they interact with the government through the Ministry of Labour. Like any other organization, the Labour Relations Act would have oversight of their particular labour relations.

1550

Mr. John Vanthof: So just as an example, when there was some—I should have the dates, but I don't—controversy about rapidly rising rates of pay for university presidents, college presidents, that had nothing to do with the Treasury Board? When it seemed that—

Hon. Liz Sandals: Now you're getting into a little bit more complicated area, and I think I will ask the deputy and perhaps some of our labour relations people to get into that. Again, we're not the direct employers, but we

are the publishers of the sunshine list and we do own some legislation that has to do with executive compensation in the broader public service. We have oversight of that.

Mr. John Vanthof: So you publish it? I didn't know that.

Hon. Liz Sandals: I'm going to—yes.

Ms. Helen Angus: Yes, we do.

Hon. Liz Sandals: We are the publishers of the lovely sunshine list.

Ms. Helen Angus: Our provincial controllership division actually—

The Chair (Ms. Cheri DiNovo): Could you introduce yourself again for Hansard?

Ms. Helen Angus: Sorry. It's Helen Angus again.

The Chair (Ms. Cheri DiNovo): Thank you.

Ms. Helen Angus: No problem; sorry about that. I'm the Deputy Minister for Treasury Board Secretariat.

It's our provincial controllership division that actually works on the publication of the sunshine list.

I've asked Marc Rondeau to join us. We can talk a little bit about the work on broader public sector executive compensation and how we're working with the sector to try and manage the compensation to the executive cadre in over 300 BPS organizations. Marc can explain a little bit about the approach, how we're looking at comparators, how we're actually doing it at the 50th percentile to make sure that our broader public sector doesn't lead or lag those of comparable organizations, and a bit about the process.

So, Marc, I might ask you to step in here.

Mr. Marc Rondeau: Sure. Hi. I'm Marc Rondeau. I'm the assistant deputy minister of the Centre for Public Sector Labour Relations and Compensation. Thank you, Deputy, and thank you to the members today.

The regulation that was brought forward about a year ago under the Broader Public Sector Executive Compensation Act establishes a set of standards that broader public sector employers are required to meet when making executive compensation decisions for their executive cadre. This includes capping salary and performance-related payments for designated executives, as the deputy pointed out, at no more than the 50th percentile of appropriate public sector comparators. It also includes prohibitions on unreasonable elements of compensation such as signing and retention bonuses and pay in lieu of perquisites.

The legislation also includes significant compliance and enforcement measures—such things like employers are required to complete reports concerning compliance with the framework, and individuals could be subject to penalties if they fail to provide a report or provide a false report or obstruct an auditor in that regard.

Earlier this year, in fact, in June 2017, the government amended the regulation to require government approval of specific components of broader public sector executive compensation programs. To be clear, this legislation applies to hospitals, school boards, universities, colleges and a cross-section of BPS entities that are overseen by

respective ministries. Part of this includes approval on the selection of comparators and the maximum rate at which an employer can provide compensation adjustments to their executive team.

That regulation is supported by a directive which outlines the process that every designated employer under the legislation is expected to follow in order to develop its compensation program.

As I mentioned, designated employers are now required to seek government approval of those components in the broader public sector programs. This includes approval of the selection of comparators and the maximum rate at which an employer can provide compensation adjustments to employees on their executive team. The directive also includes a six-step process that employers must follow in order to obtain approval on those components. In sum, the legislation applies to about 340 organizations, and the process requires those employers to submit their proposed executive compensation programs for government review prior to consulting with the public and before the plan is finalized.

This is where there's a role for TBS and there's a role for overseeing ministries. So an oversight ministry, like MAESD, which has oversight of post-secondary education, would consider the compensation program support submitted for colleges and universities, as an example, in accordance with the directive and the governing regulation, when determining whether to approve selected comparators and the maximum annual rate of increase to executive salary and performance-related pay envelopes.

The regulation also requires that comparable organizations are those that are similar to the employer with respect to three or more of the following criteria: Essentially what we're looking for is the scope of responsibilities of the organization's executives; the type of operations the organization engages in; industries within which the organization competes for executives—that they either draw from or lose talent to; the size of the organization; and the location of the organization, which is also an important factor.

Comparable positions generally include those that are similar with respect to essential competencies, such as knowledge, skills, abilities, relative complexity and the level of accountability associated with the position that they hold.

The Chair (Ms. Cheri DiNovo): Mr. Vanthof, you have under two minutes left.

Mr. John Vanthof: Okay—just a question. I would like to know, say, for a typical college—there's no such thing as a typical college, but how far down would the executive team reach? Is that managers of individual curriculums?

Mr. Marc Rondeau: It applies to the most senior executive, typically a president or a CEO, and their direct reports—positions such as a COO, a CAO, a chief information officer or a chief marketing officer. It's the C-suite generally referred to.

Mr. John Vanthof: Okay. Those who directly report to the CEO.

Mr. Marc Rondeau: Correct, yes.

Mr. John Vanthof: Okay. Thank you.

The Chair (Ms. Cheri DiNovo): We now move to the government side. Ms. Kiwala.

Ms. Sophie Kiwala: Thank you to the minister and to all of the ministry representatives who are here with us today.

I do want to just give a shout-out—I'm not sure if he's in the room today—to Dr. Julian House, the behavioural scientist who had us all spellbound at our last session. He was absolutely amazing, and it was fascinating to listen to what he had to say during our last session. Thank you for sharing him with us.

Hon. Liz Sandals: We will pass along that you missed him today.

Ms. Sophie Kiwala: All right. Please do so.

Interjection.

Ms. Sophie Kiwala: Yes, bring him back any time. I've been on this committee since I was elected in 2014, and his presentation was very impressive over that course of time.

So thank you to you and your team for giving us such a good presentation. It was a great opportunity to learn more about what you're doing in Treasury Board. I really can't even begin to say how much I appreciated it.

I want to get into perhaps a little bit of the work that Dr. House is dealing with. I always think about my riding of Kingston and the Islands, and I always hear in the back of my mind the voices of my community when I am in these various committees, and one of the things that very frequently comes up, quite frankly, is how decisions are made. It came up very, very frequently during the election, something that I was a little surprised to hear: How do we make decisions? And what evidence are we using, in fact, to make decisions in the Legislature? A critical part of the process is agreeing what the standard is that we want to hold ourselves accountable to.

So I would really appreciate hearing your feedback on that. In particular, what is the IT organization doing to improve service management and to ensure service-level agreements are in place for all ministry applications?

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Hon. Liz Sandals: We're very proud of the work that we have done in the I&IT area over the last decade, in terms of strengthening the quality of the management, the consolidation of the services, the centralization of the services.

You will know, interestingly, that the two major data service centres are actually in Kingston and Guelph. That has come about as a deliberate consolidation and upgrade of just that part of the service.

I'd like to turn it over to Helen, my deputy, to talk about the behind-the-scenes work, and I think we might get some help from David Nicholl, who is our corporate chief information and information technology officer.

Deputy, over to you.

Ms. Helen Angus: I think we've actually talked a little bit about this at public accounts on a previous occasion, where we've described the work that we've done to

basically improve overall IT service delivery by creating a consolidated Enterprise Service Management division. That's a little bit of what David is going to talk about. The division brings together practitioners from across the IT organization to uniformly deliver services across the enterprise, and ensures that they're delivered to a standard. So it's really intended to meet those standards in terms of consistency and service levels, as well as to improve the overall delivery and find efficiencies.

You've met David Nicholl before, but I'll let him introduce himself for the record.

You can talk a little bit more about the journey that we've been on with this new division within Treasury Board.

Mr. David Nicholl: David Nicholl, corporate CIO, Treasury Board Secretariat.

Just perhaps a little bit of an explanation of what service management actually encompasses—because it's not necessarily one of the better-known disciplines within IT.

Many of you will have availed yourselves of service desks or help desks in the past, where you call someone for help, whether that's for telecom or your television or whatever it happens to be. A very large part of our service-management area is, in fact, our IT help desk.

We also have a very high-functioning order desk. Similar to, again, calling up to say, "I want to increase the channels on my television," you'll call someone and say, "I need a service," and they'll add services to what you have existing.

Very large parts of our service-management function revolve around those two areas.

Then, there's a discipline beneath that, which is really all about: How do we introduce these services to the OPS and to citizens and businesses? How do we effect good change to those services in a proper way and in a structured way? When we have a problem, how do we deal with that problem? How do we deal with the incident around a problem? Finally, how do we ensure that we learn from what those problems were, or how do we make sure those problems don't happen again? That's the whole area of what we call problem management.

That's a good definition, I think, of what service management is.

Until last October, we had many of those services distributed across multiple ministries and clusters. I talked a little bit about clusters yesterday. Clusters are an amalgam where we've taken a number of like ministries—like justice or land and resources—and we've put them together, and they're serviced from a single cluster. So when we talk about what clusters are, that's what they are.

We've been maturing our service-management function for quite a while now, very much focused on the first two things I mentioned, which are the help desk and the order desk. But we also knew that we had a lot of work to do around those other processes to ensure that the services we were providing to OPS, citizens and businesses were really up to scratch.

A key feature of understanding how you know you're doing a good job is by setting these service-level agreements. Over the years, many, many different service-level agreements have arisen based on the fact that this was spread across at one point up to 30 ministries, then it was brought down to nine clusters plus our infrastructure organization.

I thought it might be worthwhile to define a little bit about what service-level agreements are, as well. We talked a lot about this at public accounts when we were here, because the Auditor General, by great coincidence, helped us enormously by carrying out what they called a general controls audit on IT, and it was very much focused on service-level agreements.

When we talk about the nine elements to a service-level agreement, those would be, what do you expect when you're running your email system; what do you expect when you're running IFIS, our financial system; what do you expect when you're running our HR system; what do you expect when you're running—any system that you're expecting a service from has a service-level agreement attached to it.

The Auditor General gave us nine basic elements to what a service-level agreement should have:

—It should be clear as to who is responsible for what. Roles and responsibilities have to be very clearly outlined.

—When is the service available? Is it 9 to 5, or is it 7/24/365, or something in between?

—What's acceptable from a downtime perspective? Quite often, we'll need windows of opportunity to do things to applications, so what's okay? If I'm running an ATM at a bank, it's not okay to be down at all. If I'm running a public safety video network system for the OPP, there's no downtime. If I'm running my HR system, I can probably do without it for a few hours every night. That's where we come into availability considerations.

—What performance is expected? Is there a response time expected—and detailing what that would be.

—Assessment of what ministries or people who are using the system need from a capacity perspective—how much storage, how many emails you want to store, that kind of stuff.

—Security requirements is obviously one thing we talked about a lot yesterday—something around what confidentiality of the data is expected.

—Continuity, or the policy standards and processes for preventing disruptions—what should be done with regard to preventing disruptions to the service? And if a disruption does happen, what should happen? Does it fail-over immediately to a backup? Do you have four hours to fail-over to a backup?

—Any compliance or regulatory laws that surround it—what laws govern what it is we're running and what steps are required to comply with those laws and regulations.

—And then, the rate at which processes need to run to meet demand—that's very applicable to some of our

large systems that perhaps have large batch operations at nighttime, whether it's reporting or big calculations they have to do, but they have to be up at 7 in the morning. We need to be very crisp and clear as to what those expectations are.

Those are the elements of an SLA, and those were set by the Auditor General just this year. It was a great help because—in October 2016, we established what we now call our Enterprise Service Management group. As I said before, it had been spread across clusters and infrastructure before, and in October 2016 we organized to merge all of these groups into a single unit. We received the report from the Auditor General in—I guess it was December. So it was really excellent timing, in a way, in that she set our mandate and our role. And when she comes to visit us again in January, we've got a story to tell her, which is good.

We've brought the ESM structure together to improve those service levels. That's clearly what our number one objective is. As we heard before, we wanted to bring much greater consistency. We had these nine different instances going on and it was all done inconsistently. We wanted to have a consistent approach, very much following the Auditor General's rule book. And we obviously want to always improve our efficiency and our ability to service our internal clients. By bringing people into a single organization, we could bring some of that efficiency to bear.

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So we've established this Enterprise Service Management organization, and their job will be to implement these service-level agreements across the government's IT clusters and ministries to ensure that we're providing those high-level services that we're here to provide. Their mandate is very clear. It's to establish a defined government of Ontario IT standard. We have a very formal set of what we call GO-ITS, which is short for government of Ontario IT standards. For service-level management, that ensures that we have SLAs in place between the cluster and the ministry for all of our applications that we run within the OPS. We also plan to expand the scope of any existing SLAs we have to include all of the factors that I include, because we have a lot of SLAs out there today, but as the Auditor General pointed out, they were inconsistent, they weren't complete, and that's really what the mission of this new organization is to do.

Then, obviously, once you have SLAs in place, one of the things you want to do is to actually report on them. You want to be able to tell people, "Yes, you're getting what you're paying for"—so that show-back opportunity to say, "We said we would deliver this in this time," and "We would do the other thing." We have to be able to report that back to the ministries.

We agreed with the Auditor General we would start with mission-critical applications—we have about 100 mission-critical applications running within the OPS out of our 1,200 total—and then move into the business-critical, which is a further 200. Mission-critical applications would include things, as I mentioned, like PSRN,

which is our Public Safety Radio Network that we run for the OPP and ambulance service. Business-critical is sometimes more internal systems—HR, finance systems—that would not so much be citizen or business facing.

SLAs are part of, again, what I said, our standard IT service-management discipline. ITSM, as it's called for short, is basically a practice defined by something called ITIL, Information Technology Infrastructure Library. It's an international set of standards that many organizations follow. We've been on the ITIL route now for about the last 15 years, and we very much follow the guidelines set by that international standards body when it comes to setting what we do within the context of our service-level management.

Clearly, there are a lot of benefits to this. It allows you to establish a baseline, so when you go to a partner that you've been working with, you can say, "This is what you can expect from us. We have a baseline and then we can improve from that baseline."

We want to establish, obviously, a consistent way where we can measure and report on those performance standards. It allows us to set up a regular reporting mechanism with ministry partners to demonstrate to them what we're doing and how we performed. Clearly, a really important part of this is constant improvement. It's all about, "We're never going to be perfect on day one; we'll never be perfect on day M+1; but over a period of time you should see improvement as things go by."

As I said, we've got around 1,200 ministry applications in use today, ranging from public-facing mission-critical to back office business support. Whilst the ESM organization is still quite new, there's significant work under way right now to enable greater consistency in those service-level agreements across our nine clusters. We're implementing an SLA framework and template, so we're actually codifying what the Auditor General put in her report. We're codifying that across all the clusters for all of the applications so they can actually follow a very standard and consistent way of doing things.

We've increased the focus on SLA measures for ministry applications. That includes things like availability and some of our guarantees around how quickly we'll restore service. The restoration is not only if it falls over completely, but also if it actually degrades in performance, and we give certain commitments that we will improve things within certain periods of time, and we'll get measured on that and that'll be reported on.

We're looking at things as well to expand where we can take a look at what's important within our IT strategy. That's very much based around our move to a much heavier digital service involvement. Obviously, as you develop more digital services, as people are receiving those services usually online, that need to measure performance and be on top of performance is obviously much greater. As I said before, we want to establish these baseline measures because this is all about continued improvement. What you're trying to do is continue to improve things, so you need a baseline so you know you can actually measure what that improvement is.

We're working to ensure that we're starting to have regular reporting to ministries on what our performance on both mission-critical as well as business-critical applications is. So IT clusters are very much involved in setting up the framework of how they're going to hire and who they're going to talk to within the ministries. They're going to have that standardized reporting framework. A lot of this is going to come down to probably some culture change and learning, from both the business side as well as the cluster side.

The Chair (Ms. Cheri DiNovo): Ms. Kiwala, you have just over two minutes left.

Mr. David Nicholl: Am I okay to keep going?

Ms. Sophie Kiwala: You're okay to keep going. Yes.

Mr. David Nicholl: All right. Just stop me when you want. It's a great subject.

Ms. Sophie Kiwala: It is. Thank you.

Mr. David Nicholl: Not as good as the one yesterday, I admit, but still it's good.

Ms. Sophie Kiwala: Yes, it's a tough act to follow.

Mr. David Nicholl: We want to really get that regular reporting going between our Enterprise Service Management group, our cluster and our business ministry. That's really important.

Recognizing the need to prioritize—because, clearly, with 1,200 applications, we can't just do them all at one time. We have identified what those critical applications are and what the mission-critical applications are, and we will set out such measures to ensure that initially we create the baseline necessary to set what our future targets will be. As part of that continuous improvement desire, we'll actually set ourselves targets to say we're going to improve that by X this year, and then we'll measure that and we'll report that back.

That's really what our focus around service management is all about. It's a discipline around providing excellent service. That's what this really is all about.

I hope that helps.

Hon. Liz Sandals: Thank you very much.

Ms. Sophie Kiwala: Fantastic. Yes, thank you. I appreciate that. I have more I could go on with, but I don't think we have time. I would be interested in knowing, perhaps offline, a case where you've used evidence-based decision-making to solve some of the problems, something that, for example, constituents of mine in Kingston and the Islands might have encountered. You mentioned that it's an approach in how to deal with solving problems.

Mr. David Nicholl: Yes, you've made a really interesting point. One of the things we're just starting to get involved in is starting to bring some cognitive techniques to our service desk, where we can actually start to learn machine learning coming from what's happened at the service desk over the last few years. It can actually start to help us solve problems much quicker.

We have a great example, for printers, where we've managed to apply some of the machine learning to printer problems over the past few years, and we've anticipated where those problems will occur and we've gotten there

before the actual problems occur. The evidence-based piece, it stretches across so much business, I know, but in our world—

The Chair (Ms. Cheri DiNovo): I'm afraid that is it. Time is up. We now move to the official opposition. Ms. MacLeod.

Ms. Lisa MacLeod: Thanks very much, Chair. The fun keeps on rolling over here.

You might want your labour person to come up, just as an FYI.

Hon. Liz Sandals: Okay, we can get ready for that.

Ms. Lisa MacLeod: We'll wait for you.

Welcome back. I'm going to ask a couple of questions with respect to labour. Your predecessor was Deb Matthews. I'm not sure when the transition happened. Was it last year?

Hon. Liz Sandals: June 2016. Does that sound right?

Ms. Helen Angus: That sounds right.

Ms. Lisa MacLeod: Okay. A couple of years before that, she had said that she was going to review every government program to find \$250 million in savings between the 2014-15 year and an additional \$500 million annually in each of the subsequent two years. So that would have went into your mandate into about a year.

I've got a couple of questions on this. I'm just wondering if you can let me know, as a result of that \$750 million in savings, were there any jobs affected, FTEs, otherwise, and how many, if there were?

Ms. Helen Angus: We could probably ask Karen Hughes to come up and talk about it. She's got the longest history working on it.

Hon. Liz Sandals: We might want you—

Ms. Lisa MacLeod: You should probably stay.

Ms. Helen Angus: You're getting a team here. I think I mentioned that yesterday; it's a team. So we can talk a little bit about the work that we've done around the PRRT process, some of our program reviews and some of the outcomes we've been able to achieve.

Ms. Karen Hughes: So I think at the time, we were looking at—

The Chair (Ms. Cheri DiNovo): Oh, could you introduce yourself, please? Thank you.

Ms. Karen Hughes: Oh, sorry. I'm Karen Hughes. I'm the associate deputy minister in the Office of the Treasury Board. In terms of the work that was done looking at savings targets of the \$250 million growing to the \$500 million from a couple of years ago, just trying to recall—I think your question was specifically with respect to the impact on FTEs?

Ms. Lisa MacLeod: FTEs and—I mean, I guess we could even look at part-time, but mostly what the impact was.

1620

Ms. Karen Hughes: Some of the things that were put in place—actually, one of the examples would have been the work that David Nicholl had spoken about with respect to fee-for-service conversions, because we were actually able to achieve savings as a result of turning some of the work that was done by consultants into full-

time staff who were able to be deployed through the IT Source area. That would have been one of the examples of one of the savings initiatives that we would have put in place to help achieve some of that going forward at that time.

Ms. Lisa MacLeod: Were you able to achieve those savings?

Ms. Karen Hughes: We were, and I'm trying to think, off the top of my head, of the specific examples that we had. Thinking back—we have been thinking forward more, so I might have to get back to you with some of the specific details.

Ms. Lisa MacLeod: Would you mind finding out for me how many jobs were affected?

Hon. Liz Sandals: If I may just interject here, this one is really interesting when you look at the conversion of consultants to permanent FTEs, because the number of permanent, full-time jobs actually increased and we saved money, all at the same time.

Ms. Lisa MacLeod: Is that over the one year or over the—

Hon. Liz Sandals: That is continuous, because in each year—and there have been four years?

Interjection: It goes back to 2006.

Hon. Liz Sandals: It goes back to 2006, so—

Ms. Lisa MacLeod: So I guess the better question isn't how many were affected and reduced, but how many more were added?

Hon. Liz Sandals: I think what I would say is that in some cases, the project, as in the particular case of converting consultants to FTEs, we actually have realized savings—and obviously that's an ongoing savings, but it doesn't reduce FTEs. I'm sure there will be some other project where we have figured out how to do things more efficiently, and it may well have resulted in a reduction of FTEs, where we've been able to consolidate two branches and in doing that, we may not need quite so many FTEs.

Ms. Lisa MacLeod: Do you or any of your staff have an ability to go through 2014, 2015, 2016 and now 2017, up to fiscal 2018, with what the total number of FTEs might have been that were either reduced or increased—a total number?

Ms. Karen Hughes: We can get back to you with the answer on the overall size of the OPS. It has in fact been increasing over the last few years as opposed to decreasing. The deputy may have that.

Ms. Helen Angus: I've got some stats here in terms of, in June of this year, the OPS had about 65,000 full-time equivalents, or FTEs, in various ministries at locations and roles across the province. That's up a little bit, and we can get you the precise numbers over the period of time.

Ms. Lisa MacLeod: Would they all be pensionable? Because they wouldn't have had benefits, for example, or pensions, and then when they moved—

Ms. Helen Angus: We would have to get you the composition of that in terms of how many—they're full-

time equivalents—are on contract, how many are summer students and that kind of thing.

Ms. Lisa MacLeod: And you have that?

Ms. Helen Angus: We have information on the size of the public service, yes.

Ms. Lisa MacLeod: That's for every ministry, not just Treasury Board.

Ms. Helen Angus: We have it for the government of Ontario and the size of the government of Ontario. I imagine it's probably actually also—

Ms. Lisa MacLeod: How does that work? How do you manage that? Every deputy minister would provide a report to you annually at the budget in public accounts?

Ms. Karen Hughes: As part of the program review, renewal and transformation process, our planning process each year, the ministries come in and talk not just about the funds that they're requesting, but also about the number of what we call full-time equivalents, so FTEs, that they would be requesting to deliver on their programs. Each ministry is minuted with an overall cap that they're not to exceed over the course of a year. We would track that on a quarterly basis.

Ms. Lisa MacLeod: And what would your overall cap be?

Ms. Karen Hughes: Our cap for TBS is around—

Interjection.

Ms. Helen Angus: Yes. Mel's just telling us the numbers.

Ms. Lisa MacLeod: Yes, no problem.

Ms. Karen Hughes: So 2,900 is the cap for TBS, but our workforce would generally be—because you have turnovers ongoing, so it would always be slightly lower than that. Normally, there's about a 2% or 3% turnover rate in most ministries.

Ms. Lisa MacLeod: Does your cap include consultants and part-timers, or that's 2,900 full-time employees?

Ms. Helen Angus: Full-time equivalents.

Ms. Karen Hughes: Full-time equivalents. You could have a couple of people who are—

Ms. Lisa MacLeod: Job-sharing?

Ms. Karen Hughes: —job-sharing, who would add up to one full-time equivalent.

Ms. Helen Angus: One thing that might be worth noting is, in fact, although I said the number had increased a little bit in the last couple of years, we're still 3,100 fewer FTEs today than we had in 2008 when the cap was placed.

Ms. Lisa MacLeod: And what was it, 4,100?

Ms. Helen Angus: We're about 3,100—

Ms. Lisa MacLeod: Oh, 3,100.

Ms. Helen Angus: —lower than we were in 2008 when the cap was put on the size of the OPS.

We also have some stats in terms of—on a per capita basis, we have approximately 8.2 public servants for every 1,000 Ontarians. That was the case in 1990-91—

Ms. Lisa MacLeod: Where did the other 0.8 go? You're not feeding them?

Ms. Helen Angus: Well, as of June this year, we're about half that, so we're 4.6 for every 1,000 Ontarians.

We have different ways of measuring both the size, but also the cost-effectiveness of the public service.

Ms. Lisa MacLeod: Who has the most public servants? Would it be health care or education?

Ms. Karen Hughes: Actually, it's the justice ministries. Community Safety and Correctional Services would be, I believe, the largest ministry, between the size of the OPP and the number of correctional workers that they have.

Ms. Lisa MacLeod: Oh, really? I never would have thought that.

Is there anything else that you want to provide me in terms of details for the cost-saving initiatives?

Ms. Karen Hughes: There were other examples. Another example would have been—and health would be able to better speak to this, but they did some work with the pharmacies. As you might recall, they have to dispense now three months' worth of pills to someone on a prescription basis, so they were able to reduce some of the costs that were being incurred in paying pharmacies for dispensing fees. They were able to bring back down further savings.

Ms. Lisa MacLeod: And how much did that save?

Ms. Karen Hughes: I don't have that with me, but we can get back to you with the exact details with that.

Ms. Lisa MacLeod: Would you be able to get me details for the four years? I don't want to put you on the spot—even though we were prepared for here—but I think that was a bit more of a specific question. If we could have that, perhaps, at the next sitting, if that's not too much trouble.

Ms. Karen Hughes: Yes, we can bring that back: the breakdown of the \$250 million, growing to the \$500 million, in terms of the savings target.

Ms. Lisa MacLeod: Can you also include the conversion as well as any FTEs that may have been included or removed?

Ms. Karen Hughes: We can also give you the size of the OPS and whether there were any FTEs associated with that.

Ms. Lisa MacLeod: Okay, perfect. Thank you very much.

I'm going to move over to more labour—not this type of labour and certainly not the type of labour I experienced 12 years ago. That was probably not a great joke.

Laughter.

Ms. Lisa MacLeod: I want to go back to this past June with some of the labour changes that were made. For a long time, both Ms. Matthews and yourself talked about net zeros and making net-zero deals and that sort of thing. I noticed that, this past June, you made an agreement with AMAPCEO and, I believe, with OPSEU, months before negotiations were set to take place and before negotiations were completed.

I guess my question is, why was there an early contract negotiated with a 7.5% raise each year with little notice to the unions?

Hon. Liz Sandals: Well, we were negotiating with the unions, so it wasn't that there was no notice to the

unions. The unions were very actively negotiating. I'm going to turn it over to Marc to talk about the details, but I think it's important to note that, in each of the cases of the collective agreements that were extended, those agreements were actually due to expire within the next few months anyway.

OPSEU would have expired December 2017. That was an agreement that was going to expire within the next six months, so negotiations would have happened. Similarly, AMAPCEO—it would have expired a little bit after that, but it was expiring shortly anyway.

In the cases where the agreement has been extended, those were, in fact, agreements that were about to expire. But I'm going to turn it over to Marc who actually is our negotiator.

1630

Mr. Marc Rondeau: Again, it's Marc Rondeau, the ADM for Centre for Public Sector Labour Relations and Compensation. I understood your question, and you made a comment about 7.5% in each of the years; I'd like to clarify that it was 7.5% over four and a half years.

Ms. Lisa MacLeod: Okay, it's not each year?

Mr. Marc Rondeau: Yes, it's not each year. And, in fact, that breaks out to 1.5% in 2017, 0% in 2018 for both of the bargaining groups that you spoke about, and two 1% splits in each of the years up until 2021.

Ms. Lisa MacLeod: To 2021?

Mr. Marc Rondeau: Correct, to the end of December 31, 2021.

Ms. Lisa MacLeod: I just want to get this right. So it's: 1.5% in 2017, 0% in 2018, 1% in 2019, 1% in 2020 and 1% in 2021?

Mr. Marc Rondeau: No, there were 1% and 1% in each of 2019, 2020 and 2021—1% in January and 1% in July for OPSEU. So, a 1.5% fiscal cost, but ultimately 2% added to base for their salaries, which adds up to the 7.5% that you pointed out, but it is over four and a half years.

Ms. Lisa MacLeod: Okay, it's four and a half now?

Mr. Marc Rondeau: Yes.

Ms. Lisa MacLeod: Okay. Since you're the lead negotiator, maybe you can answer this or perhaps the minister wants to. In a couple of the articles that I saw, both AMAPCEO and Smokey Thomas said they were quite surprised.

I'll just read you something from the Toronto Star: "Officials at AMAPCEO said their contract didn't expire until ... March, yet the government approached them with an offer last week. Negotiations were completed in less than 24 hours with no demands for concessions, surprising the bargaining team."

And I'm just going to read you what Smokey had said: "I'm kind of shocked the government actually made us any kind of an offer. It's no secret that my union and myself, my executive board, we're always in a battle with the government ... We're at odds with them on a lot of fronts."

I guess the question is: Why do you think they were so shocked if you're telling me that everything was going

on? And I guess then we lead you to the question of timing. We're in the lead-up to a provincial election, so I don't know, there's a bit of a question there that's political and a bit of one that's based on negotiations.

Mr. Marc Rondeau: I'm happy to start. We have ongoing discussions with the bargaining agents at all times. I can't speak for why they would say what they say in their press releases. I'm sure there are lots of reasons why they do say what they say, but, from our perspective, we have ongoing dialogue with them—negotiations both on an ongoing basis, but also—

Ms. Lisa MacLeod: So were you shocked that they said they were shocked?

Mr. Marc Rondeau: Yes, but also more so, as we actually get closer to the date of the expiry of their collective agreement. In OPSEU's case, their agreement expires in December. The last round of negotiations was fairly protracted, but it lasted very many months. We try to have ongoing dialogue with them to ensure that we understand the issues that are important to them, and for them to understand the issues that are important to us. I think it became quite clear that there was a path that could lead us to a negotiated outcome sooner than what has been the case in the past.

Hon. Liz Sandals: And I think it would also be fair to comment, with OPSEU—I think it's worthwhile noting that we are speaking about OPSEU Unified, which is everybody but corrections, and that OPSEU corrections actually rejected the extension. So negotiations with OPSEU corrections continue. But I think it has also historically been true that whichever one of OPSEU or AMAPCEO achieved an agreement first, the other one has followed along relatively quickly in the same mould. And, in fact, what happened was that the agreement that AMAPCEO agreed to is very, very similar to the agreement that OPSEU Unified accepted, particularly with respect to the salary arrangements that Marc just described to you.

It's not unusual that the second of that pair—that the negotiations are much quicker than the first. I think that has historically been the pattern.

Ms. Lisa MacLeod: So in terms of the correctional bargaining unit, that covers the 8,000 correctional workers; and Unified, I guess they have about 27,000. Is that fair to say? Workers in the OPS voted I guess it was 81% in favour while the corrections bargaining unit voted about 94%, 95% against. What's the status right now with them? And are you looking at putting money in place for the body scanners that they're looking for?

Hon. Liz Sandals: I'm going to turn that over to you. The question you asked about the security within the prison would not be an issue that my ministry would be dealing with—

Ms. Lisa MacLeod: Oh. So how does that work?

Hon. Liz Sandals: Well, that would be a security issue within the—

Ms. Lisa MacLeod: Within corrections?

Hon. Liz Sandals: Within the correctional institutions.

Mr. Marc Rondeau: Correct. That's something that we negotiate.

Ms. Lisa MacLeod: Okay. So what exactly do you negotiate—

The Chair (Ms. Cheri DiNovo): Ms. MacLeod, you have two minutes left.

Mr. Marc Rondeau: I'll answer the first part of your question as to what the status is. As you appropriately pointed out, the correctional bargaining unit turned down what was accepted by their negotiators, and we will restart negotiations at the end of October with a view to making every best attempt to reach a negotiated settlement. In the absence of doing that, this file reverts to interest arbitration, and that could take a number of months to work itself out, depending on how long the negotiations take and how long the interest arbitration process takes.

Ms. Lisa MacLeod: So they would be included in this—whatever they currently are at is reflected in the current estimates?

Mr. Marc Rondeau: Their current collective agreement would continue to apply during that period of interest arbitration and negotiation.

Ms. Lisa MacLeod: And that's what's reflected in the documents—

Mr. Marc Rondeau: Currently, that's right.

Ms. Lisa MacLeod: Okay. That's great. How much time?

The Chair (Ms. Cheri DiNovo): A minute.

Ms. Lisa MacLeod: Do you know what? I'm going to save it for the next round.

The Chair (Ms. Cheri DiNovo): We now move to the third party. Mr. Vanthof.

Mr. John Vanthof: Thank you—and I don't think you have to go too far.

Hon. Liz Sandals: You're going to get them to come back?

Mr. John Vanthof: No, no. Some things in the last—I was listening intently. We always say that in the House, but actually I was. When MPP MacLeod talked about the body scanners, that's something you don't directly control; I see that. But in response to another question, you do have control over dispensing fees at pharmacies? One of your savings was—

Hon. Liz Sandals: I can answer that. When we're talking about the savings, we were talking about the PRRT process, the Program Review, Renewal and Transformation process that every ministry goes through in order to prepare its budget. In the particular case of the frequency of dispensing, and therefore less dispensing fees being charged, that was an initiative that the Ministry of Health brought to Treasury Board as part of its expenditure plan for that year's budget. So they were proposing the policy around dispensing fees as part of their budget submission.

Mr. John Vanthof: So if the Minister of Agriculture proposed something that was going to save X, and if that was approved—

Hon. Liz Sandals: Part of the budget submission, exactly.

Ms. Karen Hughes: Right. Other things would have been from the Ministry of Government Services, where they had savings in some of the procurements that would have contributed to the \$250 million as well. I believe there were a number of things. It's not directly Treasury Board. We gathered them up from all of the ministries—

Mr. John Vanthof: Okay. That clarifies it.

Hon. Liz Sandals: But no, I do not set dispensing fees in pharmacies. Just to be perfectly clear, the answer is no.

Mr. John Vanthof: I didn't think so.

When there was a controversy about executive compensation for—and I realize there were guidelines put in place when you passed that legislation. What type of guideline—was there a guideline system before the new ones were put in? How did that work?

Hon. Liz Sandals: I'm not actually trying to be cute—

Mr. John Vanthof: No, no, and neither am I.

Hon. Liz Sandals: —but what's your definition of “before”?

Mr. John Vanthof: There was legislation introduced that put out a framework for executive compensation, right?

Hon. Liz Sandals: Right.

Mr. John Vanthof: And I assume that had something—that was about the same time. And I'm not trying to be cute either. I'm trying to figure this out in my head.

1640

Hon. Liz Sandals: Can I give you a little bit of information that might help?

Mr. John Vanthof: Sure.

Hon. Liz Sandals: Post-recession, or coming out of the recession, there was a movement to freeze or at least restrain compensation throughout the OPS and the broader public sector.

Mr. John Vanthof: We're still suffering from that.

Hon. Liz Sandals: Yes, MPPs are. There was a Broader Public Sector Executive Compensation Act which actually froze the compensation for broader public sector executives. What the ADM was describing to you before was the process that we arrived at for people to come out of that freeze, which was the establishing of a list of comparators. The 50th percentile is the maximum. Once you've established the comparators, you cannot be higher than the 50th percentile. Then there needs to be a compensation framework approved by the line ministry based on those comparators that have been established.

So if that helps you frame the question, that is, broad strokes, what's going on.

Mr. John Vanthof: So last January, I believe it was, when some of the colleges were basically told to go back to the drawing board, they didn't fit within that framework?

Hon. Liz Sandals: At that point, we looked and said, “The comparators that you're proposing in fact are not reasonable or compliant with what was described in the regulation,” and we actually went back and tightened the regulation.

Marc, you may want to talk a bit more about how we went about tightening the regulation to make sure that the comparators were reasonable.

Mr. Marc Rondeau: Sure, Minister. I'm happy to do that.

As I alluded to earlier, there are two particular points of clarification that were made in an adjustment this past June. Those two points were primarily driven by the need for each of those 340 broader public sector organizations that I spoke about earlier to seek government approval of two things. The first is the comparators that they use to determine the comparability of the positions, which sets the compensation at a P50; P50 is kind of the middle point of their comparators. The second thing that they needed to seek approval from government on is an envelope of increase that could be attributed back to their executives within their organization. So the regulation made was amended to ensure that those pieces occurred prior to each organization posting their draft compensation plans for public comment.

Mr. John Vanthof: Okay. I'm going to repeat some of my questions, because I'm still trying to get this through my head.

In the last session, we talked about how there are so many—you have the CEO and so many people report to the CEO. In corporate structures I've been involved in, I can picture that. Is there any kind of framework of how many people that could actually be? Because I'm looking at the numbers from Colleges Ontario, and the number of administrators is rising at a much quicker rate than the number of students. But does that fall under your purview at all?

Mr. Marc Rondeau: Well, the governing legislation and the regulation that provides for the rules under which they set the compensation program is a TBS responsibility. The actual oversight of the various sectors—the college and university sector would be overseen by the Ministry of Advanced Education and Skills Development; the hospitals would be overseen by the Ministry of Health, naturally, and so on, right?

At the end of the day, we have a legislative and a policy responsibility on setting the governing rules for the program, and each of those ministries has oversight responsibilities. Each minister for those respective ministries would be the one that would be approving the comparators, as I mentioned earlier, and the envelope increases.

Mr. John Vanthof: Okay. So there's not a direct link—so just like the numbers. The number of administrators has gone up in colleges in Ontario 56% in the last 10 years and the number of students 20%.

Mr. Marc Rondeau: I can help, I think, with that. I think part of your original question is how many in a college sector does that apply to.

Mr. John Vanthof: Yes.

Mr. Marc Rondeau: Based on what I understand from a college that is covered by this, the president of the college would be covered by it and their direct reports. In most colleges, that would include a VP of corporate

services—someone who has responsibility for human resources, finance, those types of things—and a vice-president of academic, so all of the academic side of the college. They sometimes would have a vice-president of infrastructure, because many of them have fairly sizable infrastructure assets. They may have a chief information officer, who would be covered by that—anything that is defined as either a VP role or a chief role that reports directly in the president.

There are also some clarifications in the legislation that say that you can't call something something different and have it report to someone different just to avoid the application of the legislation and the regulations. You couldn't move the chief information officer to report somewhere else or call it something different. If that's their role, they're covered.

That's the scope that it applies to.

Mr. John Vanthof: I'm just trying to get this through my head. Obviously the goal is set for value and efficiency. Each ministry, when they propose their budgets, they identify where the savings or where the extra costs are going to be, and you review that.

Hon. Liz Sandals: And there is often a conversation to and fro between Treasury Board Secretariat and the ministry as to perhaps you don't really need to increase the funding for the program that much, or you would like to do this new program and you've got policy approval to do a new program, but does it really cost that much? So there is a to and fro in setting the budget where the proposed budget discussion goes back and forth between the ministry and Treasury Board Secretariat.

Mr. John Vanthof: So there is a back and forth, but if the back and forth is done and there is no agreement, what happens then? Has that ever happened, that the ministry says, "We need this," and Treasury Board says—Treasury Board has the final say, but—

Hon. Liz Sandals: I would say that ultimately the problem will be resolved because until you've got a Treasury Board expenditures submission, you don't have a budget.

Mr. John Vanthof: You're not going to get paid.

Hon. Liz Sandals: So ultimately the discussion is always resolved.

Mr. John Vanthof: But there is no official or unofficial appeal process. You are Dr. No.

Ms. Helen Angus: Sometimes ministries try a couple of runs at it, let's be fair.

Hon. Liz Sandals: Yes, yes.

Ms. Helen Angus: You know, if at first you don't succeed, try, try again. So we've seen some submissions more than once. Sometimes they're reshaped, and they understand what's required.

Mr. John Vanthof: It just depends how diligent they are.

Hon. Liz Sandals: But ultimately, with the help of the Premier's office and Cabinet Office, everything gets resolved.

Mr. John Vanthof: Okay. So on the compensation, on the framework, is there a process where—I'm

guessing it's going to be the same answer. If the proposals don't fit within the framework, it's the same—if you don't fit, you just get it thrown back? Or is there a non-compliance part?

Hon. Liz Sandals: Well, no. There could be a to and fro between the line ministry and the broader public sector transfer partner, whoever it is, whatever the institution is, but I think there are also a couple of things to note here. The only people to whom the broader public sector executive compensation framework applies are those people who had their salaries frozen. That legislation is about what is the process you're going to go through to establish salaries post-freeze.

1650

There will be, as you pointed out, many people who have an administrative role in various institutions whose salaries may not have been frozen, because they weren't senior executives. Their salaries are not part of this conversation. That's perhaps part of the answer: Who's covered? The people who were frozen are covered. That's part 1.

Part 2 is that this is not the broader public sector executive compensation framework that we've been talking about. The process we've been talking about is not a process of getting more money transferred to the institution. It's a conversation about what the maximum is that you can pay your senior executives. It doesn't affect the money that flows to that institution.

Remember, these are, for the most part, board-governed agencies of one sort or another. It remains the responsibility of the board of governors, the board of directors, the board of trustees or whatever they're called, to make sure that executive compensation falls within the available funding.

Mr. John Vanthof: So it still belongs to the board.

Hon. Liz Sandals: That fiduciary responsibility for the board to budget within their means is not in any way changed by this process.

Mr. John Vanthof: Okay. When a ministry submits their year-end—obviously, there will be surplus funds that ministries, probably for good reasons, didn't spend. Will that negatively impact their—I guess it's on a case-by-case basis.

Hon. Liz Sandals: Karen, do you want to talk about the process at end of year?

Ms. Karen Hughes: Sure. Karen Hughes, associate deputy minister in the Office of the Treasury Board.

In terms of throughout the year, we work with the ministries to track how they're doing in terms of spending on various initiatives that they might have in their budget. We do that on a quarterly basis.

As we get towards the end of the year, we would ask ministries, if they're going to be underspent in something, to provide those funds back to the Treasury Board so that we can look at it for year-end savings.

Each year in the budget, there's generally a year-end savings target that needs to be achieved, assuming that ministries will not spend 100% of their allocation. That's always a line item in the budget.

Mr. John Vanthof: How much time do I have left?

The Chair (Ms. Cheri DiNovo): Four minutes.

Mr. John Vanthof: Four minutes—so I can get to my next subject.

When I ran my own business, and when I went to the bank, and I'd balanced my budget—and you have to balance your budget when you go to the bank too. They like to see that you're operating at zero once a year. But if I did that by selling an asset that was making me money, or that had the ability to make money, and if that's how I balanced my budget, the bank would have some questions.

So my question is—and it's more of a political question—when I look at the sale of Hydro One, which is being used—a lot of the money from Hydro One hasn't gone to infrastructure; it's still sitting there. When we look at the budget, as a business, when you're looking at that, is that actually an effective way to long-term balance your budget?

Hon. Liz Sandals: This would be more an issue, obviously, for energy and for finance to discuss.

What I can tell you is that any of the proceeds related to the sale of Hydro One or its subsidiary—from a Treasury Board perspective, our responsibility is minuting the net proceeds into the Trillium fund. I can guarantee you that that has happened—

Mr. John Vanthof: Yes, and I'm not saying it's not happening—

Hon. Liz Sandals: And the rules that have been set up around that fund—because, again, the rules have been minuted, so there are minuted rules around that fund and it can only be spent on the intended purpose of long-term infrastructure. The money that is realized is going into the fund and it can legally only come out of the fund to be used for the purpose for which it is intended, and that's Treasury Board's part of that transaction. That's what I can comment on.

Mr. John Vanthof: But you mentioned balancing the budget a couple of times. So those funds—and I'm not arguing where those funds can or can't go; I'm not. But if they haven't been spent yet, are they part of the funds that balance the budget, or are they in a separate infrastructure budget that has nothing to do with your operating budget?

Ms. Karen Hughes: They would show in the public accounts. Cindy might be able to comment on how they show in the public accounts from an accounting perspective.

Mr. John Vanthof: When someone stands in the House—

Hon. Liz Sandals: I'm just trying to get you the correct technical answer to your question.

This is Cindy Veinot, our controller.

The Chair (Ms. Cheri DiNovo): And you have 30 seconds to answer.

Mr. John Vanthof: I'm going to come back to it.

Ms. Cindy Veinot: Cindy Veinot, assistant deputy minister and provincial controller. When the province sells an asset, the accounting has to be reflected in ac-

cordance with Canadian public sector accounting standards. So, when the tranches of Hydro One were sold, there was a gain recognized in the financial statements that was based on the difference between the selling price in the market and the book value of Hydro One that was already reflected in the province's financial statements. That gain is recognized and that has to be recognized, regardless of what the intended use is for the proceeds, or the gain, from the sale of Hydro One.

That's the accounting. The use of the funds in the future, as the minister has explained with respect to Trillium Trust, is the tracking mechanism—

The Chair (Ms. Cheri DiNovo): I'm afraid you are out of time now. Thank you.

To Mr. Potts on the government side.

Mr. Arthur Potts: Thank you, Chair, and thank you to the minister and staff for being here. I actually want to thank the members of the opposition for bringing this particular Treasury Board forward for discussion. I find repeatedly in these committees—and I'm sure all of us share that sentiment—how much we learn in the process of taking a closer and finer look at the operations of government. Right at the get-go, my “aha” moment came, Minister, at your initial comments, when you said that the Treasury Board was set up in 2014. Of course, I wasn't here in 2013, and I wasn't aware that the Treasury Board hadn't been part of regular government business going back decades.

Hon. Liz Sandals: I don't want you to be misled by that, because Treasury Board existed, but as part of the Ministry of Finance. So, many of the functions that we've described to you—in particular, those related to budget and controllership and expenditure management—existed within the Ministry of Finance.

To the best of my knowledge, there are only two provinces that have stand-alone Treasury Boards. The federal government had a stand-alone Treasury Board separate from the Ministry of Finance for quite some time—like, as long as I've thought about it—and Ontario in 2014. Quebec has actually followed suit. I now have another provincial Treasury Board president to talk to. They were just separated out in January 2017, so they're really newborn.

Mr. Arthur Potts: Okay. Fair enough. But what I think it has led to is incredible work, and the deputy minister should take credit for assembling the team that you have here—some of whom we've heard from already—and some of these extraordinary activities they've taken on.

I guess where I was going with that notion is, it seems to me it's part of this transformation of government that our leader, as she came in in 2013, had a vision about, and it's why I like to think that we are a fundamentally changed government under her leadership than we had been, because we are doing things significantly different. As you outlined in the mandate and you outlined in the activities of Treasury Board—particularly the notion of finding efficiencies and savings while continuing to do the same levels of investments, delivering the same

programs without widespread slashing of programs to get deficits down—it's really been quite a remarkable process. We've seen that. In 2014 we were looking at deficits in excess of \$12 billion, and now we're in that balance. That was part of a vision that I think we moved forward with, and it was an important part of the vision that I bought into in becoming a candidate. To see its fruition has been really extraordinarily satisfying.

1700

When the previous Treasury Board president talked about the program renewal review process, the enthusiasm she had for the things that were happening—I remember particularly talking about the delivery of youth services and having 12 ministries, maybe, all delivering youth employment services under different guises or auspices. Because of the siloed treatment of budgets going through, the Treasury Board could look at all those different—being able to collapse them together and deliver the same level of services with significant savings, or having more money go back into the services, was an incredible opportunity. So we've seen those kinds of efficiencies right across government so far. They continue to show and bear fruit.

You got that sense of the organic process by which this Treasury Board is constantly evolving and changing. I think that's part of the fascination all of us had with Dr. House, this behavioural-science-based approach to decision-making, to accounting, to finance and to getting people to try to do things differently.

I'm no stranger to the fact that I don't always listen to the great things that we're doing as a government, so when I needed to renew my licence plate this year, having recently had a birthday—we're busy, you know? It's tough to get out to ServiceOntario and do it. But I had a Wednesday afternoon, and I went down to ServiceOntario and there might have been 1,000 people there, it looked like. I went up to the information desk and I said, “I need to renew my licence.” She said, “Why don't you just do it online?” So I came back, I did it online, and three weeks later I had all of my documentation. It was extraordinarily efficient, but I hadn't seen the advertising. I hadn't really paid attention to it to know that I could do that, but you could. So that was quite extraordinary.

As we get into the digital world, we see this as well. I know that there is new digital technology that we're using within government and cabinet around digital signatures, and this Syngrafii pen that a friend of mine developed years ago. I know it's being used now. He developed it for his stepmother, Margaret Atwood, because Margaret Atwood doesn't like flying. When she wants to do a book opening in another country, she likes to be able to sit in Toronto and sign peoples' books from Toronto, and they're getting the signature on the book in London, England. He actually calls it the Atwood pen. We're doing these things here, so that's really quite exciting.

When Dr. House was talking about how you incent people to do things differently, I was also very struck by the notion of the donor program, the Gift of Life pro-

gram: having that being done at ServiceOntario at almost no cost, but increasing the opportunity for people to make sure they're online and how important it is to people in the province of Ontario that they can sign up for the Gift of Life program. In trying to find a way to reach them. I know we're using other groups such as Carrot Rewards. I'm not sure we're using them in that kind of program yet, but what Dr. House was talking about is how you incent people in a different way.

I'm often reminded of the cloistered monk. He goes to the bishop and says, "Is it okay if I smoke while I pray?" The bishop says, "My son, praying is a solemn art and you must focus on your duties to God. So no, you shouldn't be smoking while you pray." So he's a little dejected. His colleague goes to the same bishop and says, "Is it okay if I pray while I smoke?" "Wow, what a dutiful son you are, even praying while you smoke! Of course you can do that." It's in how you ask the question. That's kind of the sense we're getting at in behavioural marketing. It's how you ask the questions, and we're doing that great work in order to get there.

I was talking about this notion of doing more with less. We see that again in information technology. You talked about the \$17-million savings that we're getting on an annual basis in our digital IT program, but we're doing so much more with it. At the same time as we're holding a flat line on that budget—I think it's almost \$1.2 billion, and we're flatlining that budget line item—we're doing so much more. So I wonder maybe if we could talk at some length on not just the IT, but where it is that we've made program savings but we're doing it efficiently, doing more, in many different program areas.

Hon. Liz Sandals: Let's talk a little bit about that. As I think we touched on yesterday a little bit, our information and information technology system supports more than 1,200 IT systems across government. These systems are the backbone of many public services. We've talked about millions of OHIP claims; we just talked about online licence renewal. And we talked about the fact that we've been able to improve service while maintaining the bill at about \$1.2 billion annually. Obviously, that isn't flatlining the service, because the number of things that are presented online, the number of transactions that take place within each file, is increasing, so that we actually have higher volume/flat cost. That has been a very good-news story.

I'm going to see—Helen, are you going to start a bit, and then we'll go over to Dave?

Ms. Helen Angus: And then we'll kick it over to David, for sure.

I think what you'll see is kind of a multi-pronged strategy to ensure more value for money in the I&IT spend. That's kind of a living example of where we're able to get more value out of the money that we have and out of the services that we offer.

I think what's interesting, David, about the work that you've led is really the various areas where you've been able to look at savings and get more value. So why don't you talk a little bit about things like the data centre and

some of the ways that we have consolidated and been able to keep the budget flat?

Mr. David Nicholl: Sure. I'm going to go to a comment you made which I was just talking to Rocco about.

Back in 2007 or 2008, we think it was, we did a thing called showcasing in the OPS where we showcased IT technology across government. We had Margaret Atwood there in a booth actually demonstrating the signature—

Mr. Arthur Potts: Fantastic.

Mr. David Nicholl: It brought back some memories. That was fun, yes.

Thank you, Minister and Helen. As you've said, we run a lot of applications across government, over 1,200, everything from OHIP medical claims to online driver licence renewals to supporting the police and ambulance to everything else. Our investment has stayed very stable over the past 10 years at somewhere between \$1 billion and \$1.2 billion. But what we've managed to do—I think this is a very important thing, and you kind of intimated a little bit. What we've done is, we've shifted the spend, and we've shifted the spend from a commodity infrastructure type of activity and we've moved it into more value-add business services.

For any IT organization, that probably is one of our primary mantras, to shift that spend. We don't want to be spending it on commodity services. We want to be spending it on things that actually impact the people on the street or businesses in Ontario. That really is our mantra, and that's what we think about all the time.

Having said that, our efficiency drive goes back a long time. We started this just over 10 years ago, really a strong focus on our costs, and specifically our infrastructure costs and that commodity piece of work. We started the journey with a very detailed baseline. I think I said before that you can't measure anything without a baseline. In 2006, we carried out a very detailed baseline across all of our infrastructure components. At that time, again, it was spread across those nine clusters. We have in fact repeated that exercise two more times since then. The last time we did it was in 2015, and that's done by an independent body, competitively procured but independent, who bring a methodology to the table to allow us to do that comparison over years compared to both our prior performance as well as compared to market, which is really what we want to do.

Following that baseline 10 years ago, we had a very large project that we called eOntario. eOntario was really all about consolidating all of our IT infrastructure, all of our commodity services. That is things like running our data centres, running mainframes, running servers, running our network that we all tap into, running our telephony services—telephones, cell and desk—running our email system as well as that service management that I talked about.

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Over a period of two years, from 2008 through 2010, we consolidated those hosting environments. We decommissioned over 1,500 servers. We had a variety of differ-

ent email systems back in those days—not all Microsoft Exchange; we had two different types of email systems, and we consolidated all of those email systems into a single email system that we now use at Ontario.ca.

We took the service desks—I talked about the service desks during the service-management discussion. Each cluster had its own service desk in those days. We actually collapsed all of those service desks into a single service desk, but I think really importantly, we didn't collapse them all into one room in Toronto. We left them out closer to our businesses right around the province. Whilst we have one single help desk, we actually have five physical locations for those help desks.

The establishment of that shared IT infrastructure service that we talk about has set the foundation since then to really drive standardization across the IT organization. That really was the key component. We didn't have nine different organizations travelling differently; we had one organization travelling. It allowed us, and it still does, to put our arms around the scope of this, which can be quite large at times. It allows us to manage it in a much more efficient way.

I think overall this transformation from this very disparate, chopped-up infrastructure organization into a very singular focus was important. It allowed us to save at that time \$100 million annually, which is a chunk of change. It allowed us, like government, to actually move that money and to spend it on better things than networks, desktops, mainframes and servers.

Since being established, our shared services organization has continued to focus on providing those value-added, innovative IT solutions while ensuring that we're making things simpler for our clusters to actually develop business solutions on. Obviously, we are continually meeting the savings targets that people so generously set for us on quite a frequent basis.

I think a really important part of how we make these savings is the bulk purchasing for the OPS. By bringing a large number of smaller groups together, it just makes common sense. You can actually go out and purchase items at a much better price. By having this shared service organization, by focusing on some of our vendors—our large vendors provided things like our network services and also our mainframes at that time. Since that initial 2008 to 2010, we then went into about a four-year exercise to really grind down those prices even more. At that point, we took about \$45 million out of our spend. That's \$145 million, and that's annually; that's not a one-off cost. It was actually annual cost savings that we did.

But recognizing in 2013 that we could do more, Treasury Board, or Management Board at that time, asked us to go back and take another look at how can we drive even more efficiencies out from our organization. We focused very heavily within that infrastructure commodity service world. I think this time we decided that we really wanted to look at other opportunities when it came to savings opportunities.

We also took a look at, "Where can we provide services to the broader public sector?" We've got probably

one of the top five data centres in the world sitting in Guelph. It is a tier 4 standard data centre, highly secured. We recognized that there were probably other parts of government that could make good use of that data centre. We were interested, obviously, in pursuing revenue opportunities to see if we could actually use some that space for other parts of government, and we've been quite successful in doing that.

At the same time, we went after cost savings from our contracts. We saved another \$8 million, for instance, out of working with our cellphone provider. When we look at the number of cellphones across government, again, it's a bulky number and a great opportunity to go after savings. Vendors like bulky numbers like that, our numbers. We saved another \$8 million out of that, which was a great achievement.

The Chair (Ms. Cheri DiNovo): Mr. Potts, you have just over two minutes left.

Mr. David Nicholl: Keep going?

Mr. Arthur Potts: Oh, keep going.

In fact, the guys who built the data centre—I played hockey with them. They would come back to Toronto for our Monday night game, and then they'd go back out to Guelph and build the data centre. I'm trying to remember the contractor's name.

Mr. David Nicholl: Was it EllisDon? I can't remember. It might have been EllisDon that built it.

Mr. Arthur Potts: Yes, or maybe they were the subcontractor.

Mr. David Nicholl: Yes, it was one of the subs to it.

Hon. Liz Sandals: There would have been a lot of subs involved in that project.

Mr. David Nicholl: So in 2016, we commenced another round of savings opportunities. We started to look at other ways that we could gain more efficiency out of our shared services organization. For example, in 2016-17, which was our last completed fiscal year, we found another savings. We actually saved \$17 million annually. Again, that was through going after our contracts, really ratcheting down our contract costs.

We've talked a lot here about how we managed our fee-for-service. We really focused very much on how we can drive further savings out of converting expensive external contractors into permanent, full-time equivalents. I'm trying to remember the actual numbers, but I think two years ago we did another 103 conversions. Mel is probably shaking her head, saying, "No, it was 102"—but it was somewhere in that number. I think this year our target is 96.

Mr. Arthur Potts: It's good they continue.

Mr. David Nicholl: It does continue. And if we count all of our conversations now, I think we're up to about \$73 million per year that we're actually saving, using full-time equivalent contracts.

Mr. Arthur Potts: Incredible. I mean, it's a great story. Maybe the challenge is—if we could get Margaret Atwood back here, she could put all of this story together and make it really, really fascinating.

Mr. David Nicholl: That would be super. We need good storytellers. We're too techy.

Mr. Arthur Potts: Anyway, that really is extraordinary. Thank you very much for that. I appreciate it.

Mr. David Nicholl: You're welcome.

Hon. Liz Sandals: Thank you very much.

The Chair (Ms. Cheri DiNovo): Thank you. Now we go to the official opposition and Ms. MacLeod.

Ms. Lisa MacLeod: Thanks very much, Chair, and thanks, everyone, for hanging in here. I just wanted to go back briefly on the compensation stuff. You guys have been talking for quite some time about net zeros. That sort of language has started to shift over the past year and a half, and I'm just wondering—I know you're probably going to say the budget is balanced now, but these are still difficult times where the economy isn't actually fully back. I'm wondering why the shift from net zero to more flexibility and more expenditures.

Hon. Liz Sandals: Well, when you look at the last round of budgeting, in fact the agreements where net zero—except where they were arbitrated in the case of the OPPA, although it came in below the provincial arbitration rate, if I can say, it was a little bit lower than that. When you looked at the last round of bargaining, we did achieve net zeros and made some—that was tough slog in terms of bargaining.

When you looked at the salary increase rates at that point in the Ontario Public Service, we had a lower rate of increase in terms of compensation. We were lower than the average municipality in Ontario; we were lower than the federal public service in Ontario; and we were lower than the private sector. And that's a good-news story that, through that round of net-zero bargaining we did, the Ontario public service come in lower than all the other sectors—municipal, federal public sector and private sector. But we recognized, having achieved that with the last round, that we would need to have some modest room for increases this time around. I think with what our ADM described to you in the previous round of questioning—in fact, that those agreements continue to be consistent with, or lower than, other sectors, so our record in terms of collective bargaining and managing compensation costs, I think, actually is a very fiscally responsible story.

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On the other hand, we also recognize that all those people who are striking those other agreements—the municipal sector, the federal public service and, in some cases, the private sector—are exactly the people that we're competing with when we go to hire. We do need to remain competitive, because it's also very important that we have an Ontario public service which is very high-quality in terms of their qualifications and their ability to perform service for the public of Ontario.

So you have to hit that balance between fiscal responsibility and ensuring that you maintain a high-quality public service. Quite frankly, I think that's exactly what we have been able to achieve.

Ms. Lisa MacLeod: Let's get back to the public service in a minute, and how you're engaging them and

growing the OPS, or retaining and recruiting and that sort of stuff.

Would it be fair to say, then, that the government is moving away from the net zeros—and they are far more flexible—and you're not as committed to no additional costs to the treasury at this point?

Hon. Liz Sandals: I think the reality is that when settlements in the municipal sector, settlements in the federal public sector and settlements in the private sector—in other words, everybody else's settlements—are above that net-zero level, you cannot endlessly maintain the net zero.

We did successfully achieve net zero in one round of bargaining. But as I say, it's also true that in this current round, we have had settlements that continue to be fiscally responsible, but we do recognize that if we're going to be competitive employers—and it's important that we be competitive employers—there do need to be modest increases in the wages and the salaries that we pay.

Ms. Lisa MacLeod: In terms of negotiations with other unions outside of AMAPCEO and OPSEU, and of course the corrections OPSEU, are you, right now, holding any negotiations with other unions?

Hon. Liz Sandals: Marc, do you want to come back?

Ms. Helen Angus: Marc can talk about that, I think, in the most general terms.

Ms. Lisa MacLeod: Marc looks so excited to be coming to the front.

Ms. Helen Angus: The short answer is yes, so maybe you can elaborate on that.

Mr. Marc Rondeau: I can share that. Yes, we are currently in negotiations with the association of law officers—those are our civil lawyers—and the association of crown attorneys. Those are associations. They're not bargaining agents per se, but they are associations that have an ability to meet with us to discuss the terms and conditions of employment that they have. As I mentioned earlier, we're also gearing up for the continuation of negotiations with our correctional bargaining unit within OPSEU.

That's currently what we have going on.

Ms. Lisa MacLeod: How many collective agreements do we have? Is it about 4,000?

Mr. Marc Rondeau: In terms of the Ontario public service, how many collective agreements do we have?

Ms. Lisa MacLeod: Yes.

Mr. Marc Rondeau: In terms of the OPS specifically, we have eight bargaining agents, which each have a collective bargaining agreement, or a framework agreement per se. So if they're not a bargaining agent, they have an agreement, which is not called a collective agreement, but it sets out things that they're entitled to.

Ms. Lisa MacLeod: Okay. How many unions do you negotiate with?

Mr. Marc Rondeau: We have OPSEU, and there are two units within OPSEU: a correctional bargaining unit, which is now a stand-alone—it's still represented by the same union, but they will have a separate collective

agreement, following this round of negotiations—and the unified group within OPSEU; AMAPCEO; the Professional Engineers Government of Ontario; ALOC, which is the civil lawyers that I spoke about earlier; the OCAA, which is the crown attorneys' association; and the Ontario Provincial Police Association.

Ms. Lisa MacLeod: So you don't deal with the teachers' unions, ETFO and OSSTF?

Mr. Marc Rondeau: No. That comes under the responsibility of the Ministry of Education.

Ms. Lisa MacLeod: Okay. I thought that had changed. That hasn't changed?

Mr. Marc Rondeau: No.

Ms. Lisa MacLeod: Overall, in the entire OPS and within the different ministries, how many collective agreements do we have? Or is that not within your purview?

Mr. Marc Rondeau: Overall, you mean, that are managed by the OPS?

Ms. Lisa MacLeod: Yes.

Mr. Marc Rondeau: Well, there are two ways to answer that question. The first one is that I've already answered that. Those are employees that report to us that we have direct accountability for. There are eight there.

Then, in terms of other ministries, the Ministry of Education has oversight responsibility for the collective bargaining regime with the primary and secondary education sector, and they have multiple collective agreements, depending on the system that they're negotiating with. There's a public system, a Catholic system, a francophone system—

Ms. Lisa MacLeod: But would it be you guys who set the parameters for those negotiations?

Mr. Marc Rondeau: No. Those are set up through legislation under the education—

Hon. Liz Sandals: There is now legislation that defines a bargaining scheme that does involve the Ministry of Education, the trustee associations and whichever is the relevant union. The Ministry of Education would come to Treasury Board Secretariat with a bargaining mandate, but Treasury Board Secretariat is not directly involved in the negotiation of those collective agreements. It's Ministry of Education, so there is a collective bargaining staff at the Ministry of Education.

Ms. Lisa MacLeod: And it's the same thing with the other ministries?

Hon. Liz Sandals: The education legislation is relatively unique. In fact, it's probably unique in Ontario that you have three parties sitting at one table. The other ministries are not necessarily directly negotiating in any way. For example, the association which represents the colleges negotiations—

Ms. Lisa MacLeod: Do you set parameters for them as well?

Hon. Liz Sandals: No.

Ms. Lisa MacLeod: Okay.

Ms. Helen Angus: The health sector would be different again, right?

Hon. Liz Sandals: Yes. They're different again because it's the OHA.

Ms. Helen Angus: The Ontario Hospital Association, for example, would negotiate centrally for many of the workers in the hospital sector. So it does vary quite a bit.

Ms. Lisa MacLeod: Yes. So who would have the most collective agreements? Probably the Ministry of Health?

Ms. Helen Angus: You'd have to ask them.

Hon. Liz Sandals: Yes, you'd have to ask them.

Ms. Lisa MacLeod: You know what I'm replaying in my head right now is Tim Hudak, after the teachers' negotiations were done about five years ago, saying, "There's only 3,999 more collective agreements." That's what I'm trying to get at. Can somebody confirm or deny that for me?

Hon. Liz Sandals: Well, the lovely thing is that education is now down to about eight. I'd have to put my hat on; it's eight, nine or 10—something like that—whereas it used to be 72 times about, typically, three or four. Mr. Hudak was correct on the score, that there are very, very many public sector collective agreements. When you look at the broader public sector, there are very many.

Ms. Lisa MacLeod: But you don't have to deal with them all.

Hon. Liz Sandals: Most of them the Ontario government would not be directly involved in. Other than the ones that Marc has described to you, Treasury Board is not involved. So all those other collective agreements would be out of scope.

Ms. Lisa MacLeod: Purely out of curiosity—you mentioned earlier when you were up that the OPP is part of the Ministry of Correctional Services; right?

Mr. Marc Rondeau: The Minister of Community Safety and Correctional Services, yes.

Ms. Lisa MacLeod: What I thought was interesting that we were talking about is, it doesn't have the most money, but it has the most employees. Then, a few minutes ago, you said that you deal with the OPP. How does that work? Because that's unique, eh?

Mr. Marc Rondeau: Yes, the OPP are actually OPS employees, because they report in through their commissioner to the deputy minister of—

Ms. Lisa MacLeod: So there's no bargaining unit, then, in community safety?

Mr. Marc Rondeau: Yes, OPSEU.

Ms. Lisa MacLeod: Okay.

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Mr. Marc Rondeau: Sorry. On the community safety side, this is something that has to do with them. But if you're asking specifically about the bargaining regime with regard to the OPP—

Ms. Lisa MacLeod: Yes. I just found that it's different. Are they the only ones that overlap, where they're in a different ministry, but you bargain?

Mr. Marc Rondeau: Well, no. OPSEU represents employees in all of the ministries; AMAPCEO represents employees in all of the ministries—PEGO, to a lesser extent, because they're smaller, and only with ministries that have engineers. The lawyers, for the most part, are

all employed by the Ministry of the Attorney General. But Treasury Board is the employer for employees that directly work—

Ms. Lisa MacLeod: Okay. So the only other two ministries that might be—well, municipal affairs, obviously, and then education and then health.

Mr. Marc Rondeau: Education and health. Correct.

Ms. Lisa MacLeod: Nobody else has collective bargaining agreements—sorry, collective bargaining units—

Mr. Marc Rondeau: The ministries themselves don't have direct collective agreements, because we do that on their behalf as the employer for the whole of the OPS.

Ms. Lisa MacLeod: That has switched in the last two years—or was this all in finance previously?

Mr. Marc Rondeau: That has always been the case.

Ms. Lisa MacLeod: When you were part of finance—

Mr. Marc Rondeau: We would have been part of the Ministry of Government Services in our prior configuration.

Ms. Lisa MacLeod: Okay, so that's the change.

How much time do I have? Like, seven or eight minutes?

The Chair (Ms. Cheri DiNovo): You've got about six.

Ms. Lisa MacLeod: Six. Okay.

I'm the Anti-Racism Directorate critic as well, so I just want to go to page 11. This might not be you—you're leaving me so soon?

You had some workplace employee engagement index score. You talk about:

“—the OPS HR plan 2015-2020

“—OPS efforts to prevent discrimination and harassment

“—OPS Anti-Racism Action Plan

“—Healthy Workplace, Healthy Mind initiative to address stigma...

“—sexual harassment prevention action plan specific to the OPS; and

“—recommendations made by the Advisory Panel on Management and Non-Bargaining Staff Recruitment and Retention.”

I'm wondering if you can tell me a little bit more about them. If you can home in specifically on the anti-racism action plan—that's an interest of mine.

Also, why don't I see anything here about mental health, given that it's a huge conversation that we're having right now? I have my own beefs with how we treat our staff here at the assembly—as well as members—because I don't believe there are enough resources, given how stressful our jobs are in this building. I'm wondering why that's not specifically laid out. If it is addressed in any of them—if you could share with me what resources are available.

Ms. Helen Angus: Absolutely.

Hon. Liz Sandals: Deputy?

Ms. Helen Angus: Yes, for sure. I'm actually really happy to answer this question.

I think the OPS has done an awful lot of work on its work environment and on human resources. We can talk about each of those initiatives.

I can also assure you that we launched a mental health strategy for the OPS only a few months ago, where there has been considerable effort placed. Treasury Board doesn't necessarily lead all of that work, but we do do some of the policy work.

I'll ask Diane McArthur to come up and talk about some of the work related to human resources policy. Diane is the associate deputy minister—you'll introduce yourself in a second—for the Centre for Leadership and Learning, where the human resources policy work is developed.

Just quickly, the anti-racism action plan would be something that we would work on, but there's a separate unit outside of Treasury Board that is leading the implementation of our efforts in that place.

Why don't you give an overview, and then answer MPP MacLeod's questions specifically around mental health, because I think we have quite a bit to talk about.

Ms. Diane McArthur: Hi, I'm Diane McArthur. As the deputy indicated, I'm the chief talent officer for the Ontario public service and an associate deputy minister within the Treasury Board.

I have the most wonderful job on the planet, although the minister may disagree, because, really, the function of the chief talent officer and the Centre for Leadership and Learning is about making the OPS a stronger workplace by making the people within it more diverse and more inclusive, building their capacity so that they have the skills to respond to and support all of the service-delivery objectives of the government.

We are leading an enterprise-wide conversation about what the OPS needs to look like and how it needs to move forward. There are reflections of all of this in our HR plan, which is a five-year rolling strategy that sets out priorities for the OPS and how we want to govern ourselves and where our priority efforts lie. As the deputy mentioned, mental health is a key component of that.

The OPS started working on a mental health strategy about three years ago, doing comprehensive research and work with external stakeholders on best practices. About four months ago, we did a pretty major launch of the strategy, which is led through implementation with the Ministry of Government and Consumer Services. They're the operational arm of the HR community; we're the strategic arm, and we work quite closely on that.

We also, in the last year, renewed our workplace discrimination and harassment policy, which is closely linked. It's now called the respectful workplace policy. That's really important, because we know that the roots of effective employee performance really do lie in treating each other respectfully. That also extends into how you deal with, respond to and support people within the workplace who are suffering from mental health issues: recognizing them early, providing the right supports to help them as they are, maybe, struggling with—

Ms. Lisa MacLeod: So do you have an EAP program or something like that?

Ms. Diane McArthur: There's an employee assistance program. It's supported and funded through the Ministry of Government and Consumer Services. Every ministry has access to that.

Ms. Lisa MacLeod: Oh, is that right?

Ms. Diane McArthur: Yes.

Ms. Lisa MacLeod: Is there a good uptake on it?

Ms. Diane McArthur: Not to my satisfaction. I think there are still people in our workplace who don't reach out to EAP who should reach out to EAP, so we're not in a perfect place. But there is a healthy uptake, and managers have gotten a lot better over the last four or five years about really recognizing and supporting and recommending the Employee Assistance Program in a way that reduces stigma.

Ms. Lisa MacLeod: Has stress leave gone down in the past five years?

Ms. Diane McArthur: I don't know about stress leave, and I don't know about the causes of why people are taking leaves of absence. We are certainly seeing through our employee engagement survey, which is a survey that we run historically on an episodic basis every two or three years and which we're now moving to an annual basis, indicators, as many workplaces have, of increased stress levels—

The Chair (Ms. Cheri DiNovo): I'm afraid you are out of time with that, Ms. MacLeod.

Ms. Lisa MacLeod: Oh, I'm sure I've got another three days of this.

The Chair (Ms. Cheri DiNovo): We're going to move now to Mr. Vanthof: third party.

Mr. John Vanthof: Stay there, because I—

Ms. Diane McArthur: Okay. I can talk about this all day. I love the work we're doing.

Mr. John Vanthof: Because throughout our whole society, mental health issues are very prevalent, I commend anything we do to make the OPS more resistant, because in a lot of cases, throughout the public service, you're also dealing with the broader public, who have huge issues.

Ms. Diane McArthur: Absolutely.

Mr. John Vanthof: And you're obviously very excited about it, so please continue.

Ms. Diane McArthur: Through our employee engagement survey, we've certainly seen some of the indicators, like you see in many workplaces, of increasing levels of stress. Some of that is driven by the complexity of the work that's going on. Some of it is driven by how people are not just people here in the workplace; they bring their outside lives to the work as well. So you recognize and try to respect that, and reflect that in how you deal with each other in a very respectful way.

I'm pretty proud of that respectful workplace policy, because it does turn the corner, and it is about how you recognize very early on when you're dealing with incivility in the workplace, because incivility, or unintended poor interactions, build over time and take you to a place where then people feel more stressed or where you deal with other more problematic behaviours.

Mr. John Vanthof: So you're dealing with TBS, or are you dealing with multiple ministries?

Ms. Diane McArthur: I'm enterprise-wide.

Mr. John Vanthof: Oh, cool.

Ms. Diane McArthur: At the Centre for Leadership and Learning, I do like to think, as I said earlier, that we are about making the whole enterprise, the whole organization, stronger, and all the people within it more resilient, stronger and better in helping to support their development. We set frameworks and policies, and we deliver learning and development programs and leadership development programs that are available to people from any ministry, either through a nomination basis or an application basis.

Our learning platform is available any time you want to go on. You can register for a course online or you can register for a course in classroom. So there are those learning pieces as well.

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Ms. Helen Angus: We also have diversity mentees, which is also an interesting feature of working in the OPS. Probably one of the highlights I have every year in the work that we do is actually being assigned a young—in my case—professional, who would benefit from mentorship. It's really job-enhancing for those of us in leadership positions.

Ms. Diane McArthur: That's also delivered through the Cabinet Office and managed through the diversity office. Every executive within the OPS gets a diversity mentee every year. It's a great way for—first off, you meet somebody who you have absolutely no work connection with, who is in another part of the enterprise. So you learn about that other part of the enterprise's business, because with the number of ministries we have and the number of lines of business, you never know everything. But you also learn about different people's life experience and what their perceptions are of the public service. And it continues to challenge us and develop us in a different way.

I also have had some pretty amazing partners in the program, one of whom has taught me all about design thinking, which has been fantastic because it's totally changed how I look at how I problem solve.

Mr. John Vanthof: Okay. Now I'm going to shift to something much more mundane.

Hon. Liz Sandals: I was going to ask you if you wanted to hear about the courses that you can do online to prepare you for leadership.

Mr. John Vanthof: I'd need a few of those.

Mental health is such a daunting issue throughout our whole society. I'm sure we all deal with it in our own families, and I'm sure we deal with it in our jobs and since being elected—I had no appreciation of the problem, how large, how people you would never—I think a lot of people think we can pick out the people who are going to suffer, and that's not the case at all. There are cases that are heartbreaking.

I'm going to go another direction that's totally opposite. Does TBS have any relationship with the LCBO?

Hon. Liz Sandals: No.

Mr. John Vanthof: Not direct, indirect? I'm not trying to segue away from mental health and I'm not trying to link the two.

Hon. Liz Sandals: It's called "self-medication."

No. The LCBO is an agency of the Ministry of Finance. Because they're a separate agency, even though they're represented by OPSEU, we do not bargain with them. Their collective agreement is not something that Marc is responsible for bargaining. And because they're a revenue-producing agency, there really isn't any budget for them that comes to us either.

Mr. John Vanthof: So as long as they continue making a profit, you're fine.

Hon. Liz Sandals: Exactly, and revenue is the responsibility of the Ministry of Finance, not Treasury Board, so we genuinely don't do anything with them.

Mr. John Vanthof: Because I was going to go into a whole LCBO rant and you've stopped me.

Hon. Liz Sandals: No, you can't do that.

Mr. John Vanthof: If a ministry comes to the Treasury Board—I guess government policy would dictate what a ministry is going to do, and that would also direct what the Treasury Board—because you're not going to say no to something that is government policy; right? If the government directs a ministry to provide an enhanced service—

Hon. Liz Sandals: In some cases, you might have a ministry—they've got an existing program, so there's no new policy approval, they have some sort of financial pressure. If I can think of an example, it would be firefighting. MNRF, natural resources and forestry, would come to Treasury Board because pressures in their firefighting line are always covered through the contingency fund.

Mr. John Vanthof: Yes, it's in your book.

Hon. Liz Sandals: That's an example of a ministry that has an ongoing program and if there's a pressure, they come to us to relieve the pressure through the contingency fund.

However, more generally, it would be true that there would be a policy discussion. Typically, there will often be a policy discussion at a cabinet committee, so that the ministry is bringing policy forward and the policy is shaped and formed. Coincidentally with that, if there are financial implications, it would be coming through Treasury Board.

But even with a new policy area where there's approval of the policy, the ministry wouldn't necessarily get all the money they asked for to implement that new policy. There would still be the usual due diligence of Treasury Board Secretariat, to make sure that the implementation of that new program is well thought out and that whatever the ask for funding is is actually justified. Okay?

Mr. John Vanthof: Yes. Now I'm going to go back to the hydro thing.

I've always had difficulty with the language we use with the public and the language—none of us want to,

and I don't want to use the word—we want to give accurate information, and I think we all want that. So when you say the budget is balanced, is that with or without the funds of—that's with the funds of all assets—

Hon. Liz Sandals: My Simple Simon answer is that we've counted all the cash; we've counted all the money we owe people; we've counted all the assets; and we've counted all the liabilities.

Mr. John Vanthof: That's right. So you and I are on the same—

Hon. Liz Sandals: So my Simple Simon answer is that all of those things are included when we say we've balanced the budget.

Cindy will give you a much more technical answer than I will.

Mr. John Vanthof: Yes. Well, I'm with you.

Ms. Helen Angus: Would you introduce yourself?

Ms. Cindy Veinot: Sure. Cindy Veinot, assistant deputy minister and provincial controller.

Specifically, with the sale of Hydro One, it's the gain on the sale that basically increases the net revenue of the province, because there is a carrying value, a balance, that is on the financial statements of the province already in terms of the net assets of that organization.

To use a simple example, if you sold shares of Hydro One and you sold them for \$1 billion, and the carrying value of the net assets of the portion that you sold was \$600 million, then the gain on that transaction is \$400 million. It's the \$400 million that is included with revenue that would be taken into consideration in determining what your deficit is, which is the excess of expenses over revenues.

Mr. John Vanthof: Yes. We're on the same page. I guess it would be a political decision, or a political point of view, whether it should be sold or not sold, but it's not financial. We're both on the same page.

Hon. Liz Sandals: The financial transaction is properly recorded in the books, as prescribed by the public sector accounting standards.

Mr. John Vanthof: Yes, and that would be the same with the GM shares.

Hon. Liz Sandals: And you're absolutely right: There's a political difference of opinion on whether this should happen.

Mr. John Vanthof: Right? With the GM shares, that would be the same thing?

Ms. Cindy Veinot: Yes. When you make an investment in something and you have an asset and then you sell it, it's only the difference between what you bought it for and what you sold it for which is going to be your gain, which is what you would include in the net revenue of the province, which would go to determine what the deficit is.

Mr. John Vanthof: Yes.

Hon. Liz Sandals: But that isn't any different than selling a building.

Ms. Cindy Veinot: Yes.

Hon. Liz Sandals: For example, it's no secret that we sold the LCBO headquarters. We weren't sure why we

were paying for warehouse space for alcohol in expensive real estate, so that was sold. But it would be the same thing; it would be the net—

Ms. Cindy Veinot: Gain.

Hon. Liz Sandals: The gain.

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Mr. John Vanthof: Yes, so in my analogy, when I had to bring my operating loan down to zero and I could tell the bank, “Well, I sold this”—it would be a difference of opinion whether I thought that was a good idea or the bank thought that was a good idea. Regardless, the operating loan is zero.

Hon. Liz Sandals: But there is a way in which you account for it, and that’s well defined.

Mr. John Vanthof: I’m done.

The Chair (Ms. Cheri DiNovo): Okay. We then move to the government side. Ms. Hogarth.

Ms. Ann Hogarth: First of all, I’d like to say how something I learned here yesterday was—an MPP asked me about it. They were concerned about hacking, and it was really nice that I was able to say, “Don’t worry. We have people employed who are hacking and making sure that we can’t be hacked.”

Hon. Liz Sandals: We have ethical hackers.

Ms. Ann Hogarth: We do have ethical hackers. So that MPP was feeling quite good about that afterwards.

As a central agency, we know that the Treasury Board performs a number of functions that are corporate-wide across all of government. Your ministry lends its expertise to line ministries to ensure that they’re functioning as effectively and efficiently as possible.

Could you tell me, please, how does the Treasury Board Secretariat’s Corporate Audit Committee work with the ministries and provincial agencies regarding enterprise risk management?

Hon. Liz Sandals: This is a really interesting point that you’re raising. Obviously, we have an internal audit division, we have an internal audit committee, and that internal audit function, which is something we haven’t really talked about yet, is something that resides in Treasury Board Secretariat.

The Treasury Board Secretariat provides audit assurance and advisory services to ministries and provincial agencies, and participates in key enterprise-wide initiatives to support transformation and strong fiscal management. In conjunction with the provincial controller that you just met and the chief internal auditor, the Corporate Audit Committee reviews the Ontario public service’s key risks and enterprise-wide risk management framework and determines whether the achievement of government-wide priorities and objectives are appropriately managed.

To this end, the Corporate Audit Committee can look at evaluating processes to determine if a sound and effective approach has been followed. It looks at strategic risk management, either for a single ministry project or it could be a multi-ministry undertaking, and it looks to see if we have effective risk management plans and business continuity plans in place.

We don’t have a lot of time left today, but I’m sure if we don’t finish today—did you want to speak, Deputy? Or will we get Gary?

Ms. Helen Angus: I think we should get Gary up here, just because Gary—

Hon. Liz Sandals: Come on down, Gary.

Ms. Helen Angus: There he is. Gary has spent a lot of his recent career working on enterprise risk management. We actually have Gary come and talk to the deputies on a somewhat regular basis on risk management and how important it is to the conduct of our business. Gary’s team has developed a framework and is now in the process of training and bringing people together and really trying to embed a culture of risk management across the OPS.

You’ve got some interesting events coming up in the fall where we’re bringing people together to talk about risk. For an area that I didn’t have much exposure to, it’s actually very exciting, and the thorough work that you’ve done is terrific. Maybe you should give some highlights and we can probably pick it up on the other side on Tuesday if that’s the desire of the committee.

Mr. Gary Wuschnakowski: Sure. Thank you very much. My name is Gary Wuschnakowski. I’m the director of financial management and control policy with the Office of the Provincial Controller.

Enterprise risk management is actually a proactive, systematic, organization-wide process to understand and manage risks from an interrelated portfolio. It’s about making strategic decisions that contribute to the achievement of the organization’s overall objectives, and encompasses all areas of exposure in the organization, of risk exposure, as well as internal controls, which focus on operational effectiveness, efficiency, reporting and compliance with applicable laws and regulations.

The adoption of an enterprise-wide approach to risk management contributes both to the achievement of provincial objectives, to the integration of risk management processes into our decision-making ability, strategic and policy development operations and business processes, as well as supporting the transformation objectives of Treasury Board Secretariat.

As mentioned earlier, the Corporate Audit Committee has played a significant and key role in initiating and supporting ERM implementation. In fact, in 2013, the deputy minister’s council identified the need to integrate and leverage the many risk management activities that are already in place in the OPS. This was done in order to better understand and develop a common understanding of key risks across the organization, and to coordinate strategies to address these risks to better support OPS-wide decision-making.

The Corporate Audit Committee asked Treasury Board Secretariat to develop a project to assess the current state of risk management activities across the OPS, as well as identify a potential future state for an enterprise-wide approach to risk management. The project that we initiated consisted of significant research, including consultation and analysis of potential courses of action for the public sector.

We conducted detailed reviews of both external and internal risk management activities across other governments, the private sector, professional organizations, and extensively within the Ontario public service. We also had regular discussions with risk management industry leaders to define risk and risk management and vet the various findings that we had. Extensive consultations with both deputy ministers and assistant deputy ministers were used to validate our findings and to build a road map for implementation.

From this research, we concluded that while risk is an inevitable function of doing business, it represents not only pitfalls but also opportunities. Considerable judgment is required to manage risk effectively. I point to the opportunity piece because often we think of risk as a negative or something that we want to avoid. In any identification of risk, people tend to run away. But in fact, particularly in the context of the public sector, risk does represent an opportunity.

It's from that research that we developed our framework, an enterprise risk management framework that was released recently, in the current fiscal year. That framework focuses on risk not just being a check-box exercise to run away from, but actually being critical in looking at how we achieve our business objectives, in helping us acquire and utilize the best information available to make judgments and advise and support government decision-making, both within Treasury Board and across the enterprise, and to help us monitor and assess risks and challenges that we're facing, as well as take advantage of opportunities that are ahead of us.

The Chair (Ms. Cheri DiNovo): Just over two minutes left.

Mr. Gary Wuschnakowski: So I'll move relatively quickly, because it has been a very extensive project.

The work that we've done: We have, as I mentioned, released a framework, and that framework has focused on building a consistent way of looking at risk across the organization. At the core of the framework is an under-

standing that not only can you create an approach to risk management, but you have to look at also, how do you define it? In fact, the framework itself has identified multiple lenses. This is based on research that we had from the UK government and other organizations, in that, because we tend to react, as we said, with behavioural insights—risk being a negative activity, if we begin to step back and look at, “Well, what are we trying to achieve? What is our business objective?”, and when we are looking at developing a strategy or implementing a policy, there is a whole different approach to assessing and managing risk. In fact, looking at risk through that lens enables us to begin to become innovative and to drive innovation across the organization.

When we're looking at managing a large IT project, as Dave was speaking to, there's a whole approach to assessing risk—for instance, digital, cyberhacking, ethical hackers—a whole different way of looking at and managing risk.

Finally, when you're looking at operations, a realm in which audit plays a key role, and looking at the effectiveness and efficiency of operations, there is a whole approach to looking at and assessing risk.

The framework itself, then, establishes the construct to talk about risk in those realms—in those areas of business—and then creates and has created a common and consistent approach to assessing risk, so that as the organization begins to understand and focus on applying consistent approaches to risk management in those areas, we'll be able to integrate and identify that risk.

We have started with that framework and begun to implement it. A key component of our implementation has been building capacity and understanding.

The Chair (Ms. Cheri DiNovo): Thank you for taking that breath.

We are adjourned. We will be returning at 9 a.m. on Tuesday, October 3. See you all then.

The committee adjourned at 1800.

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