



Drummond Commission Report

FLEISHMAN
INTERNATIONAL COMMUNICATIONS
HILLARD



Fleishman-Hillard
Canada
33 Bloor St. E.
Suite 1500
Toronto, ON
M4W 3H1

 (416) 214-0701
 (416) 214-0720

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John Capobianco

john.capobianco@fleishman.ca

Stephanie Dunlop

stephanie.dunlop@fleishman.ca

Craig Hughson

craig.hughson@fleishman.ca

Anne Marie Quinn

annemarie.quinn@fleishman.ca

Report Calls for Tough Medicine

Despite much having already been reported about the Drummond Commission report tabled today, it's fair to say that its recommendations will serve as a fiscal wakeup call for the average Ontarian.

The report contains what Drummond calls a "Status Quo Scenario" which examines the government's finances out to 2017/18, using growth assumptions that are more cautious than those underlying the 2011 Budget. The bottom line: in the absence of corrective action, Drummond forecasts a deficit of \$30.2 billion in 2017/2018, the year in which the government has promised a return to balanced budgets. If this commitment is to be met, Drummond concludes that "the provincial government must take much tougher fiscal measures over a protracted period than anyone has yet discussed publicly".

The report urges the government to reform programs and service delivery rather than simply cut costs, dismissing across-the-board cuts as an abdication of responsibility. It also recommends that targets be set for outputs from government, rather than placing a cap on the size of the civil service. Drummond argues the focus be on retaining good employees and letting go of those not performing well. He rules out asset sales that are done solely for a one-time cash injection, and calls for government policy development that is evidence-based. The report also expresses the view that the pendulum with respect to compliance and reporting requirements has swung too far towards excessive rules.

Drummond calls for service delivery that is as close as possible to the clients – and not always solely in the public domain. A chapter is devoted to operating and back-office expenditures, which must transform to find cost efficiencies. Drummond recommends an expansion of ServiceOntario to cover transactions such as tax collection, employment training and benefit administration, as well as the integration of nearly \$18 billion in benefits delivered through 37 different income-based programs. Wherever possible, private-sector participation should be used to achieve full cost recovery.

Spending Highlights:

- Annual program spending increases between 2010/2011 and 2017/2018:
 - Health: limit to 2.5 per cent, rising by \$8.4 billion overall; thereafter, keep annual increases to five per cent
 - Primary and secondary education: limit to 1.0 per cent, rising by \$1.6 billion overall
 - Post-secondary education: limit to 1.5 per cent, rising by \$0.7 billion overall
 - Social services: limit to 0.5 per cent, rising by \$0.5 billion
 - All other programs: reduce 2.4 per cent, or by \$4.0 billion overall

Health Care Highlights:

- Develop a 20-year plan to address health care challenges and establish a Commission to guide health reforms
- Accelerate adoption of electronic health records
- Shift from acute care to home-based care; utilize lower-cost caregivers and maximize use of nurse practitioners
- Expand the scope of pharmacy practice
- Tie executive compensation to a performance pay framework and publish compensation
- Develop co-ordinating bodies for chronic conditions, based on the Cancer Care Ontario model
- Expand the functions of the Local Health Integration Networks
- Make Family Health Teams the norm for primary care
- Aggressively negotiate with the Ontario Medical Association for the next agreement

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With health care expenses accounting for 40.3 per cent of program spending, and education spending accounting for another 20 per cent, the report's recommendations are largely focused on these two big-ticket items (105 recommendations on health alone, 57 on education).

Drummond sums up his report by indicating that pervasive and speedy reform is needed, suggesting that "all the reforms we recommend (or some facsimile in fiscal terms)" will need to be implemented to achieve a balanced budget by 2017/2018.

The government's response to today's report is to characterize it as a step towards developing a serious plan for serious times – one that doesn't have all the answers, and therefore representing only one of the ways the government will be reaching out for the best advice. As is the case with all such third-party reports, the government will decide what initiatives to proceed with, and will reflect this in the upcoming provincial budget.

Tough Prescription for Health Care

The report's largest chapter is devoted to health care. Doctors will find its recommendations a bitter pill to swallow and other health care groups will call it tough medicine – but Drummond's prescription recommends limiting the annual increase in health care funding to just 2.5 per cent to 2017/2018, and to "no more than five per cent" a year, after this. This is deemed necessary to keep the provincial budget balanced without relying on tax increases or a squeezing-out of other public services.

Drummond recommends a massive reorganization to shift the focus from acute care to chronic care, divert patients from hospitals to family clinics and home care as much as possible, and increase reliance on less costly workers such as nurse practitioners. Underpinning this would be a new, 20-year plan to address health care challenges. The report describes the healthcare system as a series of disjointed services residing in many silos. The report calls for an integration of silos and a reduction in the administrative red tape that impedes efficient and effective service.

With the Ontario Medical Association entering collective bargaining talks on a new contract for physicians Drummond deems it reasonable to set a goal of allowing no increases in the total compensation envelope for doctors. Drummond also suggests pharmacists be allowed to administer routine injections and inhalations, including immunization, and that emergency medical technicians be able to provide home care when not on emergency calls. The report also recommends Ontario work with other provinces to set up common prices for drugs.

Drummond has much to say that is supportive of the Liberal government's health care transformation agenda, which allows the Health Minister to hold up the report in Question Period over the coming weeks as evidence of being on the right track with initiatives such as the Local Health Integration Networks (LHINs), the Health-Based Allocation Model (HBAM), and electronic health records.

Education Highlights:

- Confirm multi-year allocations to school boards for 2012/2013 to 2108/2018 so they enter negotiations this year with clear knowledge of their budgetary position
- Cancel full-day kindergarten program, or delay full implementation to 2017/2018
- Cap funding of high school credits to 32, charging for credits above this threshold
- Allow school boards to charge transportation user fees
- Over the next six years: cap class size for primary grades at 23; reduce funding for textbooks by 25 per cent; increase average class; eliminate 70 per cent of non-teaching positions in school boards
- Reject further employer rate increases to the Teachers' Pension Plan and examine benefits to reduce to make the plan more affordable
- Establish multi-year mandate agreements with universities and colleges that provide more differentiation and minimize duplication; implement rational division or roles between the two systems
- Create a comprehensive credit recognition system between and among colleges and universities
- Measure learning outcomes in post-secondary education, not just graduation rates
- Target student financial assistance more to low-income students (including new 30% Off Ontario Tuition grant)
- Compel post-secondary institutions to examine if some four-year degrees can be compressed into three years

Education Reforms

Drummond does not shy away from tackling issues near and dear to Mr. McGuinty, who styles himself the “education” Premier. He calls for growth in spending on primary and secondary education to be limited to one per cent annually, allowing a cumulative increase of \$1.6 billion by 2017/2018. Spending growth on colleges and universities would be limited to 1.5 per cent annually, resulting in a modest \$0.7 billion increase by 2017/2018.

As already widely reported going into today, Drummond recommends scrapping full day kindergarten, while providing the potential off-ramp of delaying full implementation to 2017/2018. He also proposes undoing class size limits implemented by the Liberal government, resulting in 5,900 fewer teaching positions by 2017/2018. Drummond also advocates that 70 per cent of non-teaching staff be cut, and that tuition be charged for high school students returning for a fifth year. He calls for opening up competitive bidding for school bus contracts, and closing two of three schools for the deaf. Drummond also suggests that teachers should be met with some tough love at the bargaining table, calling for retirement entitlements to be clawed back, a raise in the retirement age, making the pension plan more affordable, and for the province not to contribute more to the plan than the teachers do themselves. Drummond does not spare the post secondary sector in his report, suggesting some 30 changes that need to be made in this sector as well. Once again, he touches on the need to rein in compensation, pointing out the fact that three quarters of spending in the sector is consumed by salaries. Drummond also recommends re-evaluating student financial assistance, with a view to simplifying and harmonizing various programs, loans, and grants. The report also calls for the integration of administration and back-office functions for post secondary institutions. Although Drummond does not call for an outright end to the recently announced “30% Off Tuition” program, he suggests that, should the government not be able to contain the growth in costs in the sector to the 1.5 per cent target established, this could be necessary.

Opposition Reaction



Conservative Leader Tim Hudak supports Drummond’s recommendations and is urging implementation of the report, in its entirety. "If he declines to act on any of Mr. Drummond's recommendations to cut costs, he has an obligation to put something else on the table. Otherwise, we'll never balance the books." In a release, Mr. Hudak also stated that Drummond’s report “has exposed a Liberal spending crisis more severe than anything previously disclosed, requiring immediate action to start reversing the damage – and straight talk from political leaders.”



NDP Leader Andrea Horwath was critical of Drummond’s recommendations saying they are "recklessly scrapping programs that people rely on, while at the same time, handing tax cuts to Ontario's richest corporations." Ms. Horwath argues that cuts to public services ignore the full picture, saying “If we’re going to get Ontario’s books into balance we have to take a balanced approach. Recklessly scrapping programs people rely on while handing out corporate tax cuts doesn’t make sense...Instead of hitting families with higher electricity bills or scrapping kindergarten for our kids, we need to ask whether we can afford spending on things like corporate tax giveaways.” The NDP Leader also contends that that Drummond report’s fiscal projections are out of line with most other economic forecasts.

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