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Monday 4 October 2004

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des débats
(Hansard)**

Lundi 4 octobre 2004

**Standing committee on
estimates**

Ministry of Finance

Ministry of Health
and Long-Term Care

**Comité permanent des
budgets des dépenses**

Ministère des Finances

Ministre de la Santé et des Soins
de longue durée

Chair: Cameron Jackson
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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON ESTIMATES

COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Monday 4 October 2004

Lundi 4 octobre 2004

The committee met at 0904 in room 151.

MINISTRY OF FINANCE

The Chair (Mr Cameron Jackson): Good morning. I'd like to call to order the standing committee on estimates. We have three hours and 21 minutes remaining to complete the estimates of the Ministry of Finance.

We're pleased to welcome the Honourable Gerry Phillips, Chair of Management Board, who has responsibility for the Ontario Securities Commission. That is why he is with us this morning.

We do anticipate that Minister Sorbara is available to finish his estimates.

In the last rotation was Mr Prue, so we will begin with the government, with 15 minutes.

Mr John Milloy (Kitchener Centre): Minister, I want to thank you for coming in today to talk about one of the most interesting aspects of the Ministry of Finance's activities, and that is the whole area of securities regulation. I say "interesting" because of all the activity in the last couple of months that has singled in on this idea of a common securities regulator. In a way of opening, just to sort of provide some context, I know it has been a big preoccupation for you and you've been doing a lot of work on it, but why do we need a common securities regulator, from Ontario's perspective?

Hon Gerry Phillips (Chair of the Management Board of Cabinet): It is an issue that's quite current, as I think all the members know. Last week ministers met who are responsible for it across the country.

We're the only jurisdiction in the world that does not have a common securities regulator, a national securities regulator. Every other jurisdiction in the world has that.

The committee members will be aware—many of you perhaps participated in it—that Ontario conducted what's called a five-year review of its Securities Act, headed up by someone called Purdy Crawford. Their number one recommendation, the first recommendation in that report, said that, in their view, this is the single most important issue facing Ontario and Canada in the securities area, and that is to develop a common, single regulator. There was a national group—they called it the Wise Persons' Committee—that also looked at it and said the same thing.

I think it's fair to say that when I meet with stakeholders—people, organizations, who are participating in

this—I think without exception in Ontario the advice that I get is that this is an important matter, for us to develop a common regulator. Why? Well, I think for two reasons. Overarching it is that we compete globally now, that investors can invest globally. If we want investors to feel confident in their investments, I think we need to provide the best possible investor protection, and simple investor protection.

Virtually everybody is in equities now. If you're in the Canada pension plan, you're in equities. I think most people in their RRSPs are investing in some form of equities. So consumer protection, simple consumer protection, I think is best handled by a simple, national, common regulator.

In terms of our businesses being able to raise capital, I think all of them would say that the most efficient way to do it is with one regulator. There are 13 regulators now. There are obviously the complexities of understanding 13 different laws, but also there's the expense of 13 different regulators. So, as I say, almost without exception in the advice that I get when I meet with people involved in this area, they say that this is an important issue for us.

It's going to take a little bit of time to get there. I think it's inevitable, and when you run into something that's inevitable and right, my view is to try to move it along as quickly as you can. We're having some challenges persuading the other provinces to move as quickly as we think we should, but we'll keep working on that.

Mr Milloy: I know a couple of months ago you unveiled an Ontario proposal to move forward on a single regulator. Can you just outline for the committee the basic framework of the proposal?

Hon Mr Phillips: Just for the committee's information, there has been what's called a passport model that has been debated for probably 18 months or so. Ontario said that we really think a much better model is a common regulator. So Ontario undertook to develop that proposal, which we did. We undertook to develop it toward the latter part of March. We spent less than three months developing it. In early June we released it.

It essentially says that we've got three fundamental principles. We believe that we need a common regulator, a common set of laws and a common set of fees. Those are our three principles. After that, we're pretty flexible. So we said that we recognize the need for strong regional offices. There are regional needs right across the country, so there's a need for strong regional offices, which we're quite happy to build into the proposal.

We said that we recognize that there is a need for industry-specific expertise. Obviously, Alberta has a lot of expertise in oil and gas. So our proposal needs to build in the regional policy flexibility, which we did build in.

Making sure that we have a mechanism: Some jurisdictions do rely on fees as part of their revenues. We don't in the province of Ontario, as you may or may not know. The Ontario Securities Commission is self-funding. The province of Ontario does not get a profit from the Ontario Securities Commission, but other jurisdictions do find it a source of revenue, so we recognize the need to build into that some flexibility as well. So it was a proposal that was long on flexibility but just maintained those three principles.

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Frankly, the challenge there is that it is an Ontario proposal. I said to the ministers last week when we met, "We're very open to participation from other people across the country to take our proposal but to build on it," because I think as soon as it's seen as just an Ontario proposal, we don't give ourselves the maximum opportunity for it to sell. So if you want to know where I think the solution is on this, I think we keep working on a common regulator. I think we need to take our proposal but now take it another step further, and I am hopeful to find a way to do that with participation from people across the country.

I might add, John, that I spent a fair bit of time, as you know as well as I do—I did go to Victoria and Vancouver and Saskatoon and Calgary and Winnipeg both to meet with the ministers to talk about our proposals and also to meet with the business communities there to try to get an idea. As I say, I think now I have to find a way—we have to find a way—to take this proposal one step further.

Mr Milloy: There is this process with the provincial ministers, and there was a meeting in Calgary last week which you attended where they signed an MOU. Just for the committee's interest, what is the process in place? What happened in Calgary, and then where do you see it going from there?

Hon Mr Phillips: Well, we did not sign the MOU, as I think you probably all appreciate. There was one clear reason why I couldn't sign, which I had told the committee for some time, and that is that we have a legislative committee scheduled to report to the Legislature on, I think, October 18. I told the group that they were dealing with this matter and it would be inappropriate for me under any circumstances to sign an MOU in advance of the Legislature seeing that report. So I made it clear to them really from the start that we were not going to be in a position to sign the MOU. I actually suggested that they delay the meeting beyond September 30, but there were other members of the committee from other jurisdictions who wanted to proceed with it.

I also indicated to them that, in addition to the legislative committee, we've got some fundamental concerns with the MOU.

Mr Milloy: Can you describe the MOU? What were they proposing?

Hon Mr Phillips: In the jargon you'll hear, it's called a passport model, which means essentially that if you get your prospectus issued in one jurisdiction, it can apply to the other jurisdictions. If you are what they call a registrant—in other words, if you are selling securities—and you get registered in one jurisdiction, that applies to the other jurisdictions.

Whatever positives there may be in the passport of moving toward more harmonized laws are already occurring, apart from the MOU. That's going to happen in any event. Our concern is that the MOU didn't provide any road map to head toward a common regulator. As a matter of fact, there is not even a commitment to study the common regulator in the passport model. I said to the group, "This is, for us, the most important issue," and none of it is addressed.

I might also say that I don't think there's much sense of urgency to get on with it. The committee, when I was out there, were not going to meet again until February. They didn't appoint a chair. It was unusual, whereas we think this is quite an important matter.

The down side of the MOU is that it perpetuates 13 regulators, 13 different laws. Last week—you may or may not have seen it—the Canadian Bankers Association had an op-ed piece in one of the papers outlining the increasing complexity for investors. In their view, rather than making it clearer and simpler for investors, it added a fair bit of complexity to it. I think whatever positives may have been in the MOU, they were already happening. There are problems in the MOU that may increase the complexity, and it didn't address what we regard as the number one issue.

Mr Milloy: What are the next steps, in your mind? Where do you think we're going to see this process go?

Hon Mr Phillips: I'm a very persistent person. When you run into something about which, over time, as you test it—which I've done on this common regulator—you keep saying, "This is the thing to do," then you try and make sure you're moving forward a step at a time. Where do I think the solution is? I think it will come from finding a way to take that Ontario model a step further, with involvement from people across the country. To use the jargon, often the devil is in the detail. People will say, "I may agree with you on concept, Gerry, but I need to see more detail." So I think that will be the solution, to find ways to get people from across the country participating and taking the model another step forward.

I think it's—well, they've said it publicly. There are some jurisdictions, I think, that are interested in pursuing trying to find a way to recognize Ontario, with the MOU as it's currently structured, can't participate. At least I don't think we should, so—

Mr Milloy: I think I have a minute or two left—two minutes. Can I switch gears and ask about publicly traded trusts? I know there is concern about investors in publicly traded trusts being liable for the trusts' activities. I just wondered if we're moving ahead on that in terms of legislation. Maybe you can explain the problem for the committee, and where we're headed.

Hon Mr Phillips: Let me explain it in layperson's language, and if I'm technically incorrect, somebody can correct me. Income trusts are relatively popular now. There is concern among some investors that if I invest as an investor in an income trust, without legislative change, I as an individual could be held accountable for problems within the trust. So the investors are looking for normal protections that, as an individual investor investing in an income trust, they're not going to be held responsible for broader challenges in the income trust. What we've done is we have introduced legislation that will make clear that the individual investor is not going to be held accountable for the problems in the income trust. As I say, it's an investment vehicle that's quite popular now and the investors were looking for that legislative change to provide protection for them. I hope I've interpreted that—

Mr Colin Andersen: That's correct, yes.

Mr Milloy: The legislation was expected this fall. Has it been introduced?

Hon Mr Phillips: It's been tabled. It has been introduced for first reading, and I anticipate we'll deal with it in this session.

Mr Andersen: It was introduced on June 21 under the Budget Measures Act, 2004.

The Chair: Thank you, Mr Milloy. Mr Flaherty?

Mr Jim Flaherty (Whitby-Ajax): Just dealing quickly with the Ontario Securities Commission issue and the passport application, that idea actually came from Ontario, didn't it, the passport idea?

Hon Mr Phillips: Actually, I don't think it did, but again, others can correct me if I'm wrong here. I wasn't there at the time, but I don't think it did.

0920

Mr Flaherty: I was there.

Hon Mr Phillips: I believe it was developed by a steering committee. I think the most Ontario said was, "We are prepared to participate in consultations on it," but I don't think Ontario ever said this is the direction that it wanted to go.

Mr Andersen: Maybe we could ask Phil Howell, the assistant deputy minister, office of economic policy, to answer the question.

Mr Phil Howell: There is some confusion around it, because the term "passport" has been used by the Ontario Securities Commission to describe some of the harmonization initiatives that they have been in many ways really leading, in concert with their colleagues from other securities regulators across the country, over the past several years. So that term has been used by the securities regulators to describe things that they're doing.

I suppose it's also fair to say that what the passport MOU that was signed last Thursday is doing is sort of putting a covering agreement over a number of initiatives that the securities regulators across the country have either already put in place or have in train and that will be realized later this year or next year.

The distinction, though, that I think is important here in the way this file has played out over the past year and

a half is that the passport has been set up as an alternative to a comprehensive common regulatory model that's based on all jurisdictions having underlying similar rules and securities act.

Mr Flaherty: The problem, to get to the crux of the matter, is that Quebec will not agree to a national securities regulator because Quebec is interested in preserving its provincial jurisdiction with respect to the regulation of securities in the province of Quebec. So for the minister to say here this morning that Ontario will not sign the MOU because Ontario maintains as a fundamental principle that there must be one common regulator for Canada is to kill the idea permanently as long as this government is in office in Ontario. That's what it amounts to, and that's what I object to on behalf of the people of Ontario in terms of economic growth.

It's vitally important, as I'm sure you'll agree, that in public offerings the process be expeditious, which is why David Brown from the Ontario Securities Commission and others put forward this idea originally that Alberta would deal with the mining issues, for example, the oil and gas issues, Ontario would deal with some other types of public offerings, and then the other provinces would get into line behind the lead jurisdiction on the offerings. As it is now, as the minister has said, you have to go to 13 different jurisdictions in a country of 32 million people for a public offering, which means that some public offerings are not offered in Canada because of this structure. It limits our abilities to finance in the capital markets in this country.

I say to the minister that I would hope his ministry and the Ministry of Finance would reconsider their obstinacy with respect to the passport idea. Would the minister at least be open to reconsidering that in the best interests of the Ontario economy?

Hon Mr Phillips: Again, I think pursuing a common regulator—and I go back to the recommendation of Purdy Crawford, who prepared the five-year review. The advice I get from virtually every major investor organization, issuer organization, is that we should be pursuing a common regulator. I don't think actually Quebec has unilaterally ruled out a common regulator. There are huge complexities, but in my discussions with the minister, he doesn't rule it out. He says there are obstacles to be overcome. But that doesn't prevent Ontario from pursuing a common regulator. It may be challenging to accommodate Quebec within that, but not impossible. What I am pursuing on behalf of the people of Ontario is the advice that we've gotten from, as I say, our own five-year review committee, the business community in Ontario, and it is entirely possible to come up with a common regulator. The advice I get is that it is possible to accommodate Quebec within that.

Mr Flaherty: If I can change the subject to the role of Management Board in managing the expenditures of the government of Ontario and your job as minister, there was a promise made in the last election among a few others that—this is number 65—"We'll balance the budget, keep taxes down and manage prudently in Ontario."

I want to ask you about the “manage prudently” part, if I may, Minister. We are now more than halfway through the fiscal year and, in terms of the commitment to manage prudently, we see economic growth somewhere in the area of 3% or so—some say a little bit higher now—in the private sector. We see out there a draft agreement from your government with the physicians and, I’m told, a 6% average increase for physicians in the proposed agreement between the Ministry of Health and the OMA.

We know from the Economic Outlook of your government that 80% of the spending by the government is transfer payments to spending partners. You know, Minister, that 70% or more of that spending goes for salaries and benefits. You know that negotiations are ongoing now, collective bargaining with the teachers’ unions in Ontario and other public sector and broader public sector unions. What message are you attempting to send from Management Board to the broader public sector and to the public sector itself in terms of appropriate wage increases in Ontario? Or should we take it that the proposed increase for physicians of about 6%, as I understand it, is to be the benchmark?

The Chair: Before you begin, Minister, I just wanted to remind all committee members that this is the estimates of the Ministry of Finance. The minister is here in his capacity with responsibility for the Ontario Securities Commission. So, Minister, if you wish to respond, you may, but that question might better be put to Minister Sorbara, whose estimates we’re in. It’s your call.

Hon Mr Phillips: Yes. You asked me as Chair of Management Board, so I guess I’ll respond. We got at it very early, looking at ways to cut costs—cutting out partisan advertising. I found there was a \$10-million-a-year kind of fund in Management Board for government householders that were run out of the Premier’s office, and we said, “Gone; let’s get rid of that \$10 million.” There were well over 300 highly paid outside consultants who were essentially doing government jobs but who for whatever reason were being paid substantially more than they would have been paid had they been part of the Ontario civil service, and they were doing the same job. So we said, “Listen, that’s a waste of \$20 million right there”—\$20 million being spent on outside consultants who were doing government jobs, and for whatever reason. I don’t know whether it was just to say, “Well, we’ve got fewer public servants now.” But we said, “It’s just plain a mistake to be spending \$20 million more to get this job done than if we had them as our public servants. Why would we do that?” In my judgment, I don’t know why the previous government did it. We said, “We’re not going to do that any more. We’re going to bring those jobs back in-house,” which we did, and that saved \$20 million.

0930

We are aggressively looking at all of our accommodations. We spend roughly the equivalent of \$600 million a year on rent and we’re moving to substantially reduce those costs. We believe we can consolidate some

government functions where we can be more efficient by pulling them together, and we’ve done that. That’s going to save us, in one area alone, \$12 million. We inherited, as we all now know, a fiscal situation that was far worse than the public had been told and we’re dealing with that. The message we say to the people who work with us is that we will treat our employees fairly and we will deal with our fiscal situation.

Mr Flaherty: Do you intend to treat some members of the broader public sector more fairly than others, or should we take the 6% as the benchmark?

Hon Mr Phillips: I think you should assume we’ll treat all of them fairly. That will be, at the end of the day, as everyone says, a hallmark of our government.

Mr Flaherty: Do you agree that Management Board approves \$4,129,256,000 in additional spending in the fiscal year to date?

Hon Mr Phillips: What I’ll tell you, Mr Flaherty, is that we are paying the bills that we legitimately have to pay as a result of commitments you made. I go back to those consultants that I talked about: \$20 million a year; that’s a bill we had to pay.

Mr Flaherty: I have the list of additional spending, in excess of \$4 billion, new spending by your government in Ontario that presumably has gone through Management Board. Management Board’s been approving the spending, I assume, Minister.

Hon Mr Phillips: The spending that you committed to; exactly.

Mr Flaherty: No. This is new spending.

Hon Mr Phillips: I think you’ll find the consultants are in that figure as well.

Mr Flaherty: Is it still the policy that for a contract in excess of \$25,000, it’s supposed to be subject to competition?

Hon Mr Phillips: Do you know what? We actually increased that—yes, it is \$25,000. It was \$50,000; we’ve reduced it to \$25,000.

Mr Flaherty: So if the Minister of Finance was going to hire Decima and pay them more than \$100,000, that ought to be tendered; is that right?

Hon Mr Phillips: I think you’ll find that the ministers follow the approved procedures for procuring any services.

Mr Flaherty: You’re the Chair of Management Board. If it’s more than \$25,000, the contract is supposed to be subject to competition, isn’t it?

Hon Mr Phillips: As I say, I think you’ll find—you’ll have to give me a specific—that the ministers follow those procurement policies.

Mr Flaherty: Well, the Minister of Finance wrote to this committee on June 23, 2004, about contracts that cost more than \$100,000 that were given to Decima Research by the Ministry of Finance, by Mr Sorbara. We’re told that Decima Research had a good reputation, and that’s why they were chosen. It appears that these contracts were not tendered. Is that contrary to the policy of the government of Ontario, in which you’re the minister responsible for Management Board?

Hon Mr Phillips: Again, I don't know the specifics of what you're talking about. I'd be happy to look at the specifics. But all of my experience to date has been that whenever I've ever looked at one of these things, ministers have followed accepted procurement policies.

Mr Andersen: Perhaps I could speak to that. The contract you're talking about was one where the vendor was selected from the vendor of record. It was in accordance with all of the procurement directives.

Mr Flaherty: So has it changed? It used to be that at \$25,000 and over, you're supposed to have competition. Has that changed?

Mr Andersen: I'll have to look at the specific dates with regard to the change in the policy, but I do know that at the time those contracts were let, it was fully in accordance with selecting a vendor from the vendor of record.

Mr Flaherty: So now in the government, if you want to give a contract to somebody you like, as long as they're on the government list, you can give them a contract for \$107,407.99, like the Ministry of Finance gave to Decima. Is that right?

Hon Mr Phillips: No. There are procurement policies in place. I haven't looked at the specifics of this one. I assume it followed accepted procurement procedures. I'd be happy to look at it. Any one I've looked at has followed them.

Mr Flaherty: Perhaps you could inform the committee, then, of the procurement procedures for contracts and what the monetary limit is. Because I certainly know that when we were in government, we operated on the \$25,000 basis. It was quite a serious matter, actually, that we allowed competition. The competition was imperative when we were dealing with contracts that were of a higher sum. That's why it would surprise me to see this answer from the Minister of Finance for a contract in excess of \$100,000 given to somebody, I guess, because he liked them and they're on the list.

Hon Mr Phillips: Again, I'll repeat for the committee that I think you'll find that in any instance I've looked at, the procurement policies have been followed. When you give me a specific like this, I'll look into it. I'll be happy to give the procurement policies to the committee. They vary. If you are on a construction project, there's a different limit than on other projects.

Mr John O'Toole (Durham): Chair, if I may, I'm quite interested in—

The Chair: I know you are. The rotation will come up in a moment. Mr Prue.

Mr Michael Prue (Beaches-East York): I'm anxious to ask some questions of Mr Sorbara, so I'm going to limit myself to not my whole 15 minutes. I hope you'll like that.

The most contentious issue faced by the committee looking into the roles of the OSC revolved around whether or not there should be a separate adjudicative function. On March 5, 2004, in his report on the fairness committee of the Ontario Securities Commission, Coulter

Osborne recommended that it be separated. Six months later, that report finally surfaced. It was buried.

Can you tell me why it was buried?

Hon Mr Phillips: I think I said at the committee, as a matter of fact, that I was given a copy of the report probably about a week before the committee hearings.

Mr Prue: I'm not saying that you buried it. Can you tell me why it was buried?

Hon Mr Phillips: I don't know whether you asked Mr Brown, the chair of the Ontario Securities Commission, that. I can't answer exactly for him, but if I'm not mistaken, he sought some additional advice on the matter from some other groups as well. So I suspect, although you'd have to ask him—I don't know if the committee asked him when he was here or not—that he was looking at the matter in totality.

From my perspective, the committee got the report, I guess, a few days after I got it.

Mr Prue: In that report by Coulter Osborne, he recommends separating the adjudicative function. In fact, he used very strong language. I quote from some of that: Matters of "institutional loyalty," the involvement of the chair in the major cases, the increased penalties, the sense that "the cards are stacked against them," the "home-court advantage," the lengthy-criminal law-like trials and the commission's aggressive enforcement stance, which will likely only increase over time, all combine to make a compelling case for the separate adjudicative body.

What are your plans?

Hon Mr Phillips: Firstly, the legislative committee is reporting on October 18, so I want to be a little bit careful of being accused of pre-empting that report. I truly do look forward to their report.

I think I said at committee—Hansard?—that there seems to be a fair bit of evidence in support of separating the adjudicative function. But I think I'm best to wait for the committee's report.

As you remember, it's not an absolutely 100% argument one way. I think there's a recent case in a different area where a separate adjudicative body—I think it was in the pension area, if I'm not mistaken—where the Supreme Court of Canada had some concerns about it being a separate body.

I'll await the committee's report. I indicated at committee that there seems to be a fair bit of evidence in support of it.

Mr Prue: When do you anticipate acting on the committee's report, which will be tabled in the Legislature, I guess, a week and a half from now?

0940

Hon Mr Phillips: Responding quickly, acting, will depend on what the recommendations are. Again, I don't want to be accused of pre-empting a legislative committee's work, but if there are some urgent matters, we should move sooner rather than later.

Mr Prue: Thank you, Mr Chair.

The Chair: We will stand down the remainder of your time. Are there any final questions for the minister? I'll allow them and I'll make up the time, but I want to make

sure the minister doesn't spend the whole morning here if he doesn't need to.

Mr O'Toole: I see Mr Sorbara is outside. Is he going to appear before the committee?

The Chair: Yes, he is. He's waiting to come in.

Mr O'Toole: Very good.

The Chair: You don't have any questions?

Mr O'Toole: Just on the contract thing, I'm quite interested, as critic for energy, and I had asked a question on the order paper in the House on the contracts for the Manley review of OPG. I have the minister's response from Minister Duncan. I wonder, was that tendered? This was the Manley commission that looked at the OPG issues. It's \$75,000 plus about \$1 million in legal fees that were assigned. Could you tell me, was that tendered? If you haven't got the answer, Mr Phillips, I'd be happy to put that on the table awaiting your response.

Hon Mr Phillips: Sure.

Mr O'Toole: If it wasn't tendered, perhaps what you intend to do about it because it wasn't tendered. I'm assuming it wasn't, because there was the original Erik Peters report, which was done rather hastily, which wasn't tendered at all. I don't know the cost of that either. If you're going to be clean and you're going to say, "We're above reproach," let's start that way. It's not meant in any way as being confrontational; it's purely a case of doing what you say. You're saying that everything is clean. I understand that and I expect that. But I'll wait for the answer, the written response to those inquiries on those two issues, to see if it is, as you say, clean.

Hon Mr Phillips: Send me the questions and I'll provide you with the answers.

Mr O'Toole: You got it. Thanks very much, Minister.

The Chair: Thank you very much, Minister. We appreciate your attendance today.

Hon Mr Phillips: Thank you very much.

The Chair: We will ask Minister Sorbara to come forward. Welcome, Minister Sorbara. In this portion of the rotation, Mr Prue has 11 minutes remaining.

Mr Prue: Mr Chair, can I just ask, is this going to come around again, or do I have just the 11 minutes?

The Chair: Several times.

Mr Prue: OK, good. Then I'm going to spend my first 11 minutes on auto insurance. You and your party were quite explicit in your platform and you've stood up in the House many times and talked about a 10% reduction for auto drivers. This hasn't happened. To be fair to you, it's probably around 7% in some areas, but many people are getting small increases because of the previously approved rate increases. What's the reason for the shortfall? Why didn't you meet the 10% that you promised you would?

Hon Greg Sorbara (Minister of Finance): I think the very good news is that for the first time in some four years, over the period since the freeze went into place on January 23, auto insurance rates are finally coming down, and they're coming down significantly in Ontario. If you need evidence, I just heard anecdotally that my friend

from Mississauga West just got a renewal of his policy. Can he confirm that his rate went down by some 11%?

Mr Bob Delaney (Mississauga West): Confirmed.

Mr O'Toole: It's special treatment.

Hon Mr Sorbara: You don't want to make that allegation, I tell my friend Mr O'Toole.

I think the key point to make is that in the first round of reforms, auto insurance rates began to drop and are now, by our guess, at around 7.5% and dropping. The Insurance Bureau of Canada, in the measure that they use, say it's an 11% reduction. They have a different way of calculating, but it's the same province and the same pool of drivers.

We have, ongoing, another series of reforms which we believe will continue the downward pressure on rates. This is good news. In this second round of reform we are looking at reforms that create more competition in the marketplace because that as well will have further positive pressure, bringing rates down. We are looking at models that allow drivers to customize their policies. This will help drivers be able to buy all of the insurance they need but only the insurance they need. We have now launched, if my memory serves me, a Web site that will help drivers do their shopping. I've always thought that if we can instill further competition in the marketplace, that too would have a very positive effect for purchasers.

So I'm very pleased. I said, about two or three months ago, when we took the temperature and we were at about a 7.3% or 7.5% reduction, that we will get to 10%, and I think I can reconfirm that today. We will, by the analysis that we do, get to 10%.

Mr Prue: But the initial promise was 10% the first year and 10% the next. You said last week, I believe, to the press that you're now looking at only a 1% to 2% decrease for next year. Is that correct?

Hon Mr Sorbara: Well—

Mr Prue: So that's 10% overall, not 10% and 10%. That's half of what you had suggested earlier that you could do.

Hon Mr Sorbara: I don't think any of us could have predicted that oil would be at \$50 a barrel today. I don't want to get into a numbers game. What we had talked about when we presented this program was a 10% reduction and further reductions. With the second phase of reforms, I think we will get that. It's just very, very important to note and reaffirm that this is after four and a half or five years of continued upward pressure on insurance rates. They were just going through the ceiling.

We said in the campaign that we were going to turn that around, and the very first thing we did as a government was to freeze auto insurance rates. The Premier made that announcement on the day that his cabinet was sworn in. We brought forward that bill. We required under the bill that all insurance companies refile rates in accordance with the bill. In the first tranche, the insurance companies whose rates were approved had reductions of around 10%, and that trend continues. In fact, if you check with your constituency office you will see that whereas a year ago people were just livid about their auto

insurance rates, I suspect that you're getting very few calls any more about policies being renewed at exorbitantly high rates. On average, according to the Insurance Bureau of Canada, rates are down by 11%. By our calculation, with the renewals that are coming in and rates that have been approved, we are at 7.3% and we are continuing to see a reduction in rates through greater competition and the reforms that we brought in.

Mr Prue: From your answer I can only take it that you have abandoned your pledge of 10% and 10%.

Anyway, I'm going to go on to the next part, which is this new bare-bones package that you're slicing and dicing and taking out things that the insurance companies have to pay for. I understand that people are expected to take advantage of similar benefits at work. Is that true, that where they can accrue those benefits from some other provider, they won't be required in the future to have similar auto insurance?

0950

Hon Mr Sorbara: We did a fairly extensive consultation on policy customization. We haven't announced the results of that consultation. We will be making some proposals and we will be presenting a package of reforms in that regard.

Surely my friend from Beaches-East York is not arguing that greater selection, greater variety, an ability to customize one's policy, is a bad idea. One of the things, I think, he will see when the customization package comes out is there will be a new level of competition amongst insurers which will have further positive pressure on rates; that is, to bring them down.

I can't tell you today, and I won't tell you today, what things drivers can opt out of, but just to make the general point that we are trying to provide greater variety and selection to drivers so they have the insurance they need but only the insurance they need.

Mr Prue: Just to follow on that, the Insurance Bureau of Canada is saying that people, low-paid people particularly, who don't have employment-related benefits are likely going to have to pay more because the overall risk pool will be smaller, because some people will take advantage of programs they have within their workplace and those who are in poorly paid positions, those who don't have unions, those who don't have benefits from a large corporation, are going to end up paying more. Is the insurance bureau right that these people are going to pay more in your scheme?

Hon Mr Sorbara: I have a tremendous amount of respect for the people at the Insurance Bureau of Canada, even when, a year ago, they were saying that the government couldn't get rates down by the order of magnitude we were talking about. Whereas we were shooting at 10%, they're saying, "You're already at 11." So it's interesting speculation but, I think, less than accurate speculation by the bureau. We have not yet announced a package of customization, so they're commenting on something that is not yet out there. But we will be working directly with them and the companies they represent in Ontario to ensure one thing, I say to my friend from

Beaches-East York, and that is that insurance rates continue to go down and the marketplace continues to be characterized by new levels of competition.

One of the things that troubles me is that, as consumers, none of us do a very good job of shopping for this product, auto insurance. I think we tend to find it a little bit mysterious and we tend to simply rely on that wonderful broker who has served us for so many years. Because within the ministry we're concerned about the marketplace not working all that well, we have designed and have now launched a Web site that consumers should have a look at to help the average consumer shop for insurance. One of the by-products of this as well will be to enhance competition, because a more informed marketplace is a more effective marketplace. Part of our package of reforms is to create better information and a more informed shopper.

I think we need to wait a while before we speculate on the impact of the customization part of the initiative, because we're still at the design phase and it would simply be unproductive to speculate on what impact it might have.

Mr Prue: Do I have additional time?

The Chair: One minute.

Mr Prue: In terms of insurance, can you tell me, as a result of your reforms and what has happened, how many additional people are now in Facility's management, how many people are having to go outside the insurance system?

Hon Mr Sorbara: I'll correct the record after, if I'm wrong when I answer. I can't give you an exact number—we'll get a number for you and talk about it in the next go-round—but I am pretty darn sure that it is lower and perhaps even much lower. The Facility is now being re-established as the agency for those who do not deserve to be insured by the regular marketplace. That's what it was designed for and that's what it's returning to. I'll get some harder numbers for you during the course of these estimates.

Mr Prue: OK. Thank you.

The Chair: Thank you very much. Mr Delaney.

Mr Delaney: Good morning, Minister Sorbara.

Hon Mr Sorbara: Is it true about your insurance rates?

Mr Delaney: It was with a great deal of trepidation that I opened the envelope and I looked in. I dragged out the old policy, and sure enough, it had come down more than 10%, nearly 11%. It was still high, but I breathed a—

Hon Mr Sorbara: Now, now; stop that.

Mr Delaney: I breathed a sigh of relief and knew that the galloping acceleration of those rates that saw them nearly double in the last three years had stopped. That was driving the same old car with no accidents.

Hon Mr Sorbara: You're not complaining about your salary now, are you?

Mr Delaney: Later.

A couple of comments, and then I've got a question or two for you.

It may be helpful to press the insurance industry into some degree of transparency into how rates are set by carriers. Brokers have related to me that they're afraid to complain about some of the policies of the carriers for fear of being cut off by those very same carriers.

You mentioned shopping around, which is an option I've recommended on a number of occasions to constituents, often with good effect, because many people seem to feel far more loyalty toward their insurance carrier than that carrier has ever shown to them. One thing I heard in the last few weeks, which I can't confirm empirically but I have heard anecdotally from constituents, is that apparently for their brokers to even ask about your rate causes some companies to create an unfavourable note on the policyholder's file. One said that her broker had to do what was called an anonymous request—whatever that is. So I just mention that.

Can you encapsulate for me in a few minutes some of the steps the government has taken so far to reform the system, and perhaps expand on some of the trends and some of the things we can expect over the next year or two?

Hon Mr Sorbara: I think it's a fair question, some of which I alluded to in the questions from our friend from Beaches-East York. If I could just put it in context, up until the time of the election, and certainly in that year before the election, this Legislature was often abuzz with debate and questions and comments about skyrocketing rates for auto insurance. Each of us who were elected during that period heard in our constituency offices the same sorts of refrain. In summary, there was a period of four and a half or five years of dramatic increases in rates. There was a sense that the cost of benefits was going through the roof; that the designated assessment centres were not working all that well; that the insurance companies had carte blanche to continue to prime the pump, as it were, to raise rates. I think they would argue, and one has to give some credence to their argument, that they were the victims of ever-increasing costs of settling automobile accidents. In any event, we worked in an environment that was simply not very accommodating to the average consumer.

Before the election, our member from Toronto Centre-Rosedale, George Smitherman, led, on behalf of our party, an exhaustive review and a set of proposals that actually became the basis of our campaign commitments. As I mentioned to Mr Prue, the day Dalton McGuinty's cabinet was sworn in, we announced the freezing of auto insurance rates. The design of our work was to freeze rates immediately, so to stop the upward pressure, and to require, under a piece of legislation that was passed in Parliament a year ago—I think it was Bill 2 or 3 or 4 or 5; I can't remember.

Interjection.

Hon Mr Sorbara: Right. In any event, we froze the rates immediately and required, under the legislation, all insurers to refile rates as of January 23. In the meantime, we made a number of changes to the regulatory environment which would create some capacity for insurers to bring their rates down.

Can I just do a little commercial for our colleague Mike Colle, who was, within the Ministry of Finance as my parliamentary assistant, the lead on this? He put together a small team that worked tirelessly, and sometimes fairly aggressively, with the insurers to make it clear that we were going to redesign this system to bring about more competition and lower rates. He has done an absolutely superlative job. He just took the responsibility on and he ran with it, and he knew what the mission was.

One of the things that was critical was not to lower rates simply at the expense of victims. I mean, it's easy. You could bring rates down by 50% if, as a result of an accident, accident victims got nothing. So the balance is always to make sure that the quality of the benefits for those who have suffered as a result of an automobile accident is not unduly impaired or reduced. That was the policy context within which we were operating.

The first round of rate reductions was approved I think on or about April 15. Those companies collectively represented reductions of very close to 10%. There were some other companies for whom that size of rate reduction would have jeopardized their viability, so once all the companies had filed, we were down at around 7.3%, 7.5% overall, by our measure. But the Insurance Bureau of Canada, by their measure, says it's 11%. That's why it was so funny to hear that your rates had gone down by 11%, because that's exactly the number that the bureau is advertising.

In any event, we said in the campaign that there would be two stages of reform. We're into the second now. We think the momentum is positive. I didn't mention the transformation of the designated assessment centres. There is a level of administrative work that is very costly, in our view, and needs to be reformed, and this centres specifically on so-called designated assessment centres. We propose to dramatically transform those. We propose to bring in some customization of policy. We are already doing a much better job of informing the marketplace about how to buy insurance and we're encouraging greater competition.

I'm sorry for the length of the answer, but this has been almost two years of work, some of it before we were elected and the bulk of it after we were elected.

Mr Delaney: Thank you.

The Vice-Chair (Mr John O'Toole): About six minutes left, Mr Leal.

Mr Jeff Leal (Peterborough): Minister, thanks very much for being here this morning. My question really—

Hon Mr Sorbara: I hear that Phillips's ratings were higher than mine. I'm going to get very angry, if that's true, by the way. Is that true, Mr Chairman?

The Vice-Chair: It's a very neutral position in the Chair.

Hon Mr Sorbara: I'm sorry for interrupting.

Mr Leal: Not a problem.

In the riding I represent, we probably have the third-oldest population in the province of Ontario, and, having said that, a significant number of seniors who want to continue to live in their own homes as the best spot for them to be.

I just want to ask, in terms of the tax credit, the increase for seniors in the budget that moved from \$500 to \$625, which increased it 25%, and now covers both those who own their homes and who rent their homes, how many seniors are indeed going to benefit from that 25% increase in their property tax credit?

Hon Mr Sorbara: I appreciate the question from my friend from Peterborough. Obviously, you know best the makeup, the demography, of the population of your community and the number of seniors there. Boy, were they courageous and were you courageous and was the community courageous during those terrible floods that punctuated this summer in Ontario. I can tell you how proud I am that our Premier and our government responded very, very quickly. I'm not sure that everyone in the province knows that it was at your urging and with your interventions that we were convinced that we had to move quickly. But that wasn't what your question was about.

If you go back to the budget, the initiative to provide an additional \$125 to seniors with modest incomes was, for me personally, one of the real highlights of the budget, and I want to tell you why. During the election campaign, the Conservative government was proposing an education tax credit for seniors which would have given the greatest benefit to the wealthiest seniors. If I am a senior and I live in a \$1-million home, I'm probably paying \$3,000 in education tax, and under their proposal that would have been forgiven. But if I'm a senior who lives in, say, a modest \$200,000 home in downtown Toronto and I pay \$250 or \$300 in property tax and got that relief, that's so much less. It was very skewed. But we had to campaign against that. I had to go from seniors' community to seniors' community to say, "If you elect us, you're not going to get that education property tax credit." It was the right thing to say, and I was amazed at how many seniors said, "That's OK, because it's not a fair piece of public policy."

In response to that, I wanted to make sure that in the budget we did right by those seniors whose incomes are modest, who live on fixed pensions, on retirement savings, and who don't have the luxury to go out and add to their income. It was that group of seniors that we really wanted to help in our budget, and I'm going to ask John Whitehead, the director of the office of the budget and taxation, to give some specific answers to the details of your question.

Mr John Whitehead: Thank you, Minister. We're looking at an estimate of about 735,000 senior households benefiting from the change in the budget this year. It's about a \$415-million initiative. The property tax credits and sales tax credits for seniors have two components to them. One is the basic underlying property tax credit, which is being increased from \$500 to \$625, and the other component that's relevant here is the overall maximum credit, which is increased from \$1,000 to \$1,125. In total, all of the 685,000 senior families that were on the program previously will be getting an improved benefit, and about 33,000 senior families who did

not currently benefit from the credit will benefit from this being brought in at the edge.

The minister mentioned that the credit is aimed at families with low and moderate incomes. I'd just mention that this particular credit begins, to round down, at \$22,000 of net income, so measure 4% of net income in excess of \$22,000 to begin reducing these benefits.

The Vice-Chair: Two minutes left.

Mr Leal: I just want to thank Minister Sorbara. Frankly, I know the enhanced tax credit this year helps all the province, but it will be particularly helpful in Peterborough for those senior citizens who are now in the process of rebuilding their homes after the devastating flood. I want to thank you and your colleagues at cabinet who responded so quickly and got provincial money flowing to people. You certainly gave them a ray of hope during the early days after the devastation hit on 7/15.

Hon Mr Sorbara: Well, you know, we've just celebrated our first anniversary. The world is never perfect, and things don't always go the way you want, but among the highlights, I feel, in our first year was the quickness of the response. I don't tell tales out of cabinet, but the determination of the Premier to make sure we were there when needed, not just there with a commitment that, "Oh, well, you figure out what the damage is and some day we'll provide some relief," was one of the high points of the year for me, personally.

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The Chair: Thank you, Minister. I will now move the rotation to Mr Flaherty or Mr O'Toole.

Mr Flaherty: Minister, just briefly on the auto insurance part before we go on to the estimates, since it was raised already this morning: I take it that the round of consultations with respect to the customization are near completion or are completed.

Hon Mr Sorbara: I think the consultations have been completed and now we're trying to digest the information we received, trying to do analysis, trying to make sure that the initiatives we bring forward will have the same positive benefits on rates that our last package of reforms have had. We're determined to continue to intervene so that motorists have a quality product at a fair price.

Mr Flaherty: Do you intend to permit the members of the Legislature to participate in this discussion before you announce your initiatives that you refer to?

Hon Mr Sorbara: I think there will be plenty of time for a vibrant debate on the initiatives. If my friend from Whitby-Ajax thinks we should find an opportunity to engage him or other members of the Legislature in the discussion, I'll take that into consideration.

Mr Flaherty: You can do more than take it into consideration, Minister. Auto insurance is a mandatory product in the province of Ontario. By law, everyone who owns an automobile has to purchase the product in order to use it. You're proposing, I gather, significant changes to the DAC system in Ontario, which directly affects victims of motor vehicle accidents. I gather you're also proposing to abandon the standard auto policy in Ontario. The reason it has been prescribed for years is specifically

the point you made earlier, which is that most people don't shop for the particulars of their auto coverage, which is why government, in its wisdom, some years ago created a standard auto policy. Many of the changes are regulatory, not legislative. So that's why I want your assurance today, on behalf of the members of the Legislature—all of us, quite frankly, not just those of us who are in opposition—that we will have full opportunity to consider whatever initiatives your government proposes to come forward with. Can you give that assurance?

Hon Mr Sorbara: This is surprising, coming from a member who served for some two years as Minister of Finance. He was, for a period of two years, responsible for auto insurance in the province. During that time—during five years, in fact—auto insurance rates went up and up and up, and he was the minister at the time. He did nothing about the upward pressure on rates. He and his government washed their hands of it. When we came to power we froze rates immediately, and since that time there has only been good news in this area. In fact, if you go back to the votes—you talk about the Legislature—my friend from Whitby-Ajax voted against the freeze that we put in place in the fall of last year so that we could start to repair a system that was broken.

I'll tell my friend that we will do everything we can to make sure we have the good, solid opinion of the members of his party as we prepare to bring in our next phase of reforms. But I'll say that his record of reform in auto insurance does not suggest to me that the advice is going to be very helpful.

Mr Flaherty: Minister, you might want to go back and actually look at what we did in auto insurance when I was the Minister of Finance before you—

Hon Mr Sorbara: Yes. You let the rates go up and up.

Mr Flaherty: No. You might want to look at the regulatory changes that were made at that time, with which you are apparently unfamiliar.

Since you make a big deal about the Magna budget and so on, will you now practise what you preach and assure the members of the Legislature that we, as members of the Legislature representing our constituents, will be consulted fully before any changes are made with respect to the regulation of automobile insurance in Ontario?

Hon Mr Sorbara: I'll say to my friend that we don't make a big deal of the Magna budget. The people of Ontario make a big deal of the Magna budget. I remember during that period we had 16 or 17 editorials—an editorial daily—in the Toronto Globe and Mail pleading with your government to come to your senses and to deliver a budget in the Legislature. But the fact is that the budget was not a budget; it was a pre-election ploy to try to improve the prospects of re-election of your party. Frankly, the wisdom of the people of this province is much greater than of those who were organizing your campaign, and it was a failure. So don't say that we make a big deal of the Magna budget. It was the people of

Ontario who were very concerned about what you were doing to parliamentary privilege.

Mr Flaherty: The question is, are you going to consult, Minister?

Hon Mr Sorbara: I'll say once again that I am perfectly willing to consider the input from you and your colleagues and every member of the Legislature as we design this next package of reforms.

Mr Flaherty: So you'll make the information available to us as members so we can make informed comment. Is that correct, Minister?

Hon Mr Sorbara: I simply reiterate that we will make sure we have the considered opinion of the members of the Legislature as we bring forward our next package of reforms.

Mr Flaherty: Collective bargaining is underway in the province of Ontario in several important sectors, including with physicians and, in the education sector, with various unions, including teachers. One of the responsibilities of your ministry, according to estimates, is "establishing the government's financial controls." You know that 80% of the spending is transferred to spending partners. You have that in your economic statement. You also have your commitment, which you made on Friday in a speech, for cost containment, which was the expression you used.

I gather, although we haven't see it, that there is a letter out there relating to physicians' negotiations by your government—presumably your ministry knows about this, as the financial control centre of government—with the physicians proposing an average 6% increase in their compensation. Is it the position of the government, then, that the public sector and broader public sector should use that 6% as the benchmark in their collective bargaining in the province? If so, how on earth are you ever going to balance the budget in the province? Go ahead and do the rant about the deficit and all that, but once you've done that—

Hon Mr Sorbara: I invite you to do the rant about the deficit.

Mr Flaherty: —please deal with the issue of collective bargaining and why this 6% number is out there now in the first serious set of negotiations that have gone on.

Hon Mr Sorbara: I'm simply not going to take advantage of the invitation my friend offered to do the rant about the deficit. He has been a Minister of Finance. He knows the pressures on this province in terms of expenditures and he knows full well the extent to which costs of government in this province went up over the last three years of his party's time in office—by some 27%—while revenues actually went down by 0.06%. He's been in business; he's run a law firm. He knows that if your expenses are growing by 27% and your revenues are dropping by 0.06%, sooner or later you're going to hit a wall. As a result of the kind of public administration of his government, we're getting pretty close to that wall. I'm determined, I tell my friend from Whitby-Ajax, to clean this thing up and make sure we don't hit that wall, and to make sure that with the initiatives we take, that I

talked about on Friday morning, we ensure that this province gets back to financial health.

I listened to his leadership speech and I want to commend him on it. I thought it was inspired, as all the speeches were. But beyond the rhetoric and the politics, I think we have a common interest in creating a stronger balance sheet in Ontario to bring expenses and revenues back into line, to create a healthier investment climate so that that new generation of investment that will characterize the next Ontario economy will find welcome soil in this province. All of that stuff requires that we use discipline in public administration—

Mr Flaherty: Right, and that's the question.

Hon Mr Sorbara: —and it's the discipline in public administration that his party didn't have and that we will have that will characterize our collective bargaining negotiations.

1020

Mr Flaherty: Is that why you're increasing the cost of running your ministry, the administration costs, by 10.2% this year? Is that your idea of efficiency, Minister?

Hon Mr Sorbara: I tell my friend—he's been in this ministry—that we have not done, over the course of the past 10 years, a good enough job of collecting the tax owed to us. The only significant increase in the real work of the Ministry of Finance over the course of the next years will be for more aggressive, and therefore more equitable, tax collection.

Mr Flaherty: And as part of your cost containment, is that why you've authorized new spending of more than \$4 billion this year?

Hon Mr Sorbara: You know something? I'm going to get one of our officials to speak more directly on the authorization of \$4 billion more in taxation. I take it you're talking about the budget year 2004-05.

Mr Flaherty: I'm talking about since February 25, 2004, to March 2004. I can give you the list and you can go through it, and if you'd like to give us your comments on every one of these new spending items, I'd welcome them.

Hon Mr Sorbara: I have to tell my friend from Whitby-Ajax that I read his comments about the alleged \$4 billion more in spending when we presented our financial statements for the financial year 2003-04. I suggest that your figures were just plucked out of the sky. To suggest that we added \$4 billion with initiatives that we took from when we came into office on October 23 to the period ending March 31 is simply erroneous.

But to get more detail to you, Mr Chair, I'm proposing that Gabe Sékaly, the associate deputy minister for fiscal and financial policy, have an opportunity to respond more directly to my friend's questions.

Mr Gabriel Sékaly: Thank you, Minister. First of all, sir, I'm not aware of this figure that you're presenting us. I can tell you that in terms of the February to March period, I think you said—oh, OK. You are comparing 2003-04 to 2004-05? Is that what you're comparing?

Mr Flaherty: I'll give you the list. It might be easier for you just to go through it, if the ministry would like to

give us a response to each spending item. The minister is very fond of line-by-line analysis; we heard that in his speech on Friday. So I'd welcome a line-by-line analysis of the additional spending of more than \$4 billion.

Mr Sékaly: Well, sir, I'm looking at this list, and though there are announcements here, a lot of them were already in the 2003-04 fiscal year. If you look at the public accounts for the province of Ontario for the 2003-04 year that were tabled a week ago today, as you know, the deficit number for 2003-04 is \$5.5 billion, as verified by the auditor. The revenues and expenditures, as compared to the interim numbers that we put out at budget time, are pretty close to those numbers, and compared to the November fall statement as well are very close to those numbers. There is not \$4 billion in additional spending. If I look at this list, I think a lot of these are things already in the fiscal plan. Some of them, sir, are multi-year amounts over a number of years and don't relate to the 2003-04 list. For example, you have on this list \$500 million for auto sector, and that is over a number of years; it's not a one-year thing.

Mr Flaherty: It is a spending commitment, is it not?

Mr Sékaly: Over a number of years, not for—

Mr Flaherty: Right. So you'll let us have an analysis, then—

Mr Sékaly: I mean, you're talking about 2003-04.

Mr Flaherty: Right. You'll let us have an analysis? I don't want to spend all my time here while you go through every item. If you could send us an analysis, that would be very helpful for all the committee members.

Hon Mr Sorbara: Mr Chair, if I might, we will consider the advisability of sending an analysis. Maybe we should make a deal, I say to my friend from Whitby-Ajax, because what you reported and what I think you intentionally wanted to do is to create the impression that we spent \$4 billion more in 2003-04 than had been provided for in the budget that Ms Ecker presented for 2003-04, and that is absolutely—I mean, I don't know how you could say that. The Provincial Auditor just presented the audited financial statements of the province, and I'm going to ask Gabe to correct me if I'm wrong, but expenditures for 2003-04 exceeded the estimates and the budget for 2003-04 by about \$600 million, if I'm not mistaken, and much of that related to expenditures in health—

Mr Flaherty: You only have a minute left here.

Hon Mr Sorbara: —related to a terrible tragedy, SARS. So for you to go on record and to suggest that that figure is \$4 billion doesn't hurt us, but I'll tell you, my friend, it damages your credibility significantly.

Mr Flaherty: I appreciate your view.

A big 60-page report is due today because it was ordered to be produced. This is the report your government asked for from the public service about the cost of your promises. Is that going to be produced today, by the way?

Hon Mr Sorbara: I am advised that it is being copied right now.

Mr Flaherty: Good. I'd like to have a chance to look at that. Then if you'd come back before the committee and give us an opportunity to ask you questions about this report that you fought the production of that is now going to be produced today—would you agree to that?

Hon Mr Sorbara: You just hold on a second there, Mr Flaherty. You just hold on a second.

Just to correct the record again, Mr Chairman, I am given to understand the report will be made public later today. I haven't seen the report. The one matter I wanted to correct is, he suggests our government—

Mr Flaherty: Cabinet saw it.

The Chair: All right, gentlemen.

Hon Mr Sorbara: That is simply not true.

The Chair: Mr Sorbara, thank you. Mr Prue, you've been most patient.

Hon Mr Sorbara: It's one of his real strong characteristics.

Mr Prue: Absolutely. I'll go on to my second line, and that has to do with the government review and fiscal update.

I never get angry. Did you ever notice that?

Hon Mr Sorbara: I noticed that and I really admire that about you.

Mr Prue: On Friday you made an announcement about a large-scale review of government programs. It took some people sort of by shock because nobody has seen any kind of detail as to why this review, why you're changing directions in mid-budget year. Are the numbers bad? That's what I'm going to ask you first. Is the deficit worse than you had anticipated?

Hon Mr Sorbara: The answer is no. We're more or less right on target. Our estimates—we feel very comfortable with the rate of economic growth. Economic growth is somewhat higher than had been projected in the budget. Again, I'm going to ask Gabe to listen carefully and correct me if I'm wrong, but I think the budget forecast economic growth at 2.3%, and currently we're running at 2.6%. So for most of that, we're right on target. Revenues are more or less in the ballpark that we had provided for in the budget.

I guess one of the reasons that inspired the speech I made on Friday was that one of the components of the budget had simply not attracted very much public attention. The budget provided for some revenue enhancement. It also provided for cost containment, and I was very clear on that. Obviously, the revenue enhancement, the Ontario health premium, has been the subject of a lot of public discussion and media consideration. But we felt like our determination to get our house in order and to bring the province back to financial health in accordance with the budget plan hadn't received enough attention, so I felt it appropriate to speak about that publicly. One of the things I said in the speech was that we were absolutely committed to the central theme of the budget, and that is to be in positive territory, to have eliminated the deficit by the budget we present in 2007-08. That's going to take a lot of work.

Mr Prue: It is. I think your announcement sent chills down the spines of many public employees in the province of Ontario. How many jobs are you looking to axe?

1030

Hon Mr Sorbara: I don't think it should have sent chills down anyone's spine. I think in the spine of this government is the resolve to make sure that we get our financial house in order. I think you and I and the province heard the Premier say in the early days of our government that we had to be very prudent, that we had to work with our public sector partners and the broader public sector generally, and that we needed to manage the demand for additional revenues and salary increases.

I did not put out any specific numbers in my speech on Friday, because the work is really just beginning. What I said then and I'll repeat now is that inevitably, certain programs will be eliminated. I am really counting on the fact that this modernization of government will include new architecture so we can find new ways of delivering enhanced services. I said in my speech, and I'll repeat here, that our commitment to enhancing the quality of our education system, enhancing the delivery of health care and strengthening this economy are the three things that drive everything we do.

What I'm doing in this program review exercise is, in a sense, the back office stuff to make sure that we are as productive as we can be and as efficient as we can be as we proceed to reorganize, modernize and improve the delivery of public services.

Mr Prue: I think many of the people in the provincial civil service are looking at the types of deals that have been made, first of all with the community colleges, and now last week with the doctors, and are seeing themselves juxtaposed quite on the opposite side. If I could just forewarn you, I expect you're in for a harder time rather than a softer one with the direction you're indicating.

Hon Mr Sorbara: I appreciate your warning, but I think you would join me in acknowledging that we have to manage our relationship with the broader public sector more effectively than it has been managed in the past. Frankly, we have to reduce expectations. These will—I know my friend will agree—be difficult negotiations, but we weren't elected and put in office so that we could have an easy time of it.

My friend from Whitby-Ajax suggested that the OMA agreement is a 6% agreement. That is, for me, conclusive evidence that he has never seen the agreement, that he's never read it, that he doesn't know anything about it. I can tell you that, on average, doctors will receive around a 2% increase for services that they deliver. Some doctors, based on the nature of their practice, will receive 0%. Some doctors who are participating in the transformation of the delivery of public services and moving to family health teams, helping us to move closer to better home care, will receive more than the 2%. But for my friend from Whitby-Ajax to suggest that it is a 6% agreement is scaremongering, inaccurate and simply should be ignored.

Mr Prue: The province just got \$825 million from the federal government in terms of new health care dollars. Where is this money going to be spent? I know there was quite the kerfuffle in the Legislature when the last money was spent on sewers. Where are you spending this \$825 million?

Hon Mr Sorbara: My friend is absolutely right. The figure, as a result of the health care negotiations, will be around \$825 million this year. I'm looking to staff to make sure, and I'm going to ask my deputy to speak to it a little bit, but might I just say, by way of introduction, to put something on record on the accord, it was a good agreement for the country.

One of the things that I think that agreement did is reconfirm this country's commitment to a universal public health care system from sea to sea to sea. If those negotiations had broken down, if the Premiers had walked away mad and the Prime Minister had walked away without an agreement, I think editorialists and commentators would be writing today that Canada is losing its public health care system because governments at various levels couldn't agree. Aside from all the figures, the great thing that happened was that the governments of this country—10 provinces, three territories and a federal government—got together and said, "We are going to improve this system and we're going to recommit to it."

I'll get to some of the specifics in a second; \$18 billion over six years. It sounds like a huge amount of money and it is a huge amount of money. Frankly, I don't think the federal government was anticipating spending that much when they sat at the table at the beginning of the conference.

Mr Prue: OK, but where are we spending our \$825 million?

Hon Mr Sorbara: For Ontario, in the first year it will be about \$825 million and thereafter about \$1.3 billion.

But just before we get to the specifics, I have to put in a plug for the work our Premier did to keep people at the table. When temperatures were rising, when it looked like the thing was breaking down, the Premier of this province, in the great tradition of Bill Davis, John Robarts and going back to George Drew—my God, like Bob Rae and David Peterson—put the interests of the country ahead of the interests of the province. He, more than anyone else, kept people talking when things were getting difficult.

Now let's let the deputy talk about specific numbers.

Mr Andersen: The minister was correct when he said that for Ontario it means we're going to be getting about \$825 million this year and then an additional \$1.2 billion, roughly, over the next number of years. It roughly stays flat from that point on. Under the agreement there were a number of components, and some of that funding goes into the base, essentially. Other parts of it are earmarked for some specific things and there is some one-time funding included in that.

Certainly Ontario has said that every single dollar of that is going to go into health care spending. Just to go through some of the components that were agreed to,

there was some money that was going to go into the base to cover off home care and catastrophic drug coverage. The federal government had described that as the Romanow short-term gap, and that was some one-time money. Then there was also an additional increment to the base in 2005-06 for home care and catastrophic drug coverage, as they had put it. There is an escalator that kicks in in 2005-06, roughly in the amount of 6%. Then there is also a wait-times fund that is a separate amount of money that's earmarked specifically for that and carries on for about 10 years or so. Then we'll see. This year, in 2004-05, there is also a one-time fund for medical equipment funding. So that fund is very specific for purchases of equipment in the health care sector.

As you can see, there are some funds that are more general in nature that the Ministry of Health could use to work with regard to health care spending in general. We have committed as well that there will be a full accounting of where the money is spent, similar to what we did in the budget, where we laid out where we are going to be using the available funds. Until we see the exact form of the legislation that the federal government puts out—because they do actually have to put this into legislation for it to take effect—we're still continuing to work with the ministry on those amounts.

I think it's safe to say that, as the provinces said all along, the funding the federal government is providing is very helpful. We were concerned in Ottawa that expectations were being raised that were above and beyond the amount of money that was provided, and we continue to have that concern. But that being said, we are going to be able to make progress on wait times with this funding and we'll be working with the Ministry of Health in the next few months to determine exactly where it's going to go. It will go for the purposes that were agreed to, and certainly it's going to help Ontario with the transformation agenda that we already have underway in the areas of primary care, home care, long-term care and the like and with reducing wait times overall.

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Mr Prue: Do I still have time?

The Chair: You have four minutes.

Mr Prue: Excellent. In last year's budget you talked about how much you were spending in health care, and then you opined that next year you are going to be spending about \$600 million extra on health care. Next year you're going to get \$1.2 billion or \$1.3 billion, depending on which one of you is correct. Can we anticipate that that's not going to read \$600 million any more but is going to be closer to \$2 billion extra for health care? Or are you going to be spending the federal money somewhere else?

Hon Mr Sorbara: I'm going to ask the deputy to speak to some of the details of that. But one of the things you need to understand is that the health accord with the national government and other provinces is an effort to strengthen basic health care funding in Ontario and in every other province.

You may have heard about the famous so-called "Romanow gap." I don't think the Romanow gap of

25%—well, let's just spin the tape back a little bit. The Romanow gap is notionally the difference between what Roy Romanow in his report thought ought to be the federal government's basic funding of health care—25% of the health care costs of the provinces—and what the federal government was actually contributing to the delivery of provincial health care programs. That was notionally known as the Romanow gap. There was a lot of discussion about it during the negotiations in Ottawa.

One of the things the agreement does is to provide additional funding to support the basic delivery of health care in a way that had actually fallen precipitously back in 1995, when Paul Martin, then finance minister, cut so much out of transfers to provinces.

Mr Prue: OK, but are you cutting the \$600 million? That's the question.

Hon Mr Sorbara: Before I turn it over to the deputy, let me say that we presented a budget plan for four years on budget day in May of this year. We are pretty much going to be sticking to our forecast. But I don't want to be specific about what the actual numbers are for 2005-06 until that budget is presented.

With that, I'll turn it over to the deputy.

Mr Andersen: As you'll recall, in the budget there were multi-year expenditure numbers that were outlined for the Ministry of Health, and now that we're seeing how negotiations with the federal government have gone along with regard to the amounts of incremental funding—as I had said, this year we're going to get \$825 million more. Then that number would go up to \$1.2 billion. So the year-over-year increment is only \$400 million in the additional amounts. However, the amounts we have in those multi-year numbers that were in the budget did anticipate that there would be some growth in specific areas. The federal money that's coming in is certainly going to help pay for some of the growth that was contemplated.

What we're looking at is working with the Ministry of Health over the next little while to determine how those expenditure limits that were printed in the budget are going to go up. We're just determining, with regard to the strings that are on that money, exactly how to recalibrate the ministry's spending plans, if you will.

But again, we go back to the fact that all of the incremental money that is going through the Canada health transfer is going to be spent in the Ministry of Health and on health care.

Mr Phil McNeely (Ottawa-Orléans): Minister, there are billions of dollars' worth of infrastructure in this province and the municipalities and billions of dollars' worth of maintenance needed for that infrastructure. Rozanski identified I believe \$2 billion just in schools. In the Legislature, the former Minister of Transportation brought up that there are over 1,000 unsafe bridges in this province, I believe. I believe those bridges were unsafe prior to October 2003.

So we've had asset-burn going on in the municipalities and, I think, at the provincial level for years—schools, hospitals, energy. You've brought in a new program, the

Ontario Strategic Infrastructure Financing Authority. How will this help municipalities stop their asset-burn, because they have not been keeping up with maintenance of their assets?

Hon Mr Sorbara: I want to thank my friend for the question. I want to say, by way of introduction, that the renewal of this province's infrastructure in the very smallest of communities and in the big city of Toronto is a very high priority for me. That's why it received specific attention in the budget, and I think we're making some progress.

The importance of these infrastructure initiatives not only relates to creating a better investment climate, which brings in the wealth and the job creation that will feed us over the next 10, 20 and 30 years; it also just touches the quality of life of every Ontarian. The pollsters do the polling about, "What's your top priority?", but I think, if you just got into the headspace of the people who live in the greater Toronto area, they would say, "Deal with the darn traffic, and I can cope with everything else." So we've got a lot of work to do in infrastructure renewal in the greater Toronto area.

Similarly, we've got a lot of work to do in the very smallest of communities. When I was in North Bay, I heard about a small municipality that can't repair a bridge, so that the traffic now has to travel on a 20-kilometre detour.

One of the projects that we launched in the budget was OSIFA. Folks should get to know about OSIFA. That stands for the Ontario Strategic Infrastructure Financing Authority. It will be one, but not the only, vehicle that we use to help municipalities deal with the challenges of financing infrastructure and infrastructure renewal.

I'm going to ask Bill Ralph, the chief executive officer of OSIFA, to give you just a few more details, if I could.

Mr Bill Ralph: Thank you, Minister. As the minister said, OSIFA was created in the 2004 budget to assist public sector institutions in building strong communities across the province. Historically, the high cost of long-term financing has been an obstacle with respect to infrastructure investment in the public sector. What OSIFA does is provide access to the capital markets for a large number of municipalities and other institutions that don't have access on their own.

Just by way of example, there are 445 municipalities in Ontario. Of those, only 30 municipalities have their own credit ratings and can access markets on their own, which means that the other 410-some-odd have had to rely on relatively high-cost, shorter-term bank financing. What OSIFA does is pool the requirements of the various municipalities into one large borrowing pool. OSIFA then will issue what we call infrastructure renewal bonds, which are essentially similar to provincial debentures but are issued by OSIFA as a stand-alone agency. The funding that we raise for the issuance of these bonds is then on loan to the various municipalities across the province to invest in infrastructure projects.

I should point out that the infrastructure renewal bonds are not guaranteed by the province of Ontario, so they are

not an obligation of the province of Ontario. OSIFA has a stand-alone credit rating, which we rely on to be able to access capital markets officially.

The first issue of the new infrastructure renewal bonds, we expect, will go on sale later this year. We expect that they will be extremely attractive as an investment for both large institutions, like pension funds that are looking for opportunities in infrastructure in Ontario, as well as individual investors. I think there is a notional connection there between local investors and investing in local infrastructure.

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As I said, we will be providing financing for a large array of municipalities to repair, as the minister was alluding to, or I think maybe the questioner was alluding to, the various bridges, drinking water systems, sewage treatment facilities, public transit facilities across the province, and, moving out over the balance of this year, we'll be including municipal long-term-care facilities and municipal social housing facilities.

So far this year, on August 20, Minister Sorbara and Minister Caplan announced the results of phase 1 of the OSIFA program, which will provide 90 municipalities in Ontario with some \$965 million in infrastructure financing. At the same time, the ministers launched round 2, which will close on October 29, so if there are any municipalities out there that are looking for infrastructure financing and haven't got their applications in yet, they should certainly be looking to get them in by the end of October. In this round, as I mentioned, we are including municipal long-term-care facilities and municipal social housing.

In the 2004 budget, Minister Sorbara indicated that the OSIFA program will be broadened over time to include various other parts of the broader public sector, including hospitals, colleges, universities, schools and affordable housing. We are working with our colleagues at finance, the Ministry of Public Infrastructure Renewal and the various relevant line ministries on how and when that expansion of the program will proceed.

There's one final comment I would make. In the budget, Minister Sorbara also invited the federal government to participate in this program by contributing either to its capital or perhaps to some sort of interest reduction program for various hardship cases. We are continuing discussions with federal staff on that. While OSIFA is viable on its own without federal participation, that kind of federal support would enhance its effectiveness.

That, in a nutshell, is how it works.

The Chair: You still have some time.

Ms Caroline Di Cocco (Sarnia-Lambton): One of the things we inherited after the election was the surprise of the deficit of this province. In the act that was presented, the Fiscal Transparency and Accountability Act, I'd like you, if you could—because the people of Ontario are really sick and tired of these games, the games that governments play prior to an election. It's about withholding information that's a bitter pill to swallow. One of the things that amazed me was the last

fiscal update that was provided by Janet Ecker just a couple of weeks prior to the election. That kind of practice of government being allowed to fudge the numbers any way they see fit is something that certainly has to be stopped. I'd like you, if you could, Minister, to speak to the whole notion of both transparency and accountability when it comes to the fiscal situation of the province and how we're going to move that forward.

Hon Mr Sorbara: I think it's a great question, particularly because, amongst all of the discussion and response to the May 18 budget, I don't think very much attention has been given at all to the Fiscal Transparency and Accountability Act, which was introduced as part of the budget bill package. I think, quietly and effectively, this act, down the road for the next 25 years in Ontario's public life, will have a very positive impact to improve the quality of our politics and of public administration.

Central to the act is a requirement, six months before an election, for the government to put before the public financial statements that have been commented on by the Provincial Auditor so that during the election campaign each of the political parties is working from the same information base. That is going to be a tremendous benefit. You remember that during the last election campaign, all the debate was whose figures were accurate.

In the Magna budget, it was projected that wages and salaries would grow by 6%. In actual fact, the financial statements that were released a week ago last Monday show that during that year they grew by 2.8%, and the 6% was a wildly optimistic projection. The budget proposed that there would be revenues from asset sales of I think \$2.2 billion. In effect, the only major asset sale that took place under the previous administration was the sale of Teranet, which the minister of the day announced was sold for \$370 million, but when the Provincial Auditor signed off on the financial statements, the actual net revenue of the province's 50% interest in Teranet was \$126 million. I just bring those up as examples, because it's the battle of the numbers.

Under the Fiscal Transparency and Accountability Act, the government will be required to put financial statements before the public six months before an election. And remember, we have now fixed the date of elections in Ontario. No more having elections when it's convenient for the government; that's over in Ontario. Six months before the election, financial statements that carry the opinion of the Provincial Auditor have to be placed before the public. That will be the basis upon which political parties can present options, can present proposals. But the good news is that they all have to work from the same rule book.

There are a few other elements to this act, including regular reporting. I'm going to ask Gabe Sékaly to comment on those components of what we lovingly call "fitah"—FTAA—in the Ministry of Finance.

Mr Sékaly: The Fiscal Transparency and Accountability Act, which the government tabled as part of its budget, is a trend right around the world in terms of greater transparency to the public, which then leads, ob-

viously, to greater accountability. The more transparent you are, the more you enhance accountability.

As the minister stated, one of the key components in the legislation is a pre-election report, which would lay out for the public the finances of the province and the projections the government has in terms of its budget. That report, which would be termed a pre-election report, would be opined upon or commented on by the Provincial Auditor. He or she—because I understand there's a search for the new auditor—would comment on the validity of the assumptions that the government has put forward in their pre-election report.

I just want to correct one thing. The timing of the pre-election report is to be done by regulation. We are in discussions with the auditor, because obviously they have to be comfortable in terms of their ability to comment on that. It's likely to be between three and six months prior to the election, but we do have to consult with the auditor exactly on that timing and his ability to perform that work. Between now and 2007, we will be working with the auditor to finalize all the arrangements on that.

I would also like to say that these kinds of pre-election reports are done in a couple of other jurisdictions. Australia and New Zealand are two jurisdictions that do have this kind of report.

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The Fiscal Transparency and Accountability Act also has a number of other measures that enhance accountability beyond the pre-election report, some of which we have already put forward in the last budget as well as the public accounts that came out a week ago. That included a multi-year fiscal framework, providing multi-year numbers on both expenditures and revenue to the public, and it included information on risks. In both the budget and the public accounts, there's quite an extensive description of risks to the fiscal situation of the province on both revenue and expenditures. That provides the public with additional information to understand how things can happen in terms of government and gives them a greater understanding of how the government is spending their money.

We're also looking at improved quarterly finances and legislating the timing of when those updates are provided to the public and other measures that are going to improve accountability and transparency. As I said, that is part of a trend around the world. I think this legislation, compared to other pieces of legislation around the world, is quite advanced. We did look at other jurisdictions. We looked at the OECD and the IMF best practices in designing this legislation to make sure it was one of the best in the world in terms of enhancing accountability and transparency so that you, as legislators, could do your job more effectively.

The Chair: Thank you very much, Mr Sékaly. I'd now like to recognize Mr Flaherty for 15 minutes.

Mr Flaherty: Thank you, Chair. Minister, with respect to this 60-page document that the Information and Privacy Commissioner ordered the government to release today, October 4, 2004, is it your recollection that you have not seen the document?

Hon Mr Sorbara: That's right. I haven't seen the document.

Mr Flaherty: Who instructed your officials to fight the application for freedom of information that the document be released? Because your ministry fought against the release of the document.

Hon Mr Sorbara: No one.

Mr Flaherty: No one? No one gave instructions to the people at the ministry? Is that the way you run your ministry, Minister, that no one gives instructions, that people go do what they want?

Hon Mr Sorbara: On the matter of the question as to whether or not this document came within the purview of the Freedom of Information and Protection of Privacy Act, no one whom I am aware of, and certainly not me, gave any instruction whatsoever. The ministry simply dealt with the application in the normal course. I have not seen the document. I should tell you that it was prepared under a previous administration, your administration. I wouldn't comment further on it, because I've never seen it.

Mr Flaherty: You have your ministry officials with you, sir. They took the position that the 60-page document was exempt from freedom of information due to cabinet confidentiality, among other reasons. So this, I take it, according to your own ministry, is a cabinet document. Are you still saying you have not seen it, as a member of cabinet?

Hon Mr Sorbara: I will tell my friend that it was prepared before the McGuinty administration was sworn into office. Other than that, just let me leave it to the deputy minister, because it was the ministry that responded to the freedom of information request. I'll turn it over to Deputy Colin Andersen.

Mr Andersen: The document that is being discussed was one that was part of the preparations that civil servants do in any election. The work began on the document in question before the election started. Essentially, there was work done to compile and track a list of initiatives from all of the various parties. Any of the costing work, which is what you're alluding to, didn't actually take place until after the election outcome had happened, so during the month of October was when the significant amount of work was done on the actual costing of the initiatives.

In terms of some of what we had been talking about, the FOI process with regard to the treatment of that information, we do believe that there are sound legal principles related to budget secrecy and cabinet confidentiality that could have been used to argue against the disclosure of this document in further legal proceedings. We have, however, made the decision to release the document. It wasn't a document that actually went into the cabinet decision-making stream, if you will. It was prepared in anticipation of an incoming administration and the fact that the civil service has to be ready to go when the new government comes in.

Mr Flaherty: Deputy, to whom was the report delivered?

Mr Andersen: I don't think the report was actually delivered to anybody. It was actually the creation of a volume of information, if you will. We had created a database that had been used with a common set of initiatives that all the central agencies had tracked, and then we were putting information into that. The document that you're talking about was produced from that database. So it wasn't actually delivered and no government members actually saw the document until probably the last three or four weeks.

Mr Flaherty: How can the public service and your ministry—and you're the deputy—take the position that the document is subject to cabinet confidentiality when it is not a cabinet document? Either it is or it isn't.

Mr Andersen: The information in it is the kind of information that can find its way into cabinet submissions, the budget process and the like. It's well established that there are a number of options, costings, developed as part of the budget process and the cabinet process, and the premature disclosure of some of those kinds of things can actually jeopardize some of the underlying principles of the budget. While the document itself didn't actually end up being tabled at cabinet, the information in it, because it was comprehensive in nature and cut across a number of ministries, very well could have, and that's why we had maintained that there are those sound principles with regard to budget secrecy and cabinet confidentiality.

Mr Flaherty: We know it is a costing of the campaign promises made by the current Premier of Ontario. We know we had to make a freedom of information request to get it. We know the ministry fought it, and we now know that it's going to be released at 11:25 am, in a few moments, despite the efforts by the government to keep it confidential, secret—yes, that's right, secret—from the people of Ontario under freedom of information. Is the minister not briefed regularly on the freedom of information requests to the Ministry of Finance? Because I was.

Mr Andersen: While we do hold the freedom of information act in high regard and take requests very seriously, there is no political direction we're given with regard to individual items that come forward. We do have them work through the due course. For example, we generally don't know who is making the requests. When it gets to the stage where we know that items are going to go out into the public domain, then naturally we brief the minister on the pieces of information that are going to go out there in anticipation of the fact he may have to respond publicly to that content.

Mr Flaherty: Deputy, is the current minister not told on a regular basis what freedom of information requests have been made to the Ministry of Finance and the position that is proposed to be adopted by the ministry?

Mr Andersen: Like every ministry, we have a freedom of information coordinator who works with the staff in the ministry, when a request comes in, to review those, and they work their way through the process. So no, it's not actually the case that for every request that comes in, the minister is informed of it.

Hon Mr Sorbara: Probably my friend, when he was finance minister, considered the freedom of information act as a political forum. I don't take that view, I tell my friend. Therefore, I am not briefed about what requests have come in, because I think it would be inappropriate for me to comment on them. There is a process, a quasi-judicial process, to determine which requests should be met and which should not. During your time, you may have interfered. You probably did interfere in every single request. You probably took up all your time—

Mr Flaherty: You're talking nonsense.

Hon Mr Sorbara: —considering your briefings on freedom of information. My view is that the ministry can handle those requests and will handle them subject to the law, not subject to political considerations.

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Mr Flaherty: So it was your idea, Deputy, I gather, not the minister's idea, that you would cost all the promises and then not disclose it to the public—or the new government, I gather.

Mr Andersen: Well, for one thing, I came back to the ministry in February. The majority of the information that went into this document was created in the month of October.

Again, I'll go back to the fact that when there is a transition of government, civil servants have the responsibility and the obligation to be prepared for when the new government takes power. To that effect, we had looked at the platform and begun the gathering of some information. That was based on the contents of the platform itself and publicly available information and, in some cases, consulting with the ministries that were responsible for particular initiatives. It was not done in consultation with the incoming government. It was created based on very preliminary information, if you will, and it didn't go through a rigorous signoff process by deputies or ADMs or the like, and likewise it didn't go through the rigour of the cabinet submission process either, which obviously involves a much more detailed examination of design details and options and that kind of thing.

I just go back to the fact that it's part of getting ready for a transition to government.

Mr Flaherty: Did you give it to the transition team?

Mr Andersen: No.

Mr Flaherty: So you kept it in your office?

Mr Andersen: Again, I wasn't in the Ministry of Finance. I was in Cabinet Office at the time, so I was involved in the transition process. The Ministry of Finance would use that kind of information in developing the transition materials, but this particular document was not provided, I am told, to any political officials.

Mr Flaherty: Was the costing information in the document provided to the transition team?

Mr Andersen: Not that I'm aware of.

Mr Flaherty: All right. Can you find out and let us know, since you weren't there at the time, Deputy?

Mr Andersen: I'll ask the associate deputy minister, who was in the ministry at the time.

Mr Sékaly: No, this document was not provided to the transition team and it was not provided to any minister. That's it.

Mr Flaherty: My question was, was the costing information provided to the transition team?

Mr Sékaly: No.

Mr Flaherty: Was any information from the document used with any of the political people?

Mr Sékaly: No.

Mr Flaherty: So this is a document that was created by the Ministry of Finance that the Ministry of Finance, without the authority of the minister, decided on its own to refuse to produce to the people of Ontario under the Freedom of Information and Protection of Privacy Act in the province. That's what we're expected to believe.

Mr Andersen: Just to clarify, in the period between the election and the incoming government, there wasn't a new Minister of Finance yet, and the material that was done was prepared in anticipation of a government coming in. When the government did come into office, then we went through the more formal process of developing their first throne speech, the cabinet agenda, working toward developing their first budget. So this document essentially ceased to be a living document, if you will, and we went into a different process. Some of the same kind of information would have been developed through that process, because obviously the initiatives were there and were put before government to consider in developing all of its particular agenda.

A platform is one of the things that a government takes into consideration when developing its fiscal plan and its first budget and fall statement and the like, but it also looks at the circumstances of the day, emerging priorities and certainly the prevailing economic and fiscal realities. As the minister has said, in the months immediately following the election, the government was dealing with looking at the fiscal situation it was faced with, which was not the same one it had contemplated.

Mr Flaherty: Thank you. We will have an opportunity to see it in a few minutes, now that we're in October 2004. This is a document prepared, I gather, more than a year ago or about one year ago, which we fought for production of. Would the minister agree that he and his deputy minister and the senior ADMs would come back to the estimates committee once we've had a chance to see this document that has the costing of the promises of the Liberal Party in it, that we have fought for production of for about a year?

Hon Mr Sorbara: First of all, let me say to my friend from Whitby-Ajax that the document was prepared while Ernie Eves was the Premier and Janet Ecker was the Minister of Finance. I became the Minister of Finance on October 23, and from that moment our planning was driven by the realities of the day, not a document prepared during a previous administration in anticipation of the possibility of the election of a Liberal government.

In direct response to your question, it would be absolutely inappropriate for me to interfere with the timing demands of the estimates committee. I certainly

will be here for the balance of the time that the estimates committee has allotted to us to consider the estimates of the Ministry of Finance. I'm sure that over the course of the next year you will have plenty of questions, in a variety of forums, on a variety of issues, but I wouldn't want to interfere with all of the demands that are before this committee and the time it has to consider the estimates of the entire government.

The Vice-Chair: The Chair recognizes Michael Prue of the NDP.

Mr Prue: I'd like to go back to these figures—they fascinate me—about health care and what people in Ontario can anticipate happening.

Hon Mr Sorbara: Mr Prue, just before you do that, you asked for some information on the Facility Association and I'll just read it into the record.

Mr Prue: Oh, perfect.

Hon Mr Sorbara: Apparently the membership in the Facility Association peaked at 225,000 insureds who were covered by the association. It is now at 165,000 and declining. The 165,000 represents 2.8% of the market.

Mr Prue: Thank you. Back to this health care, the deputy minister made a statement about \$400 million. I'm not sure exactly where that was coming from and I'd like you to clarify the \$400 million.

Mr Andersen: That's in regard to the additional money that came out of the agreement in September 2004 in Ottawa. So it's the Ontario share. We'll be getting \$825 million more in 2004-05 out of that and then \$1.2 billion in 2005-06. So when I said the year-over-year increment that's coming out of that, I'm comparing the \$1.2 billion to the \$800 million. That's the year-over-year increase, if you will.

Mr Prue: OK. It's my information or my understanding that the existing federal health increase for 2003 was \$800 million. Is that correct?

Mr Andersen: I'll have to get back to you on exactly what the increment was for 2004—you're asking for this year?

Mr Prue: For 2003.

Mr Andersen: For 2003-04 or 2004-05?

Mr Prue: Yes, 2003-04.

Mr Andersen: We'll just see if we have that information.

Mr Prue: Then the health accord was an additional \$400 million.

Mr Andersen: Well, the health accord is \$825 million over and above for 2004-05. That's why I'm just trying to clarify which year you're talking about. You previously said 2003-04.

Mr Prue: OK, let's clarify all this, because I think people have an anticipation here. How much is the health tax bringing in?

Mr Andersen: It's about \$1.6 billion this year, growing to about \$2.4 billion or \$2.6 billion for next year.

Mr Prue: So altogether we're looking at \$4 billion in increased money revenues available?

Mr Andersen: No. The health premium matures at \$2.4 billion and the—

Mr Prue: So for next year, I just want you to tell me how much extra money is going to be in the system over and above what there is this year.

Mr Andersen: In comparison to 2004-05 as the base?

Mr Prue: Yes.

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Mr Andersen: I don't want to add up figures on the back of an envelope here, so maybe we can endeavour to get you a table that shows all of the various component parts and the additional amount of funding, starting with the 2003-04 year, that we have public accounts for, and then additional amounts in 2004-05 and 2005-06 on the revenue side.

Mr Prue: OK. That's what I'm looking for: 2004-05 versus 2005-06. All I can see is a lot of money flowing in, an awful lot of extra money flowing in next year and the year after that in terms of the accord, in terms of the health care increase, in terms of the health tax, and that's what I'm trying to nail down. Where are we going with this? Is there \$2 billion, \$3 billion, \$4 billion? How many billions of dollars extra are there going to be for health as a result of this accord and the health tax?

Mr Andersen: The other thing I just want to point out is that it gets quite complicated because the federal government had provided some time-limited funds that come to an end during the period that you're talking about. So while there's money going in, there's also money coming out. When you look at it on a year-by-year basis, the overall increments aren't necessarily just the ones you're talking about, because we also have to consider funds that are coming to an end.

For example, there were some funds in the previous accord, from 2003, the agreement there, for some supplements which were one-time in nature. The 2003 supplement comes to an end after 2005-06, and likewise the 2004. There was some previous diagnostic medical equipment funding that had also been provided that came to an end. However, in this year's agreement there was a \$500-million one-time fund again that was added. So we have to look at all the ins and outs to be able to answer your question. I think that's why a table that shows all of that would probably be the clearest.

Mr Prue: Is it fair to say that the amount of money coming from the federal government, the additional amounts of money, is about the same as or close to the same as the amount of money that is being realized by the new health tax?

Mr Andersen: No. Certainly the health premium for 2005-06, for example, generates revenues of about \$2.4 billion. The incremental amount of money that we're getting from the federal government as a result of the meetings in Ottawa is about \$1.2 billion over and above what had been contemplated in the past.

Mr Prue: So it's about half.

Mr Andersen: In dollar figures, yes. The new incremental amount from the recent Ottawa agreement was about half. It's about \$1.2 billion.

Mr Prue: I promised a woman I met last week that I would ask the question why—the minister, I guess, is the

one who's going to have to answer this—with all of this new money becoming available, she should have to pay the health tax. Surely that should be covered from taxes she's already paid to the federal government, which you're getting back. I'm going to put the question right to you, as I promised her I would.

Hon Mr Sorbara: I think it's a fair question. No finance minister likes the reality of having to bring in any kind of new levy, whether it is specifically dedicated to health, as is the Ontario health premium, or a general tax increase.

But the way I would speak to her, if I were talking to her directly, would be that 46% of all of the money we spend operating programs in this province goes to health care. The rates of growth are very significant indeed, whether you look at the rates of growth of hospital spending or the rates of growth of drug therapy, which is, I think, at last estimate growing at a pace of about 15%. Overall costs are in the neighbourhood of 6% or 7% or 8%. That is much greater than the rate of growth of the economy.

At the same time we're looking, in health care, at some interesting new dynamics. As the Premier has said, we're looking at the baby boom generation moving into their senior years, and in the senior years we tend to consume health care costs. We tend to need more care from doctors, hospitals, home care and the like.

So the short answer, I say to Mr Prue, is that the pressures on the system demanded that we increase the base of our revenues so we could meet those demands. At the same time—and this is what my speech on Friday was all about—we've got to transform the architecture of the system, because we cannot survive in a world where the economy is growing at 3% or 4% and the demand for public services is growing at 10%. That is a recipe for some very bad news down the road.

I was asked dozens of times after the health care accord, "Is it enough money now to look at removing the Ontario health premium?" My response then, as it is now, was that we have built into the legislation on the health premium a five-year review because it is an unusual tax; it's a hybrid kind of tax. During these five years we hope to be able to transform the delivery of health care. That's the first point.

The second point is that the funds that will come to us as a result of the health accord were contemplated even as we brought in the budget that brought us the Ontario health premium—not the specific dollar amount, but we had contemplated that during the course of our next year we would be meeting with the federal government, with the provinces, and renewing their commitment to health care. At the time of the budget, we didn't know it was going to be a Liberal government in Ottawa. We didn't know it was going to be a Martin government in Ottawa; we didn't know about Mr Martin's commitment to having an accord that would cover a 10-year period, but we knew that, whoever was there and whatever the political dynamic, the provinces and the federal government needed a new arrangement. This arrangement is

good and healthy, and I congratulate the Prime Minister for having the courage to sign on the bottom line. But it does not provide all the answers and all the revenues so that the next stage is to do away with the premium. As I said, when the premium was put in place, we contemplated, even at that time, that there would be a new health accord for all provinces and the federal government.

Mr Prue: At the time of your budget, you cut chiropractic services, you cut optometrists, you cut physiotherapists and you said we couldn't afford it. Can we still not afford it with all of this extra \$1.2 billion?

Hon Mr Sorbara: I think the short answer is, we still can't afford it. These are not easy decisions. I've met with dozens of chiropractors who suggest the possibility that cutting their services will cost the health care system more. I don't agree with them. I, frankly, do not believe that people are going to stop using the services of chiropractors. That would be an inappropriate response. We need to remember that the maximum support that the Ministry of Health gave to any individual for chiropractic services in any year was \$150: a maximum of \$10 per visit to a maximum of 15 visits—more or less; it may be \$9.75, it may be \$10.25, but I'm in the right ballpark. I don't think consumers—certainly those who go to chiropractors—are going to change their behaviour. It is not pleasant, I'll tell my friend, to put that extra individual burden on those about to visit their chiropractor. It's not pleasant. There's no joy in it, but we have to make some tough decisions when one area of government is growing at a rate of 6% and 7% and 8%. Similarly for the physiotherapy.

In the area of eye care, let us remember that Ontario was the only province to publicly pay for routine eye examinations. In eliminating that, we came into conformity with the rest of the country. Not easy, not something you relish doing, but the fact is, my responsibility is to make sure we get our financial house in order. Periodically, that will mean cutting some services and, as I said during my speech on Friday, eliminating some programs.

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The Vice-Chair: There's just one minute left.

Mr Prue: Just to put it all in a nutshell—and tell me if I'm wrong—there are going to be billions of extra dollars from the federal government and billions of extra dollars from the health care premium, and it's anticipated that there are still going to be additional cuts to the health service and no reinstatement of those items which were cut in last year's budget. That's what people can anticipate—and no changes.

Hon Mr Sorbara: No—

Mr Prue: That's what I heard.

Hon Mr Sorbara: If that's what you heard, then I did not express myself very clearly.

I think that whoever had been elected on October 2 last year would have had to deal with increased revenues for health care. In retrospect, it's just the demands of the system.

As I said in my previous answer, the extra revenues from the federal government are not unanticipated. The

demand to bring some better financial discipline to our health care system is a reality that every health minister and every finance minister is facing right across the country. Ontario is no different than anyplace else in that regard.

The Vice-Chair: The Liberals in this round, starting with Ms Di Cocco.

Ms Di Cocco: All the members of the committee have just received this document. I had a chance to read the cover page here while Mr Prue was asking questions. I have a number of questions about this whole process, because there are so many waivers, if you want.

In the very first instance, it talks about how this “document contains very preliminary information that was gathered by the civil service during and immediately following the October 2003 election.

“Documents like this are created to allow the civil service to be in a position to begin fiscal and policy planning ... as part of the ... transition to new government.”

It goes on to say, “This document is a draft document that was never completed or finalized as the government, upon assuming office, dealt with the fiscal situation and embarked upon its budgetary process to determine its priorities with that fiscal context. The assumptions contained in this document did not have the rigour of a normal budgetary review or consideration by a cabinet policy committee.”

It also goes on to say, “The document never had the benefit of a vetting with the incoming government to determine the validity of the assumptions about specific platform commitments.”

I'm reading this because I think that we should take this type of information in the context of what is real and what was assumed. There are a lot of assumptions made here without taking into consideration the fiscal context which the government came into.

Also, it talks about the many uncertainties that existed when this document was created, because the commitments had not even been translated into government priorities.

Again, it says here, “The reader should not add up the column for a particular year,” and I'd really like an explanation of that. I'm not sure what that means, as that would assume that all of the commitments are commenced in the first year of the new government.

I also noted in this other previous document—and I'd like to know if this has ever been signed off, or was this a generalization of possibilities or probabilities rather than it being a document that could be stated as factual? I'd like an explanation.

Hon Mr Sorbara: Let me say that my friend from Sarnia has now had the benefit of reading the front page of the document. I've never seen the document, nor have I had the opportunity even to read the front page, so I'm going to ask my deputy to comment on it and to answer the questions that you raise.

Just to speak to one specific issue, I don't know how this document dealt with our commitment on two cents a litre of gas tax going to the municipalities, but I know

that we spoke about that during the campaign. After we were elected, we created a phase-in system for that so that this month, the first cent of that two cents per litre will be going to municipalities. In October of next year, that is, two years into our mandate, we will move it up to 1.5 cents. Then in the third year, the two cents a litre will be fully funded. So you can see how that has financial implications.

In the first year of our administration, that commitment didn't cost us anything because we haven't begun until the second year, and we made that clear in the budget. But again, I have no idea how that was dealt with in this document. I haven't seen the document. I don't know what analysis it has used. I know that governments tend to do this thing, civil service administrations tend to do this thing, at the time of an election. So let's turn it over to the expert, the deputy, on how the civil service does this kind of thing.

Mr Andersen: As you noted, and as the explanatory notes that are on the document point out, it should be regarded as a very preliminary background document. It's the kind of document that civil servants prepare to get ready for an incoming government. There's no political direction to do it, but it is part of our responsibility in being able to be ready to assist a new government or a returning government in preparing its first throne speech, a cabinet agenda, its fall statements, its fiscal statements, its budgets and the like.

What had happened at the time was that we were tracking commitments that were being made, so we had a list of those. Then after the election date, we actually began in earnest to go through those, item by item, and try to assign some costing. Now, that necessarily implies that there are assumptions that are made, some of which may or may not actually end up prevailing, because we're not, at that point, in discussions with the authors of the document, and, for that matter, the new government has not been sworn in. So the more rigorous process of working with them to develop the fiscal plan and the like hasn't begun.

When the government is sworn in, obviously the platform is one of the many things that it looks at in consideration, developing the budget and the like. As I had said earlier, they have to look at the circumstances of the day, emerging priorities, and certainly the prevailing economic situation and the fiscal realities that they're faced with. So ultimately, I think the document that's the most relevant expression of the costing of initiatives is the budget, when it finally comes out, because it takes all of those various factors into consideration.

That being said, this particular document, as you noted and as the explanatory notes point out, was never a document that was finalized. It never went through any sign-off process, so deputies, ADMs, directors and any ministries did not actually sign off on the information that's in there. Likewise, it hadn't gone through the rigour of a cabinet submission process. It was contemplated that this information might eventually, as a starting point, go into that particular process, but with this document per se, that didn't happen.

When you do go through the rigour of either a sign-off process or a submission process, you're necessarily looking in more detail at each of the initiatives, particular options that might be contemplated, timing of those initiatives, because not every initiative kicks off right off the bat in the first year. Most of the information that was put into this document was compiled before the end of October. So the incoming administration had only been in government for a week, by the end of the month, obviously, and most of the information was being put in in the run-up to that.

As to your question about whether or not the columns could be totalled, I'd actually say that that would be a meaningless exercise and it would actually be wrong to do so. That's why this document doesn't add up any of the columns, because when you go through it, you'll see that, of the costings that are in there, there is quite a mix, a variety of types of information. In some cases, there is information that pertains to one fiscal year; in some cases, it adds up for a number of years, and in one case, there is a figure in there that actually is a 29-year total. So it would be a mix of apples and oranges to add some of those kinds of figures together.

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Likewise, there are capital figures and operating figures mixed in. There are some items where it was contemplated that the federal government might, in whole or in part, provide some funding, and the document does not actually distinguish where there might be funding already available in existing ministry program lines. So you cannot also interpret the costs that are in there as incremental costs, and some of the items were contemplated for a second mandate as well.

You'll see that the document is very careful to say "Year 1"; it does not specify a fiscal year. That refers to the particular year when that particular initiative might commence. So it's the first-year cost of that particular initiative. In some cases, an initiative might not start for a couple of fiscal years. We don't know what the government's intent is, necessarily, for all of the items when they're about to commence. We have to have a discussion. So the document costs things as to what a likely first-year cost might be, a second year and a mature cost, just based on some of the experience we've had with some of those kinds of programs in the past or maybe in discussions with the relevant ministries. But again, I would say that trying to add up the columns would actually be an erroneous exercise, because it would be wrong, I guess you could say, to do that just because of the mix of the type of information that's there.

Finally, I think I'll just come back, because there were people coming in and out of the room. I would say that we do believe that there are sound legal principles with regard to budget secrecy and cabinet confidentiality that could have been used to argue against the disclosure of this document and further legal proceedings, but we have decided to release it. There was certainly a lot of interest expressed by members of the House and there have been articles about it as well. It is the subject of an order and

will shortly be in the public domain, so we thought it was appropriate to bring it to this committee to have a discussion about it. Likewise, we still maintain that those principles pertain and are important principles. But the nature of this document—because it was not one that had much of a shelf life, if you will. I would say that it's almost a year old by now. We did go into a different decision-making stream with regard to helping the incoming government develop its fiscal plan, its budget and its overall agenda. For this particular document, and recognizing those particular circumstances, we feel that it's appropriate to put it out.

Ms Di Cocco: As I said, just reading the cover letter, it lends itself to such broad interpretation, and if nobody signed off on it—is this done every time a new government comes in or just after an election? Is it a normal procedure that is done?

Mr Andersen: Preparing for transitions of government is an evolving exercise. It's obviously a fundamental role that the civil service plays in a democracy like ours in ensuring a smooth transition. Costing of platforms and the like is obviously a sensitive area and the civil service regards that very carefully.

What we do do is keep an eye on the election platforms. What we did in this case, as we've done in past cases, is track the initiatives, not so much to get involved in costing them, but in being ready so that when we see the outcome of an election and we work through the transition period, we're ready to sit down with the incoming government, if there is a change, and ready with some background information. What it does is it helps us to identify the kinds of questions we're going to want to ask because platform documents and the information that's in the public domain aren't always the most detailed. In many cases, as we work our way through the process, there are different options that can be developed consistent with the commitments.

I think Ontario has been leading the way in developing the work we've been doing with regard to preparing for transition. Other jurisdictions have looked at how we've prepared ourselves. It is pretty rigorous. We want to be in a position so that when the government does take power, we're all ready to go and deal with helping to put together the next steps and help to implement the agenda of the duly elected government of the day.

Hon Mr Sorbara: Mr Chairman, could I just comment on that?

The Chair: You have one minute.

Hon Mr Sorbara: This process is by its very nature a speculative process because it has professional civil servants costing a plan without benefit of actually speaking to the people who developed the plan. If you were to speak with professional civil servants anywhere across North America, I would say, but certainly in Canada, you would see, as the deputy said, it's an evolving kind of art. On the one hand, they are discharging a responsibility; on the other hand, those who do it realize they are speculating on what might have been the details behind two or three lines in an election campaign document. Frankly,

that's why, when I heard about the document, I never asked to see it, because it was of no particular interest. What was of interest to us was getting on with the work of actually setting out a plan. That took us six months and culminated in the budget.

Ms Di Cocco: Has a document like this been tabled publicly before in Ontario?

Hon Mr Sorbara: I don't know. You'd have to ask the deputy about that.

Mr Andersen: Not that I'm aware of, no.

The Chair: Thank you for that round. I would now like to recognize Mr Flaherty.

Mr Flaherty: Minister, I take it that you are familiar with the campaign promises that were made by your party. I think you were the president of the party at the time, during the course of the election campaign. Are you familiar with them?

Hon Mr Sorbara: Of course. I think you were familiar with the promises that your party made during the campaign as well. Of course. But it's a nice rhetorical introduction. Go ahead.

Mr Flaherty: Each campaign promise was highlighted by the Liberals in Liberal red in the seven issues-related booklets in their "choose change" platform. The total cost, according to Mr McGuinty, was determined; is that correct? The cost of these more than 231 promises had been determined when you were seeking the confidence of the people of Ontario.

Hon Mr Sorbara: I think you are referring to a part of the campaign which set out a costing element. That's right.

Mr Flaherty: Was Mr McGuinty correct when he said, when he was running for Premier, that the total cost was \$5.9 billion?

Hon Mr Sorbara: OK, Mr Flaherty, let us get back to the subject at hand.

Mr Flaherty: Yes. How much did the promises cost?

Hon Mr Sorbara: No, no. You have been around this place too long not to know that this committee has a responsibility to examine the estimates of the Ministry of Finance. Those estimates have been tabled and, as part of the committee process, there have been questions raised on a document prepared by the Ministry of Finance. But this committee's job is frankly not, never has been, never will be, to review the campaign commitments made by your party, by the party of Mr Prue or by our party. Let's stick with the estimates and the documents at hand.

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Mr Flaherty: I think the Chair actually is responsible for the conduct of the committee, Mr Sorbara, not you.

I asked you about the commitment by your leader, who is now the Premier, that these promises had been fully costed at \$5.9 billion. Now we have a document from your ministry. What is the cost, according to this document, of all of these promises? What's the total—not year 1, year 2, but the whole thing?

Hon Mr Sorbara: I haven't read the document.

Mr Flaherty: Your deputy is right beside you.

Hon Mr Sorbara: I think the deputy answered that question for Ms Di Cocco but I'm sure he would be interested in answering it again for you.

Mr Flaherty: Just the total amount; I don't need year by year.

Mr Andersen: What I had said was that it would actually be wrong to add up the column totals because of the nature of the information that's in there.

Mr Flaherty: Let me take the risk.

Mr Andersen: There's a mix of one-time and multi-year—

The Chair: Deputy, can you say, just for the record, has anyone done a total in your ministry, yes or no?

Mr Andersen: I haven't seen a final total of the columns that are in there.

The Chair: So you did not instruct anyone in your ministry to do a total calculation of these?

Mr Andersen: When I asked about whether or not it would be appropriate to do totals, I was told that because of the nature of the information that's there with regard to the mix of one-time and multi-year numbers, it would actually be misleading to do that kind of thing. So if somebody were to go through and just add up the columns—that can be done—it would be information that's actually meaningless.

The Chair: Finally, who told you not to do the reconciliation because it might be misleading?

Mr Andersen: Nobody told me not to do a reconciliation. What I said was that when I had inquired, if somebody were to do that kind of an exercise, what they would glean from that information, at that point I was told that because of the type of information that's there, they would actually end up with information that would be wrong or misleading if they were to use that kind of information. So there are people—

The Chair: Thank you, Deputy. Please proceed.

Mr Flaherty: The point already has been made here by a member of the government party that this document involves estimates, and I think the minister said some speculation—I think he used the word “speculative”—and some uncertainties. Is that correct, Deputy? Is all of that so?

Mr Andersen: Yes. It was certainly based on very preliminary information and without consulting the authors of the platform. It was based on assumptions, some of which prevailed, ultimately, and some of which didn't. So I guess you could say that's speculation in some cases; it's guesstimates in others.

Mr Flaherty: Which is always so, I suppose, when one is looking at various commitments in the middle of a process, just as Mr Peters was last October, when he was asked by Mr Sorbara and others to review the middle-of-the-year spending situation and revenue situation for the government of Ontario. It's a similar kind of report, isn't it?

Mr Andersen: No, I would say not at all, because the nature of a report that is signed off by a former Provincial Auditor that has gone through a very rigorous examination with the staff in the Ministry of Finance is really

quite a different report altogether. Again I'd remind people that this was a document that was never finalized, so it was at a point in time and it was based on some initial assumptions or examinations. It didn't go through a rigorous process, so you can't hold it to the same account that you would a document like the one Erik Peters prepared.

Mr Flaherty: When you look at the budget mid-year, you're always looking at uncertainties because you're in the middle of the year. It's the nature of it, isn't it? You're looking at estimates, just as the unknown authors of this report were doing.

Mr O'Toole: Who asked for it?

Mr Flaherty: Apparently, as he already said, it wasn't asked for by anybody. It was a creation of the Ministry of Finance; is that right? Was it done on purple paper?

Mr Andersen: The document that was printed off at one point in time that became the subject of the order and the request was printed on purple paper; so yes. But as I had said before, this was an iterative exercise that was started by civil servants in anticipation of a government coming in so that we could be ready to have those initial discussions. It was to help us identify questions we might have to be able to start to talk to the government about, what the detailed intentions were with some of these, to look at how they might fit with existing ministry program lines, how they might fit in the scheduling, if you will. Not all of them were contemplated to be fully implemented in year 1. The government was coming in with a four-year mandate. So a number of these items could be sequenced over time, and that's all a matter of looking at the circumstances of the day, including what the fiscal realities were.

Mr Flaherty: In fact, the totals would be higher than the numbers that are in the document, because on page 51 and a bunch of pages after that there are a whole bunch of spending items to be determined. So there are additional sums of money that are not even included in the very substantial sums that are in this document.

When you polish something—

Mr Andersen: Likewise, I would say you could also say that some of those costs could be lower because they would have been based on assumptions that ultimately were not the ones that were intended. So they could go up or down.

Mr Flaherty: I assume this was the best effort possible by the professionals at the Ministry of Finance to cost the promises that had been made in the seven booklets by the government that was coming into power in Ontario.

Mr Andersen: No, I actually wouldn't characterize it as a best-effort document, because it was never finalized. So it never went through a signoff process, which would have put more rigour into it. It was never done in consultation with the actual authors of the document. We did have some discussions with other ministries about it, but you can't characterize it as a best-effort document until you've gone through that whole process. We had a very rigorous sign-off process.

Mr Flaherty: It was the best efforts on the basis of the available information, right?

Mr Andersen: On the basis of information, there was some of the information that was available at the time in the public domain and in the platform itself, but there are other sources of information that we did not have access to.

Mr Flaherty: Who suggested that, Deputy? What I said was that it was the best effort of the ministry based on the information that was available at the time to the ministry. Correct?

Mr Andersen: Again, I would say that it was a document that was created over a short period of time and it was never finalized. We might go back through it and spend some more time contemplating some of those kinds of things. So it didn't get sign-off by deputies, ADMs or directors, other people who might have legitimate opinions about what some of those things might mean. So again, the information was put in there but I would say that it's not fair to characterize it as a best-efforts document.

Mr Flaherty: We have a fairly sophisticated Ministry of Finance in the province of Ontario, don't we—

Mr Andersen: Sure. We do.

Mr Flaherty: —with a great deal of experience in costing government programs in every ministry across the entire breadth of the government? In fact, that's what the ministry does every year in budget preparation, isn't it?

Mr Andersen: That's correct, when it goes through the full rigour of the budget process and has the time to draw upon all of the available information that it should in coming up with final estimates for programs. Again, these were not final estimates.

Mr Flaherty: I guess you know, Deputy, now that you're at that ministry, that the ministry every year looks at every significant government program across the entire breadth of every ministry in the province of Ontario. Isn't that so?

Mr Andersen: Yes, and it's certainly an iterative process. Ministries of finance across Canada, across the world, always work with ministries in developing those kinds of estimates. So we draw upon the information and the expertise in the line ministries as well. When we're looking at initiatives, we can put costing to them, but again, you need to understand the detailed intentions that are behind them before you can assign a final costing to them. That kind of information was not available when staff were looking at putting together some of the guesstimates that are in this document.

We did subsequently work with the new government in developing its fiscal plan and the like, and going through, helping them to put together their fiscal plan in their budget, which looked at more than just a platform, but also emerging priorities of the day and the fiscal realities that we're faced with.

Mr Flaherty: The purpose of printing on purple paper is for advice to cabinet. Is that right?

Mr Andersen: Not necessarily. Printing on purple paper indicates that the document is confidential or

should be treated as confidential. In some cases it is information that's going through the budget process. So as you're aware, not every single piece of paper created for the budget process ultimately goes into cabinet. It all feeds into the budget stream and ultimately the decisions of the government with regard to its fiscal plan.

Mr Flaherty: Not every budget piece of paper is purple either. Isn't that right?

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Mr Andersen: Well, yes, that's probably the case. There are thousands and millions of pieces of paper that are created in the budget process, but the Ministry of Finance is very careful about keeping all of the information very confidential and secure.

Mr Flaherty: I look forward to having an opportunity to review this. I do hope the minister and the ministry will come back, because we have very limited time left and we've had to fight for a year to get this document produced. I do thank you for producing it on the deadline, as directed by the Information and Privacy Commissioner, today.

The Chair: Thank you very much. Mr Prue?

Mr Prue: I have a few questions. First of all, when did the civil servant or civil servants—I'm not sure how many were involved in this—start preparing this report? The first line says "during and immediately following the October 2003 election." When, precisely?

Mr Andersen: I don't have precise dates, but what I can tell you is that in the run-up to the election I was in Cabinet Office at the time. As part of our evolving improvements to preparing for transitions of government, whether that's for a returning government or a change of government, we have been trying to streamline the process with all the central agencies. I'm talking about Cabinet Office, Ministry of Finance and Management Board Secretariat. We had identified that a significant improvement would be for all of us to work from a common understanding of what initiatives each party was committing to. So we had decided that it would be useful to create a common electronic list that we could share amongst ourselves that would quote from the relevant documents, whether it was the published platforms, Web sites, that kind of thing. That work, obviously, by necessity began before the election actually started, as platforms were published and released.

The next natural thing to do would be to start putting in some costings for those kinds of things or looking at any other kinds of considerations that might be relevant for each of those. We had had discussions about the appropriate time to start that in detail because of the sensitivity of that kind of exercise. It was determined that it was most appropriate to not have detailed work done on that in advance of the election but to have the detailed analysis on that happen once we knew the outcome.

Ministries, of course, by their nature familiarize themselves with what the platforms are, but there were not detailed costings compiled or submitted until after the election. I believe that roughly a week after the election was when most of the work had happened with regard to

the Ministry of Finance, and three quarters or more of that work was actually done before the end of the month of October. There were a few minor updates that happened after the end of October.

You'll see that in some cases there are ministry acronyms that reflected the new ministry structure but in some cases there are ministry acronyms that reflect the structure under the previous government. I think that speaks to the fact that the document had a shelf life for a period that it was actively being worked on. Then it just faded away with regard to being a living document.

Mr Prue: From what you have just said, minus the costing analysis, which you did after the election, there must be a similar document for both the NDP and the Conservatives that outlined all of their promises.

Mr Andersen: The documents that exist for those—we obviously didn't do a costing for those parties after we knew the—

Mr Prue: But a similar document, without costing, would exist for both of the other parties as well?

Mr Andersen: Yes.

Mr Prue: Can that be produced?

Mr Andersen: Yes. It was a common listing, so I wouldn't see why that document couldn't be produced. It's just a listing of initiatives, with no other information beyond it. I think Cabinet Office would probably be the appropriate spot to direct that request, as the keeper of all the transition materials.

Mr Prue: So cabinet would have got the same document on the other parties, minus the costing, but would not have got their own?

Mr Andersen: No. As we said earlier, these documents were not actually presented to any cabinet—the previous government or the incoming government. It was an exercise that was undertaken by the civil service to get ready for whatever outcome the election might have.

Early on, we had begun to make sure that we at least had a common understanding of the initiatives each party was committing to. Basically, it's a list of initiatives. It takes the quotes from the relevant documents—in some cases, it's published platforms; in some cases, it's Web sites, news releases, interviews with editorial boards, the debates and those kinds of things—where we are reasonably confident that that was in fact a commitment. Then, because of the nature of this exercise, we wanted to make sure that all of the central agencies, and ultimately the ministries, were using the same source documents with the same wording, if you will.

The day after the election, the list that pertained to the Liberal Party—the same list that you see in this document—was provided to all the ministries so that they also had the same common source document. But again, that was just a list of the initiatives. It didn't have any further analytical background behind it, because that was what was undertaken in the month of October subsequent to the election.

Mr Prue: From what you have told us, we know that the document was more or less finalized toward the end of October, following the election.

Mr Andersen: Again, I would say it was not finalized. The bulk of the input into the work was done before the end of the month of October. But again, it wasn't the kind of document that was ever finalized, because once the government assumed office, we went into the more formal process of developing a fiscal plan with them—looking at the existing fiscal situation and the like.

Mr Prue: I should choose my words more carefully, obviously.

The document we have in front of us, minus the front page, which I'm going to deal with in a minute, is that in exactly the form as it existed at the end of last October?

Mr Andersen: What you'll see in the document you have in front of you is that on the left-hand side—the title is Estimated Costs for Initiatives - October 2003—that document is in exactly the same order as the document which was the subject of the request and the order of the assistant commissioner.

What we have done is add some additional information on the right-hand side, which gives for each of those items basically a status report with regard to how they played out in the budget. What some of those explanatory comments might have done was change some of the pagination, because some of the comments are a little bit longer than the corresponding items. So the document that people refer to as “the 60-page document”—that's exactly the same as you see on the left-hand side of the page here. But this document is a little lengthier because of the addition of some of that additional information. Nothing has been changed in the information on the left-hand side of the page from the document that was the subject of the request.

Mr Prue: I was a civil servant for 20 years, and I can't say I ever prepared anything quite like this, but why would the staff in your ministry comment on and update in October 2004 a document which had never gone to cabinet, which, by your own statements, was not being used, which was—just go right down the whole first page. Why would they update a document that was, as you're saying, irrelevant?

Mr Andersen: What I would say is that we're not commenting on the document per se. What we are doing is providing an update on each of the individual items that are there—

Mr Prue: Why?

Mr Andersen: —with regard to providing information that is what ultimately came to pass in the budget.

So the information that is on the right-hand side of these pages is actually the correct information or the relevant information that the public should be aware of. I think you would see that substantial progress has actually been made on a number of the items that are in here. So to have some of the earlier guesstimates or information that's there without benefit of being able to indicate what actually came to pass—we felt it was probably most appropriate to have that information available as well.

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Mr Prue: OK. So it was done for our benefit today or for the benefit of those reading it today?

Mr Andersen: Well, as a document that we knew was ultimately going to make it out into the public domain, it was felt it was probably a good idea to have that kind of information available.

Mr Prue: So this is sort of editorializing on behalf of—

Mr Andersen: No, it's not editorializing at all; it's factual comments. As you see, what it does is quote from news releases and the budget documents that are there with regard to individual items that are there. It's not commenting on the existing document; it's just providing an update for the initiatives that are detailed there, what their current status is.

Mr Prue: When was the front page prepared?

Mr Andersen: Yesterday.

Mr Prue: Why was it prepared?

Mr Andersen: Again, we felt we needed to point out to people, whoever the reader of the document might be, that they have to exercise some caution in interpreting the information that is in here. So we wanted to ensure that they saw all the various things I've gone through over the point of time earlier today with regard to it not being finalized and cautioning against adding up the columns, because I think when you see a document like this, there's a natural inclination to do just that. We felt it was important for people who might not be as familiar with what type of information is included in this type of document to point out that there is a mixed bag of information: operating, capital, multi-year and the rest. So there is a reason why there weren't subtotals and totals in this document. It's the kind of information that wasn't finalized, and we felt it was important that while it was being tabled here and released by the ministry, that did not mean it was an official costing of the platform.

Mr Prue: There isn't much in this document about revenues. Did you or the anonymous civil servants who created this look not only at promises but also at revenues?

Mr Andersen: As part of working with the incoming government on developing its fiscal plan and looking at the initiatives they wanted to put in place with regard to that, again, those estimates ultimately came to pass with the subsequent public documents—the fall statement and ultimately the budget.

Mr Prue: But surely the Liberals, the Conservatives, the NDP would have said where they were going to find additional revenues. Why was that not included?

Mr Andersen: Included in this particular document?

Mr Prue: Yes.

Mr Andersen: This one was focusing on the cost of expenditure initiatives. Like I said, once the government came into existence, we went into a more formalized process as part of the natural or regular fiscal planning process, which ultimately culminates in producing a budget.

Mr Prue: This appears to have been somewhat of an expensive process, I would think. How many civil servants were involved? I'm not asking for their names, because I don't want them—

Mr Andersen: I can't venture a guess necessarily. I don't know that I would say that it's an expensive process. This is, as some of the other members of the committee have pointed out, the natural kind of work the Ministry of Finance engages in all the time. It works with ministries to develop and cost initiatives. Again, it's the kind of thing where the ministry has staff who do this similar type of work with regard to looking at submissions that are coming forward from ministries or developing initiatives that get included in a budget or responding to issues of the day.

Mr Prue: Given that it never made cabinet, given that the finance minister has never seen it, given that members of the Legislature are seeing it for the first time here today, was this money well spent in preparing this? It seems to have been all for nothing except for the civil service to defend itself in the comments.

Mr Andersen: Again, I would say that it's the responsibility of civil servants as part of the transition process to get ready and to be able to turn around work on a fairly quick basis once the government has come into existence. That's more than just familiarizing ourselves with some of the material that's in the public domain; we have to have an understanding of what goes behind that. That kind of activity happened in a relatively short period of time in the month of October. As I've said before, preparing for transition is an evolving exercise. I would say that we would have been remiss as a Ministry of Finance if we had not undertaken some exercise of this sort.

Like I said, though, we did not have the opportunity to finalize that or actually have the discussions with the incoming administration. Once the new government was in place, we did go into those kinds of discussions with regard to developing their fiscal plan, the budget and the cabinet process. So we did have that benefit. If you like, you can characterize it as getting a bit of a head start on some of those kinds of discussions so that we were ready to go when the government did come into power. I would say, no, it was not an exercise that—

The Chair: Thank you, Deputy.

With the permission of the committee, we can provide Minister Sorbara with a few minutes to wrap up, and if the Liberals will yield their time. We are biting into the lunch of the significant number of employees from the Ministry of Finance who have been patiently sitting here all day, and the committee must begin health estimates at 1:30. If there is concurrence with that, I would ask the minister to briefly wrap up and then I have the votes of the estimates to approve.

Hon Mr Sorbara: Thank you, Mr Chairman. I do appreciate the time to say a few words in conclusion.

I hope the members of the committee have enjoyed these estimates as much as I have. It's my first time and, without any qualification, I certainly did enjoy them. I think it's appropriate in our democratic process that ministers and ministries be publicly held accountable for their expenditures.

I just want to say a couple of words about the marvellous uniqueness of the Ministry of Finance. It has

a variety of line functions, from collecting revenues to the oversight of insurance—Mr Prue and I had a lot of discussions about that; to the oversight of the Ontario Securities Commission, and you had an opportunity to talk with Mr Phillips about that earlier on; to the oversight of the Pension Benefits Act, which is so vital to millions of people in Ontario to give them greater certainty with their pensions; to the management of the provincial part of municipal finance through the regulation of property taxes, to the management of the community reinvestment fund, which is so important to so many municipalities, and a number of other line functions.

The ministry also has some incredibly important central agency functions. Of course, the biggest one is the responsibility, ultimately, for the presentation of the budget. I want to reiterate here how proud I was of the work that went on within the Ministry of Finance in the preparation of our first budget. That budget set out a plan to bring us back to financial health and get on with the priorities that we identified in the campaign and that now drive most of the work we do.

The ministry also has an overall responsibility for the financial management of the provincial government and, in some respects even more important than that, the economic growth of the province. We uniquely have a role to make sure that circumstances prevail in Ontario that allow our true potential and our true economic potential to be realized.

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The estimates themselves—the numbers in the book, the votes that we're going to take—I don't think truly portray the kind of energy that is emerging within this ministry. I should tell you that I'm particularly proud of the work that we did on insurance over the course of the past year. I'm particularly proud of some of the restructuring of municipal finance that has given some breathing space for municipalities as John Gerretsen, our Minister of Municipal Affairs, gets on with an in-depth exercise of municipal finance. And, of course, I am particularly proud of the budget.

The estimates themselves also do not reflect the quality of the energy of the thousands of people who work in this ministry and really give life to all the work we do and they do on behalf of the people of Ontario. They are truly inspired civil servants, to a person.

As I say that, I just recall that over the past week, one of the truly great civil servants in the history of this province, Ed Stewart, passed away, a man who served provincial governments for years and years as a deputy of education and then as secretary to cabinet for Mr Davis, just to take a moment to pay tribute to him.

In closing, I would like to pay a special tribute to the men and women who make up the Ministry of Finance and are the real people and the real energy and the real dynamism behind the numbers that are going to be voted on today.

In closing, I would like to thank both you, Mr Chair, and your committee, and especially the people who work for this ministry and this government. Merci beaucoup.

The Chair: Thank you very much, Minister.

As Chair, with concurrence of the committee, I will deem that the seven and a half hours of estimates of the Ministry of Finance have been completed. It's worthy of note that we started on June 22. Over five months, this is perhaps the longest estimates I've ever done in my six years as Chair.

Hon Mr Sorbara: I've been working on it every day, sir, in the interim.

The Chair: I hope we didn't keep you up at night, Minister.

I have several votes that need concurrence. Shall vote 1201 carry? All in favour? Opposed, if any? Carried.

Shall vote 1202 carry? All in favour?

Interjection.

The Chair: No, you can't interrupt the Chair in the middle of a vote. Shall vote 1202 carry? All in favour? All opposed? Carried.

Shall vote 1203 carry? All those in favour? Opposed, if any? It's carried.

Shall vote 1204 carry? All those in favour? Opposed, if any? It's carried.

Shall vote 1206 carry? All those in favour? Any opposed? It's carried.

Now, Mr O'Toole, a brief question.

Mr O'Toole: Could you point out which page of the estimates document from the Ministry of Finance that those votes are in?

The Chair: The clerk will bring that to your attention immediately.

Mr O'Toole: They're not in the ministry book.

The Chair: No, they're in the proper estimates white book.

Shall the estimates of the Ministry of Finance carry? All those in favour? Opposed, if any? It is carried.

Shall I report the estimates of the Ministry of Finance to the House? All those in favour? Opposed, if any? That is carried.

This committee is adjourned, to reconvene at 1:30.

The committee recessed from 1224 to 1334.

MINISTRY OF HEALTH AND LONG-TERM CARE

The Vice-Chair: This committee will now review the estimates of the Ministry of Health and Long-Term Care for a total of 7.5 hours. We'll begin with an up to 30-minute statement by the minister, followed by 30 minutes from the official opposition, 30 minutes from the third party and then another 30 minutes for the government or the minister to use to reply. Therefore, the remaining time of approximately 5.5 hours will be apportioned among the three parties in 15-minute segments.

Welcome, Minister.

Hon George Smitherman (Minister of Health and Long-Term Care): Thank you very much.

Mr Chair, fellow members from all sides of the House and members of the public, it's an honour to be here today before the Ontario Legislature's standing com-

mittee on estimates. It's also a pleasure. I've heard this process—estimates defence—referred to as difficult, even gruelling, but it's also the essence of democracy. It's an opportunity for members of the Legislature to hold the government accountable for its claims and its activities, and perhaps even more important than that, it's an opportunity for the government to hold itself accountable. I'm going to be mentioning accountability in health care a fair bit during my remarks here today. Perhaps it is only fitting that I should do so in the process of holding myself accountable to you. I do so with pleasure and pride.

It was one year ago this month that Premier McGuinty asked me to assume the position of Minister of Health and Long-Term Care in our new government. I accepted his offer, feeling a mixture of anticipation and trepidation. But over and above these two things I felt a sense of honour. I told him then and I tell you now I am honoured to serve in this way, particularly in this portfolio, particularly at this time.

I took over health and long-term care at what I believe was a crucial time and under what I have to tell you were difficult circumstances. I believe that our system of public health care is the best expression of Canadian values. For generations we have been able to judge ourselves as a society by the way we provide health care to our citizens, and we have always rendered a positive verdict. I believe that remains true, but the situation we inherited a year ago left me wondering if it would remain true for long. Our overall fiscal situation has been well documented and it need not be revisited in depth here. Suffice to say that with an unexpected deficit of nearly \$6 billion, not to mention unfunded liabilities like unpaid bills from previous years languishing on the books of Ontario's hospitals, we face serious challenges in the continued delivery of every service and program Ontarians rely upon, especially health care.

Beyond the normal challenges, like overcrowded emergency rooms, the previous office-holders presided over a remarkable deterioration in public health care. Long-term-care facilities were the source of unsettling concerns about the quality of care being provided to our most vulnerable citizens. We faced a shortage of nurses and doctors, almost one million Ontarians couldn't get access to a family doctor, and 134 communities were underserved for primary care. Government cuts and downloading had resulted in serious risks to public health, and warnings about these risks went unheeded. On top of all that, the system was increasingly inertia-bound, not lazy by any means but one that lacked the ability and possibly the will to change, to move. But move we immediately realized it must; change we absolutely realized it must. We were elected as a government to bring change, to effect transformation, and today I want to tell you about our transformation plan for health care, a plan that is already well underway.

To do that, I need to set the scene. The vast ministry that I oversee as minister directs the delivery of health care services to 12.3 million Ontarians. I've been heard

to say before that it's a big job but somebody's got to do it, and I'd like to take this opportunity to commend the people who do that job, the members of the Ontario public service. The OPS has a well-earned reputation for excellence around the world and the staff of the Ministry of Health and Long-Term Care are extremely dedicated to the task of helping to operate our health care system. In addition, we fund hundreds of thousands of health care workers and health care providers outside the ministry. Here is but a partial list:

Ontario has more than 21,000 doctors and more than 140,000 nurses; we have 23 regulated health professions; we fund 155 hospital corporations to the tune of more than \$11.3 billion; almost 600 long-term-care communities and homes receive over \$3.8 billion in funding; we invest \$1.2 billion in community mental health, addictions and psychiatric hospitals; we help 2.2 million people with our drug program, which pays for about 3,400 different medications on an annual budget of more than \$2.5 billion. Did I mention that health and long-term care is a vast ministry? Our budget, more than \$30 billion, amounts to nearly half of our total budget as a government. It has been growing at a rate of 8% a year for the past four years, significantly faster than the overall government operating budget. In any context, that would not likely be sustainable. In the context of a government facing enormous fiscal pressures, it is clearly not sustainable. Against the backdrop of a growing and aging population and increasing demands for new and expensive innovations, you suddenly have a picture of a system whose costs are at risk of spinning out of control.

Mr Chair, fellow members, ladies and gentlemen, that is the situation we inherited and that is the situation we have set out to change. As we approach our first anniversary as a government, we have a list of accomplishments in this regard that I am very proud to present to you today.

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Let me begin with Bill 8, the Commitment to the Future of Medicare Act. Seldom has a name described so perfectly the intent and the effect of a law. Bill 8 grew out of an acknowledgment that medicare needs stronger protections and needs to evolve to meet the realities of health care today. It accomplishes two absolutely fundamental things: It ensures accountability for spending public money to achieve intended results, and it protects and promotes the accessibility and quality of public health care.

Now, I warned you that I would be talking about accountability. It is the cornerstone of the relationship between government and its citizens, as well as between public institutions and the people they serve. Bill 8 embeds accountability within the fabric of medicare by adding it as the sixth principle, on top of the five in the Canada Health Act. We are the first province to enshrine accountability in this way, and I predict that we will not be the last.

We are also creating the Ontario Health Quality Council, which will report to the people of Ontario on how the

government and the health care system are performing with respect to priorities like wait times, access to family doctors and home care. The council will begin reporting next year, charting our progress as we move forward, and in so doing will absolutely ensure our accountability and the accountability of the entire system to the people whom we serve—more than 12 million Ontarians.

Bill 8's second major accomplishment is to enhance the accessibility of health care. Accessibility is a tenet of the Canada Health Act. It is the basic principle that lies at the heart of this system in which we take so much justifiable pride: the notion that every citizen, regardless of economic means, where they live, their age or ethnicity, should have access to the health care they need. If people find ways of jumping the queue, that basic principle has been betrayed. If doctors extra-bill, that basic principle has been betrayed. Bill 8 gives the ministry more tools than ever before to uncover instances of queue-jumping and extra-billing, and we will put those tools to good use.

In fact, we already have. When the American for-profit company Lifeline began trying to make inroads into Canada last month, we used the section of Bill 8 that prohibits companies from charging for insured services to convince them that it was a bad idea. There is no place in this province for that kind of "pay your way to the front of the line" health care.

One of the great mysteries of the past several years in this province has been the treatment of nurses by the previous government. This is a group of people so vital to our health care system, who do such great work and answer such a noble calling, yet their concerns were dismissed and they themselves were personally insulted by a former Premier. No surprise, then, that we have had a shortage of nurses in Ontario.

We're changing that. We have taken significant steps to restore the foundations of the nursing profession by earmarking funding specifically to create more full-time nursing positions, provide opportunities for nursing graduates to gain workplace experience, improve working conditions for nurses, and buy new safety equipment for nurses and their patients. To date, our government has invested \$89 million to improve access to full-time employment and improve working conditions for nurses in Ontario. This has resulted in the hiring of new nurses and less use of outside agency nursing services and overtime. As well, our recent long-term-care investments included \$191 million to hire new staff, including 600 nurses.

We understand that good nursing underpins health care across its whole spectrum of services. That is why we were delighted to support the Registered Nurses Association's best practice guideline project. By addressing the core issues that affect nurses in all stages of their careers, we will build a health care system that makes Ontario an employer of choice for nurses and contributes significantly to improving patient care in this province.

In addition to moving quickly to address the nursing shortage, we have taken a very important step in reducing the shortage of doctors in Ontario. This year we are in-

vesting \$26 million for training, assessing and supporting international medical graduates. Far too many qualified people have had to work as cab drivers or janitors instead of in their chosen profession, medicine, because of bureaucratic and cultural barriers to people who received their training abroad. It's a lose-lose situation that we're beginning to rectify. Our new centralized assessment system, known as IMG Ontario, opened in June of this year. It offers a streamlined process so that information, assessment, training and registration are easily accessible for qualified international medical graduates. As of last month, we had accepted 165 international medical graduates for training or assessment, compared to 90 last year. In 2005, that number will rise to 200. This means more doctors in Ontario and better care for patients. The next year also looks like a positive one, with the opening of the first class of the Northern Ontario Medical School at its campuses in Sudbury and Thunder Bay.

One of the biggest issues we have had to deal with this past year concerns our hospitals. Hospitals have been and will continue to be the anchors of our health care system, and their sustainability is of absolutely paramount importance. Unfortunately, for the past few years, Ontario hospitals have been careening down a dangerous slope toward unsustainability, and the rest of the health care system has been dragged down with them. Years of double-digit funding increases under the previous government have starved community-based health services like home care, long-term care, public health and mental health. Since taking office less than a year ago, we have invested \$385 million to clean up the hospital deficits from last year and then a further \$469 million in operating funding for this year. We have also acknowledged a further \$721 million in unpaid operating bills—another skeleton of the Harris-Eves closet. Total hospital funding is now up to \$11.3 billion. That is the single largest expenditure we have as a government.

However, we have also made it clear to our hospitals that the era of deficits followed by bailouts followed by double-digit increases, year after year after year, has come to an end. We have given our hospitals 18 months in which to get their budgets under control. That is the time period they requested. We will work closely with them in order to help them accomplish their goals, ensuring at all times that the quality of care received by patients is not threatened.

At the same time, we are working very hard to make the systemic changes necessary to ensure hospital sustainability. They've been asked to do too much for too long, and we acknowledge that. That is why we have invested hundreds of millions of dollars in community-based health care, to allow tens of thousands of patients to find the care they need in their communities and in their homes rather than in the emergency rooms of their local hospitals: 406 million new dollars in long-term care; \$103 million more for home care; \$65 million more in community mental health, which is the first across-the-board increase in 12 long years; and \$29 million in community support services. We're spending \$600 million over the next four years to build 150 family health teams,

which I'll have more to say about in a moment. We have also increased funding for community health centres and will shortly be announcing 10 new community health centre satellites.

These are unprecedented investments, and they are only the beginning. Our government has made a long-term commitment to community-based care because it will make a difference. It will make a difference to the people receiving that care and it will make a difference to the hospitals, which will see the pressure taken off their emergency rooms. They will have more staff and resources to do what they do best and what only they can do, which is provide acute care to patients who need it most.

The other obvious way to relieve strain on hospitals is to bring about an overall improvement to public health. We are bringing prevention and health protection back to the forefront of health care. We signalled our commitment to public health with the hiring of Dr Sheela Basrur as chief medical officer of health. We then increased the provincial share of public health funding by \$47.5 million this year. That's on top of a \$41.7-million strategy to revitalize our public health capacity in direct response to the Walker and Campbell reports on SARS. As well, we are launching vigorous campaigns to promote fitness and to combat smoking and childhood obesity—programs that you will be hearing more about very soon.

One of the big accomplishments of the past year is one that we can only take partial credit for, and that is the recent federal-provincial agreement on health care. Let me emphasize, however, the critical leadership role played by Premier McGuinty in bringing the deal to fruition. It is a very important deal. It signals a new era in health care, one in which we have the will and also the means to make significant progress in key areas.

That brings me to my government's transformation plan for health care in Ontario, a plan which is already well underway. It is a plan for saving our public health care system, for making it sustainable for years and generations to come. It is a plan for ensuring that all Ontarians, at all times, are able to receive the kind of quality care they need and deserve.

It begins with leadership. We have assembled a team of leaders to drive forward the implementation of our health care transformation priorities. It's our health results team. This team of seven tremendously experienced and creative people will be responsible for leading the implementation of each part of our transformation plan. They will work with other parts of the ministry, health providers, community groups and associations to get this mission accomplished for Ontario's patients. As you may have already heard, I've appointed associate deputy minister Hugh MacLeod to be our team leader. Hugh was most recently the assistant deputy minister of the ministry's acute services division, and he brings tremendous energy and a singular understanding of how Ontario's health care system operates.

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Two weeks ago, Premier McGuinty and I were in Ottawa announcing a major expansion of MRI services in

Ontario: nine new machines across the province, as well as three for-profit facilities that we have repatriated into the public system. That was a very important announcement. Over the next 18 months we will add about 10% MRI capacity to the system and dramatically reduce wait times across Ontario. It is but a first step.

Many of you have heard of Dr Alan Hudson. He is also a member of the health results team. Dr Hudson will be spearheading our wait-times strategy. Starting this year and over the course of our mandate, we will address wait times by increasing volumes in these priority areas: MRIs, cardiac procedures, cancer care, joint replacement and cataract surgeries.

Our investments will do the following:

Fund the nine new MRI services I just mentioned, all of which will be up and running by 2005-06;

Increase cardiac procedures by more than 36,000 by 2007-08;

Fund 9,000 additional cataract surgeries each year;

Deliver 2,300 more hip and knee replacements by 2007-08; and

By the fall of 2006, our government will have a registry on all our wait-time priorities so we will be able to mark our progress together, alongside Ontarians.

Dr Jim MacLean is another member of the health results team. Dr MacLean is going to be our lead on primary care reform. I haven't heard of an expert in the field who doesn't believe that primary care reform is the key to the sustainability of our health care system. It is also critical to the sustainability of our hospitals.

Dr MacLean is going to lead the construction of our 150 family health teams across Ontario by 2007-08. These teams will be composed of doctors, nurses, nurse practitioners, pharmacists and other health care professionals. They will provide multidisciplinary, comprehensive, front-line health care right in people's communities. They will do a much better job of helping patients navigate through the health care system, and by dramatically improving disease control and chronic disease management, they will reduce overall strain on our health care system. Because these teams will operate around the clock, hospital emergency rooms will see fewer 12-year-olds with ear infections at 2 o'clock in the morning, and I think we all know what a difference that will make. We will work with local communities and providers, including doctors, nurses and other professionals, to create our family health teams. They will be designed for communities and by communities, not imposed by Queen's Park. We will announce the first 45 of these teams this fiscal year.

The theory of family health teams is based on better integration of the system. That is the fix: a system that is better integrated, whose component parts complement and in fact improve one another. We are doing it on one level with the family health teams. We're taking it to a whole other level with local health integration networks, or LHINs. LHINs are the next logical evolution in our health care system. I use the word "evolution" very deliberately. They are evolutionary, not revolutionary.

We all know we do not have a true health care system. Health care in Ontario is more of a loose collection of services—first-rate services delivered by highly talented health professionals, but not a true system. Consider this: We have in Ontario 155 hospital corporations, 581 long-term-care homes, 42 community care access centres, 37 boards of public health, 55 community health centres, 70 community and public health labs, 353 mental health agencies and 150 addictions agencies. Taken individually, these all do great work, but taken collectively, that's the problem: They're never really taken collectively. From a bird's-eye view they're a hodgepodge of services with nothing aligning their planning and delivery. That isn't good for patients and it stifles the enormous potential locked within our public health care system.

We know that Queen's Park does not have all the answers. We know we are not the people closest to the day-to-day health care needs of Ontarians. Health care is very much a community-based activity, and we believe the best health care is found locally.

That is where LHINs come in. They're a made-in-Ontario innovation that is going to improve the integration and coordination of programs and services by ensuring there is accountability for these things at the community level. LHINs will align planning and delivery of health care along geographic boundaries that match patient referral patterns. That way, resources will be better matched to patients' health care needs than they are today. LHINs will facilitate the movement of people across the continuum of care so that they get the best care in the most appropriate setting when they need it. They will facilitate the movement of patients and they will facilitate the spread of excellence.

Let me give you an example. If one hospital or long-term-care home has a great idea, hundreds or maybe thousands of patients benefit. But if that hospital shares that great idea with every hospital and health provider, millions of Ontarians can reap the rewards of innovation. That is the medicare advantage, and we have been missing out on it. In short, LHINs are going to increase local access to health care. They're going to increase accountability and ensure an equitable distribution of services. They will preserve and build on existing integration efforts and networks. But they will not restrict patient choice and they will not require consolidation of existing provider structures.

I believe this is as brave and bold a step in health care as any government has taken in a long time. It speaks to a vision that extends well beyond the mandate of this government. It puts in place for the future a system that truly works as a system, one that is truly integrated, where the various parts work in harmony to deliver the very best quality care for patients.

I've talked about how we are going to make the system more integrated and easier for the patient to navigate. But accountability and integration depend on good information, and the systems to share that information with all members of the health care team. Health information technology has the potential to be one of the

most powerful unifying forces in our health care system, but this potential has not been harnessed. The lack of a common technology platform and information base in our system doesn't just slow things down; it seriously compromises patient care.

How many times does a patient or his or her caregiver repeat the same information to different providers at different times? We've all experienced this. It's an enormous waste of time and talent as information is recorded, processed and filed over and over again. The plain fact is that, to date, much of our health technology has been implemented in patchwork-quilt style that is clear evidence of a sheer lack of leadership. It's time for change. Gone are the days that see new technology adopted here and there but never everywhere. Also gone are the days where e-health will be treated as a dispensable expenditure. Information technology is essential to driving our transformation agenda and it is essential to health care in Ontario. What you will see in the coming year is a coordinated, rational strategy to put technology in place to power our transformation initiatives.

With new technology comes the need to protect that information. The Personal Health Information Protection Act, 2004, will help in this regard. It received royal assent on May 20, 2004, and comes into force on November 1 of this year. Protecting the privacy and confidentiality of personal health information is a priority for our government, and I'm pleased to say it's a priority for all members of the Legislature as the House passed the bill unanimously. The Personal Health Information Protection Act establishes rules for the collection, use and disclosure of personal health information. It will also provide individuals with a legislated right of access to and correction of their records of personal health information.

Finally, I would like to address some of the recent speculation about our tentative deal with the Ontario Medical Association and our attempts to improve the way in which drugs are prescribed in Ontario. As my honourable friends are aware, or should be aware given that they too have negotiated similar deals in the past, this is a tentative deal, the specifics of which I can't comment upon. But on the question of improving the way that Ontario patients are prescribed, is there anyone who is really prepared to raise a serious objection to that? There is ample evidence from any number of credible sources that overmedication is a very serious problem. This province's doctors are as anxious as we are to improve the situation because they, like we, are determined to put patients first. Suggestions to the contrary are just offensive.

In closing, let me repeat what I said at the outset: It is an honour to serve this government and the people of Ontario as Minister of Health and Long-Term Care. We're in the midst of transforming a system that proudly defines us as a great society. We've been at it a year and we've taken great strides. I've been proud to speak about some of them here today. I'm equally proud to tell you that we have both the vision and the energy to take many more great strides. Over the next three years we will

continue to move forward, integrating, strengthening and improving health care as well as ensuring its sustainability for generations to come. We have 12 million people counting on us now and untold millions of their children and grandchildren set to follow. We won't fail them. Thank you.

The Chair: Thank you very much, Minister. I believe the rotation will begin with Mr Baird.

1400

Mr John R. Baird (Nepean-Carleton): Thank you very much, Minister, for appearing before the committee today. I took great interest in your speech, particularly your line on page 6 that hospitals have been and will continue to be the anchors of our health care system. Anchors are something you throw overboard. That seems to be a pattern that I've noticed of your tenure at the ministry.

I've got the organization chart here, and whether it's the chief medical officer of health, the associate deputy minister, and then most recently with Mr Hassen, you seem to be throwing people overboard. You've become the Donald Trump of the Ontario government. That change is a concern to many of us here.

I have three issues I wanted to discuss with you as the leadoff. One is with respect to this suggestion that you called offensive, that those of us in the opposition would question and be concerned about the secret side deal that you've made with the Ontario Medical Association that was exposed recently in the Toronto Star. I've got a copy of it here.

You said that you want to improve prescription drugs and their effect on beneficiaries of the Ontario drug benefit plan. It's like calling Godzilla the Tokyo protection monster. What you're proposing, in the way I read this—and I'd like to hear your comments on it—is that physicians would look at a patient, and if they've got grey hair, if they're over 65 and they're getting drug coverage from the provincial government, they would somehow want to reduce prescription drugs and have a direct incentive to do that in terms of their own remuneration.

Minister, how can you call "offensive" the complaints or concerns that those of us in the opposition would have for frail and elderly seniors or for poor and vulnerable people?

Hon Mr Smitherman: Firstly, I used the word "anchors" many times and would be happy to show you that the first time we ever used the phrase, it was "anchor of the health care tug-of-war team." So while you chose, as is your wont, to try and use the word "anchor" in a negative way, what's very clear from prepared text in history, on my part, is that hospitals are the anchor of the tug-of-war team. As someone who has both strong legs and a low centre of gravity, and too much body weight from time to time, I've been put in that role, and I think people on my team found me to be a helpful player.

I want to say, with respect to leadership, that I'm extraordinarily proud of the direction of the Ministry of Health and of the people whom we've called upon to

play leadership roles within that ministry. I'm incredibly proud of the role Dr Basur is playing as our new chief medical officer of health. I'm very proud of the alignment of senior people within the Ministry of Health, and I think that our health results team, led by seven accomplished people, is apt demonstration of our willingness to reach for the best and the brightest and to get those from the health care system who are top-notch performers to help us in our transformation initiatives.

On the issue with respect to the overprescribing of medications to seniors, I would just begin to offer you some evidence that you're either unaware of or unwilling to accept. The first document that I'd refer to is an excerpt from the report on the health of Canadians, the federal role, by Senator Kirby. I'll just read a couple of lines, and I'll make that available to the clerk for distribution.

"Seniors are more likely to receive prescriptions for medication that are potentially inappropriate; 11% to 46% of seniors receive at least one inappropriate prescription per year.... Prescribing errors account for approximately 19% to 36% of drug-related hospital admissions. The coexistence of multiple prescribing physicians, the number of drugs currently in the market, the number of relative contraindications documented and deficiencies in physician knowledge related to both age and training are important contributors to the risk of inappropriate prescriptions."

What that helps to frame is the initiative that we have at hand. What we're looking to do in our negotiations with the Ontario Medical Association is to incent the best possible behaviours that will have the best outcomes for patients. What we're incenting Ontario doctors to do is to have the capacity to spend more time with their patients, particularly any of those patients who are involved in taking multiple medications.

I would just say to you, as someone who's heard the anecdotal evidence time and time again of individuals, friends of mine, who have gone to the home of a recently deceased person, as an example, and cleaned out their medicine chest—many people have said to me that the measurement for how much prescription medication was in those medicine chests was that they had to take it in bags to the local pharmacy. So I think it's really, really important to keep in mind that there is an extraordinary pile of documentation on the challenges related to the subject.

One other point: Doctors in the province of Ontario are highly accomplished people. We have more trust, I think, in doctors than in any other profession. They least of all are going to be involved in any action that is designed to compromise that level of trust that they have. What this is is an attempt on the part of a government and health care professionals to begin to align themselves to work to address what is one of the more significant challenges that we're facing in health care today.

Mr Baird: Minister, I make no comment with respect to the challenge, the problem, of overprescription of drugs for people in the province of Ontario. What I have

a concern with is that you made this deal in secret. You made no grand announcement of it, as you seem to be pretending to be so proud of it here today.

I have three concerns: one, that it was secret; two, that it would treat a certain class of citizens differently from others, particularly with frail and elderly seniors, whom a physician could immediately identify as being recipients of the ODB; and three, that physicians would somehow be put in an awkward position, where they would have a pecuniary interest in whether a patient received the prescription drugs. This is not to mention people who might find themselves on hard times, beyond social assistance.

In your remarks, you said that doctors are professionals and they can deal with that. Well, I read in the *Ottawa Citizen* a story by Mohammed Adam from Saturday, October 2. I'll read it to you, Minister.

"Details of the deal, obtained by the *Citizen*, were sent to doctors this week. Although many physicians were alarmed and outraged by the deal, most refused to discuss it on the record with the *Citizen*. Dr Douglas Mark, president of the Ontario Coalition of Family Physicians, says that's because the government 'can beat us up' for saying anything."

Why do you think this senior physician in the province of Ontario would be so concerned that he might get beaten up by you and your officials for speaking up on behalf of his patients?

Hon Mr Smitherman: I saw over the weekend that the very same doctor made comments, so it seems to me that he feels quite comfortable and confident to go out there and communicate it.

You like to use a certain word to characterize a negotiation and the ratification process. I think it's inappropriate. The fact of the matter is that I guess it isn't so secret, because it has been posted on the Ontario Medical Association Web site.

The point simply is this: Over the period of eight months or so, in a pretty painstaking effort, representatives of the government of the province of Ontario and the Ontario Medical Association negotiated an arrangement. Subsequent to that, the board of the Ontario Medical Association considered it and sent it out to their membership for ratification. Our point simply is that from a process standpoint, it's at the point where it's most appropriately dealt with between the membership of the Ontario Medical Association and those who, on their behalf, negotiated it and passed it through their board. I think that, frankly, the process is being followed in a fashion that it has consistently been followed.

I want to go back to a couple of points. You continue to fearmonger around the use of the word "seniors," but you seem unwilling to accept the fact that seniors, as many, many studies will demonstrate, have been on the receiving end of inappropriate medications that have often resulted—you are trying to suggest that, in targeting seniors for improvement in prescribing practices, this was without cause.

I'll just reread the first line from Senator Kirby's report from a moment ago: "Seniors are more likely to

receive prescriptions for medication that are potentially inappropriate." I think a further point that was in that quote that I read referred to "deficiencies in physician knowledge" and also the number of physicians who are multiple-prescribing.

The point here, really, is that in our arrangement with Ontario doctors, what we seek to do is purchase their time in a fashion that gives the most benefit to the patient. We're trying to shift the focus toward some of those areas where we know there's an incredibly big problem to be addressed. A former Minister of Health, who is here, I think would have heard about this quite a lot when he was there and would have seen the effect of hospitalization that's occurring because people are being inappropriately prescribed. So I do think there is a terrific public policy rationale behind this and I'm very proud that we've been able to begin to focus attention on it, because report after report has indicated that this is absolutely necessary.

1410

Mr Baird: I don't see the same enthusiasm, Minister—I'll just make some comments and then move on to another issue. I don't see the same amount of enthusiasm for going after the overprescription of others in Ontario who are perhaps not recipients of the ODB, and I think many of us are incredibly concerned. I know the reaction that George Smitherman, Sandra Pupatello, Michael Bryant and others would have had over this kind of deal had it been made by the previous government. You would have had to literally peel them off the ceiling in question period. We're concerned about this. Certainly the *Citizen's* Mohammed Adam—in talking to many physicians, many have come to the conclusion that there is a culture of fear, that people are tremendously concerned that if they speak up against you and your government there will be direct consequences. That environment didn't just develop overnight. I've heard from a substantial number of stakeholders in the health care community where you, sir, personally have quite aggressively taken them to task in heated language and given them real reason for concern that there might be a repercussion for speaking out on behalf of the people they represent. For someone like Dr Douglas Mark, a senior physician in the province of Ontario, to be concerned that he might be beaten up—and those aren't my words; those are that senior physician's words.

I do have two other areas I'd like to go into. I'd like to talk about our public hospitals in Ontario, two in particular. The Queensway Carleton Hospital, which you have visited twice, which is certainly much appreciated—we're always happy to see the Minister of Health in Nepean—has been asked some six months into the fiscal year to make do with a 0.6% budget increase.

I thought that this minister would be leading by example. If he's asking a hospital in Ontario six months into the fiscal year to get a 0.6% increase, surely he would be leading by example. But I noticed in the estimates on page 5, the ministry administration item in your budget that you presented is up by 6.89%. How do

you have one standard for administration at the Ministry of Health and another standard for public hospitals in Ontario?

You negotiate collectively the wage increases for nurses, which are certainly expected to be in the order of 3% or 4%. It's a known fact in Ontario that physicians are getting a salary increase of at least 6%, and Lord knows how many more, depending on the side deals, which are like a Christmas tree. You're expecting some people to make do with a 6% or 10% salary increase, your own leadership by example is almost 7% on administration, and then you expect a hospital like the Queensway Carleton to make do on a 0.6% budget increase or a hospital like the Ottawa Hospital, one of the biggest tertiary care centres in the province, to make do with a 1.8% budget increase. That hospital serves my constituents, and two of the campuses are located in Ottawa South, the Premier's own riding. If the Premier is not going to stand up and defend health care in his own constituency, I'm certainly going to defend it in mine and his.

How do you respond to a hospital that says you're increasing your administration budget, according to your own documents, by 6.89% and you expect a hospital six months into the fiscal year to make do with 0.6%?

Hon Mr Smitherman: First of all I'll say to the honourable member that the circumstances we inherited from your government with respect to hospitals were simply not sustainable, and that's known to everybody. I think there's a lot of evidence of it in the fact that you left behind a \$5.5-billion debt; \$721 million of unpaid operating bills from the early days of Tony Clement buried in the working capital deficits of Ontario hospitals. We inherited a culture you had helped to create which basically suggested to Ontario hospitals that at the end of the year, whatever they had spent in excess of what was allocated would be paid off. I would just challenge the honourable member to confirm that he thinks that was a sustainable situation.

What we've been able to do over the course of—

Mr Baird: [Inaudible] I'm always the defender of the public hospitals.

The Chair: Gentlemen, I'd just like to say something for the record. First of all, this is a rather unusual process that we're undertaking in this half-hour time spot and we will of course do whatever the critic wishes. However, you must go through the Chair. We must assist Hansard. In this instance we know which two individuals are now asking questions of each other, apparently. If we could just keep one on the record at a time, that would be fine.

I also want to clarify that because, if Ms Martel wishes to use her half-hour in the traditional method of simply stating her concerns for the record, I don't want it to appear on television that she's somehow not engaged with the minister. So I just want to put that on the record.

Mr Baird: So you're going to defend your 7% increase on administration, when my hospital gets the short end.

Hon Mr Smitherman: Apparently he's following your rules, Mr Chair.

The issue with respect to Ontario hospitals that we inherited is well known to everyone in Ontario. Shortly after taking office, we found \$385 million to deal with their budget deficits of last year. I sent very strong signals before the beginning of this fiscal year that the kind of activity associated with that practice of the previous government would not become the practice of our government. I sent a very strong message on February 24, and addressed to the Economic Club of Toronto at the Park Plaza Hotel, that the era of double-digit increases was over. This was an appropriate amount of notice to Ontario hospitals about the new realities.

Inherent in this is a change in strategy for sure that instead of being a government which focused only on hospitals at the extraordinary demise of community-based care, we're a government that has moved forward with significant investments across the breadth of the health care system, with many of those areas which are essential to taking pressure off our hospitals receiving increases, in many cases, for the first time in more than a decade. A 4.3% total funding allocation for Ontario hospitals, totalling \$469.5 million, in addition to the \$385 million that we advanced shortly after becoming a government is a very impressive amount of money to have advanced in less than a year.

In addition, what I'd like to comment on is the assertion by the honourable member about what his expectations are for salaries. I'll send this message very clearly, as the Premier has on many occasions, as the Chair of Management Board has on many occasions, as the Minister of Finance has on many occasions and as I have on many occasions: The levels of salary increases that were raised in the question are not appropriate numbers to be discussed in the current environment. It's an era of restraint. That message has been sent very clearly.

I would just caution the member, before these negotiations have taken place between two parties, that the outcome of these is essential in terms of our ability to continue to make progress on issues, including, as an example, 70% full-time opportunities for nurses—another example of a failed policy of the previous government.

Mr Baird: I got no response about your estimates for ministry administration—your title, not mine—of \$167 million, up from \$155 million, a 7% increase. That's leadership by example, where you are increasing your administration expenses at your own hospital.

Frankly, Minister, I think we've got to send a hospital turnaround team into your office and your ministry. Perhaps some of these people you're beating up publicly and privately in the fiscal fire that you've created in Ontario's public hospitals should come into your ministry and tell you how to run it more efficiently, because I'll tell you, a 6.89% increase on administration does not fit into the culture you're trying to generate out there for other hospitals in Ontario.

When you go into a hospital six months into the fiscal year knowing that they have to give six months' notice

for a layoff and expect that they can do that, at the same time not cut services, at the same time protect the priority list that you have established and reduce waiting lists, is laughable. It's absolutely laughable.

1420

Minister, I can tell you that the official opposition—the Conservative Party—and our leader, John Tory, will not rest until you have funded our hospitals appropriately. You say very smugly that that practice is over, that there will be no more. Minister, you will eat those words, because by the end of this fiscal year you will have no option, no alternative, but to adequately fund our public hospitals.

If you talk to anyone, either in Ottawa or in your ministry, I was consistently a strong proponent of proper funding for our public hospitals. It is immoral to say to someone, halfway through the fiscal year, "You'll get a 0.6% budget increase." The Queensway Carleton Hospital asked—begged—for an operational review, and when that operational review, appointed by your ministry, went in, we had to give them \$13 million, because it proved that they're one of the most efficient hospitals in the province. I make an example of the Ottawa Hospital and the Queensway Carleton Hospital—and I will consistently, here and in the Legislature—to hold you to account that these hospitals cannot make do six months into the fiscal year, and that you will eat those words that you will not rescue them. You have pushed them in front of a bus six months into the fiscal year and you'll have to come to their rescue because you have no alternative. You, sir, created this crisis.

I do have one final question before I turn it over to my colleague Jim Wilson, or a final issue that I'll raise, which we will want to talk about more. It's with respect to the hep-C announcement you made on Friday. It was always my clear expectation, the clear expectation of the victims and the clear expectation of all of us in the previous government that all those funds would go to support the victims. That will be something which we continue to fight for. I refer to the story by Rob Ferguson on hep-C in Saturday's Star. We'll come back to that in the future.

I'll turn it over to my colleague Jim Wilson, one of the best Ministers of Health this province has ever had.

Mr Jim Wilson (Simcoe-Grey): Thank you, Minister, for being here today. I just have a couple of constituency matters that I promised my constituents I'd put on the record and ask for your assistance personally. I'll give you a copy here.

A lady in my riding is writing on behalf of her aunt, Muriel Robertson. I do have the patient's permission to use her name. You'll see it's a letter to Mr Tom Closson, chief executive officer of Toronto Western Hospital—"University Health Network," it should read—October 10, 2003. So it has been in the unsolved pile for a while. It says:

"Dear Mr Closson:

"I am writing on behalf of my aunt, Muriel Robertson. Aunt Muriel had an appointment to see Dr Rootman at

the Western Hospital on October 7, 2003. My Aunt Muriel requires a cornea transplant.

"Dr Rootman advised me that he could operate and that my aunt would have significantly improved sight. It turns out, however, that Dr Rootman has a waiting list of over 100 patients who require the same operation. I was further surprised to learn that the time he has available in the operating room has been cut back and he has only two or three hours per week. The result of all this is that it appears as though my Aunt Muriel is going to have to wait up to two years to have this operation.

"I find this to be incredibly unacceptable. My Aunt Muriel (and I suspect several of the people of the 100 people on the waiting list) live without financial aid from the government. With impaired eyesight, government assistance may now be required. It strikes me that there is a significant misallocation of resources and the government and the hospitals may in fact be saving money if they provided resources to their doctors to do their job.

"I am hoping to hear from you as to what plan you have so that my aunt does not have to wait two years for this type of basic health service."

That's by Mrs Mary Lou Brown.

I've talked to Mrs Brown on a few occasions, trying to get this solved. It just seems an inordinate amount of time. Apparently Aunt Muriel's health is good otherwise, if she could just get her cornea transplant.

I've got three other ones in my office. Every time we ask a question of the University Health Network, in particular Mrs Sharon Rogers, who is the director of patient relations or the hospital Ombudsman—I guess she has a very difficult time. She does reiterate, in her response of October 21, 2003, back to Mrs Brown, that they've been forced to reduce funding to some programs, that cornea transplants and operating time are a serious issue and that they have less time this year than last year. I talked to them again recently, and the situation is getting worse.

I would ask you to look into this particular case to see if there's a way to get more operating time or perhaps more money. I don't know if cornea transplants are a protected area in the hospital budget; I suspect they're not. You mentioned cardiacs in your remarks this afternoon, but there's a heck of a lineup there for cornea transplants. It's not a tissue issue. As you know, that's not a tissue that has any blood vessels in it, so it's not rejected. I'd just ask you to look into that.

I also wrote you a letter this year. It will be a year since Mrs Brown has been writing back and forth, trying to get services for her aunt. She is told it might be another two years, and that's quite unacceptable for this elderly lady.

Finally—how much time is left, Mr Chairman?

The Chair: You have a couple of more minutes and then I'd like to keep two minutes to put a question.

Mr Wilson: OK, really quickly then. I'll give you a copy of this, Minister. Ruth Madill just wrote me quite recently. It's not an issue that I was aware of, and perhaps you'd like to comment on it. She has quite a lengthy

letter here. She wants to know why anyone would decide to remove bedrails from bedridden patients. She claims that for some reason the local facilities aren't able to determine the appropriate use of bedrails for chronic care patients. She believes it's being dictated by Queen's Park. She also goes on to say in the letter, which I'll give to you, that we need more long-term-care beds. "We have no long-term-care beds in Wasaga Beach." She goes on to say, "There are some in the area, like Stayner and Collingwood. Wasaga Beach has a population of over 14,000 and on long weekends we go up to 100,000 and sometimes much more." I'd like you to respond to Mrs Madill's letter also. Have you got any comment on the removal of bedrails on chronic care beds?

Hon Mr Smitherman: My comment would be that I'm not sure that's a ministry policy. I'd like to get a copy of it. I'm pleased to tell you that we've supported the work of the RNAO around best practices and the like. We really think it's critically important that we depend upon the nursing profession to tell us what works best and what doesn't.

On the issue of safety equipment for both patients and nurses, I'm proud to say we invested \$14 million this year in expanding the very kind of practical devices, like ceiling-mounted bed lifts, that are so essential to good quality care, especially in hospital environments and especially for patients whose health needs tend to be more chronic. But I'd want to look into that a bit further and endeavour to get back to the member.

Similarly with the other case, no one can be satisfied any time someone is being forced to wait too long. That's why we're working on a very aggressive wait-time strategy.

With respect to transplant, I'm not sure if it covers the type of transplant that your constituent was dealing with, but we have funded 425 additional transplants this year. University Health Network, of course, is a key hospital for the provision of those transplants. I'm hoping that might have some benefit, but again, I need to look into that a bit more closely.

The Chair: Minister, it's not customary for the Chair to ask questions, but since I have responsibilities for some of your portfolio, instead of me flipping in and out of the chair, might I take the last two minutes and just put a couple of questions for your consideration during the course of the estimates.

I want to revisit the issue around seniors overmedication. I think we universally agree that the fact that Ontario seniors are the most overmedicated group of citizens on the face of the earth is of great concern to us. However, my research into this issue has led me in a couple of areas, some of which you're already pursuing.

At the outset, I want to say that I think the fact that this is a negotiated item within the framework of a collective agreement with doctors under a certain veil of secrecy is not helpful to the public debate, nor does it particularly equip you with the kinds of consultations with the very seniors in this province whom we are purporting to help.

Having said that, prescribing guidelines is something the OMA has historically rejected. It is a form of accountability with litigious potential for the environment in which they work, which is difficult enough. Prescribing guidelines have been implemented in New Brunswick very successfully as an instrument of greater health outcomes and of lowering costs of drug medications. It does take more time, and I'm pleased you've noted that that is essentially the issue for seniors: to have more time with their physician. That leads me to my second question, the first being, are you looking at all-encompassing prescribing guidelines or selective guidelines or are you looking at guidelines specific to doctors who overmedicate? All of that information is available.

1430

The second part of the question has to do with the compensation for geriatricians, and I would ask if you could ask your staff to get the most current numbers. When I was the minister, there were far too many geriatricians in this province—not many—who no longer practised as geriatricians because they found it unaffordable. They just couldn't earn as good an income spending the amount of time that they were trained to do. I wondered if you have put your mind around opportunities within the framework of the collective agreement with the physicians to enhance the compensation envelope for geriatricians, first, as a signal, and second, potentially to physicians generally.

As you know, in medical school doctors get less than four hours of training on geriatrics. That is woefully inadequate when we understand the fact that 60% of a patient load for any GP in this province is predominantly people over the age of 60. We have much to do in this area and I wondered if during the course of your response or during the course of the estimates you could consider fleshing out for us if you are looking at the kinds of prescribing guidelines à la New Brunswick, and if you are looking at restoring the geriatrician position, which is an incredibly important position in the medical field, as we, as leaders, help seniors in the province.

Hon Mr Smitherman: Let me say on the first point that I appreciate your acknowledgement based on your past history and awareness of the extent to which we do have a challenge in Ontario. You've used even stronger language than me.

Our strategy on this is to develop this not just with doctors but also to work with pharmacists who are essential as front-line primary care providers. There's lots of opportunity, as I think you are well aware, in the whole drug system to engage all partners in a more cooperative way, and that's what we're going to do.

The second thing I just want to say very generally is that the agreement we have worked on with the Ontario Medical Association is designed to compensate doctors in those areas where our health care system dictates that more compensation is required. We want to renew the vitality of family practitioners and encourage family practitioners to spend time with their patients. Obviously increasingly for family practitioners, that patient load is

tending to be seniors. When we're in a position with a ratified deal, which is what I'm very hopeful for, I think people will see that that's really the way we've struck out in this agreement.

The Chair: Thank you, Minister. I'd like to acknowledge Ms Martel for her 30 minutes.

Ms Shelley Martel (Nickel Belt): I'll be using my 30 minutes for questions.

Mr Baird: Hear, hear.

Ms Martel: Thank you.

I want to thank the minister for being here and thanks to the staff who are going to be here over the next two days to answer questions for us. Minister, I want to begin with the side deal that you've signed with the OMA to pull \$200 million out of the Ontario drug benefit program, which frankly is a full frontal attack on seniors, the disabled and moms and kids who are on social assistance. I've heard you try to portray your defence of this as a health issue, that you're concerned about the overprescribing to Ontarians. If that were the case, if it were a health issue, then you would be looking at developing guidelines and measures that would affect the entire population.

The fact of the matter is, Minister, the Ontario drug programs, including ODB, cover prescription drugs for 20% of Ontario's population. The remaining 80% get their medication and coverage and everything else they need from somewhere else. So it seems that you are concerned with only that 20%, that group on ODB, over whom you can actually exert some expenditure control because you run the program. If this was really a serious health issue that you were concerned with and giving priority to, it seems to me that you would be dealing not just with the 20% who happen to be on ODB, who happen to be seniors or disabled or moms and kids on social assistance; you would be dealing with the whole population, the other 80% whom you seem to have no strategy for. Can you tell us why it is that this particular side deal impacts 20% of the population and the remaining 80% you somehow seem to have no concern with when it comes to overprescription and overprescribing medication?

Hon Mr Smitherman: Firstly, if it was simply a matter of cost containment, then I suppose our government would have adopted the strategy of Ms Martel's party when they were in government, which was to flatline the benefit of the Ontario drug benefit and not increase it despite the fact that utilization and demand was increasing.

This year alone we've put a quarter of a billion dollars of new resources into the Ontario drug benefit. I think that stands tall alongside the fact that on a per capita basis it pays out the most generous benefit to Ontarians. That's well known across the land.

I want to make the point that the member is working very, very hard, of course, to cast cynical aspersions on this. I think that is her job. But the fact of the matter is that when you look at the Ontario drug benefit—

Mr Baird: On a point of order, Mr Chair: The standing orders are very clear that you can't impugn the

motive of another member. I think this minister is imputing false and unavowed motives to the member from the third party.

The Chair: Please proceed.

Hon Mr Smitherman: I want to say very clearly that there is ample evidence in the literature that seniors as a particular population are not benefiting from current prescribing practices. They stand out as a group that is significantly impacted that way. I have already offered one quote as very clear evidence of that. I have a pile of more reports.

If what the member wants is to make a case in point which is already well known to her, that seniors' prescribing practices are, as an example, one of the primary causes of hospitalization, then I'm very prepared to do that. The point of the matter is very clear. In seeking to ensure that seniors have the best possible quality of life, we want to address what is clear, scientific, clinical-based evidence that the prescribing practices which are currently being adhered to in Ontario, as they relate to them, are not serving their interests well. The fact is that that's well known in the clinical evidence. It's well known, I think, to many of us. I used the example earlier of cleaning out a medicine chest after someone has passed on. Many, many other people have had the opportunity in their daily lives to see seniors struggling with the challenge of understanding what all of their medications were about and struggling with the challenges of side effects related to those.

I think it's an excellent public policy objective. As I said in answer to the Chair's questions a moment ago, it is a process that we will be able to make more progress on by working with the broader array of partners who are involved in helping to deal with prescribing practices for seniors and who are better able to assist in dealing with seniors at the point that prescriptions are being filled and informing them of how a variety of drugs are interacting with one another.

I'll just make one last point on this. There are 3,400 products on the Ontario drug formulary. When you think about all the complexity that's involved in our day-to-day lives, imagine for a second being a medical doctor with a very powerful role to play in assisting people to live out their lives with the highest possible quality of life. Imagine for a moment, then, being in a position at the same time to be able, in all cases, to understand what the interaction of drugs is going to be. What are we talking about? We're talking about working with our doctors to encourage them and enable them by providing more compensation, in other words more of their time, to work with seniors to get it right. That's what this is at the end of the day.

What I really find a little bit troubling by the approach being taken here is that in their haste to try to score a political point or two, I think members are avoiding what is the reality known to them in their home communities, and quite possibly with members of their families, that lots of Ontarians experience challenges with prescribing practices. The evidence is very clear that this is particularly problematic for Ontario's seniors.

Ms Martel: If I might, lots do, and they don't just include seniors. They certainly don't include only those individuals who are covered under the Ontario drug benefit plan. Only 20% of people who deal with prescription drugs get that through the ODB. The remaining 80% have coverage from various sources. It seems that you are not very interested in dealing with guidelines for them.

You say this isn't about cost containment, but your letter of understanding dated September 22 says, "These savings"—\$200 million—"attributable to changes in physician practice will reduce the rate of expenditure growth of the Ontario drug benefit program." And further: "It is agreed that if the target of \$200 million in savings is reached by March 31, 2007, to the satisfaction of both parties, an investment of \$500 million will be available in 2007-08 for physician services."

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I thought this was supposed to be about how we deal generally—not just with the 20% who happen to be on the ODB—with problems that have been raised with respect to overprescription and overmedication of the Ontario population.

Minister, your health concern would have a whole lot more credibility if this program wasn't only targeted to the disabled, seniors, and moms and kids who are on social assistance. Further, if the government really wanted to do something about this matter, then the government should implement some of the recommendations that were made by the Provincial Auditor last fall when he reviewed the Ontario drug benefit program again in a follow-up review. Regrettably, those recommendations he made in 2001—for example, establishing a drug use review program, among other things—still weren't in place when he did a second follow-up review in 2003. That's where your argument falls down, Minister.

The Provincial Auditor has made lots of suggestions about how to effectively deal with cost containment in this program—none of his suggestions talk about going after the poor or essentially delisting those drugs—and lots of suggestions as well about how to deal with overprescription among the broader population. Why is it that the only group you are going after is the group that is conveniently on ODB, the very group that you have cost containment and expenditure controls over?

Hon Mr Smitherman: Why is it, in the face of very clear evidence that this is a group of people that has very serious medical problems associated with it, do you continue to use baited language designed to try to evoke fear? The fact of the—

Mr Baird: You would never have done that.

Hon Mr Smitherman: The fact of the matter is abundantly clear in the research, which is well known to the honourable member. This is a group in our society that has serious problems associated with overmedication. Here's another report from the Canadian Association on Gerontology in the analysis section. The first line says, "Some classes of medication are overused by seniors, the most common being benzodiazepines and

other sedative-hypnotics for the treatment of anxiety and insomnia." This is but one more report as a piece of evidence.

To your suggestion that we take advantage of the good advice of the auditor, I think that you should take this as significant evidence that we're moving forward on that basis. I said earlier in an answer to the Chair that this is the beginning point. We've worked with the doctors to get them aligned to what I think is a very essential public policy challenge. I met recently with CARP. I've been in contact with the Ontario Pharmacists' Association, with the name-brand drug manufacturers and with the generics as well. My point on this simply is that there is a lot of progress that we can make. There was an excellent study, I think, in the home riding of the member for Durham, taking a look at antibiotic use. When the doctors and the pharmacists came together, they really found that they were able to deal with a more appropriate level of antibiotic prescription.

So I take the member's encouragement to look at the broader issue as a significantly good idea, but I would point to the steps we've taken as very clear evidence that we, as a government, understand that the challenge affecting our seniors is one that is most severe. Evidence after evidence, clinical evaluation and anecdotal experience alike, has pointed to the very clear and pressing reality, which is that Ontario seniors are overmedicated. This is a serious public policy concern. It's shaping a lot of the challenges that we face in health care today. Falls leading to breaks related to difficulty with medication, a very high increased rate of hospitalization and the like all dictate that these are important.

One last comment. I guess the member can choose to use any labelling she might wish, but there's no suggestion whatsoever, there's no hint of it, except a desire to confuse on the part of the honourable member, that what we're talking about here is—

The Chair: Minister, please. It would be extremely helpful if we just left those comments and stayed with the issues here.

Mr Baird: Shelley, me, all the family physicians—

The Chair: Mr Baird, please. I would just like to make sure that the tone stays quite professional.

Hon Mr Smitherman: Mr Chair, I'm not sure that the—

The Chair: Please finish so I can return the floor to Ms Martel.

Hon Mr Smitherman: The member, in her commentary and question, used a phrase which bears no resemblance to the matter at hand. Any suggestion that this is a policy that will have a reduction from the 3,400 drugs that are on the Ontario formulary is without foundation, Mr Chair.

Ms Martel: Would you like to guarantee then, Minister, for this committee that that is the case, that there will not be medications that seniors and the disabled and women and kids have access to now in the ODB that will be cut off under this process? If that's the case, where's the \$200 million in savings going to come from then?

Hon Mr Smitherman: Mr Chair, the member was speaking about specific drugs and classes of drugs, and I can confirm for her, if that's the question she's talking about—she used the phrase “delist” earlier. “Delist” means removing a product from a list that is currently available. I can assure the honourable member that there is no strategy associated with this initiative to delist drugs.

Ms Martel: Can you confirm—can you guarantee, in fact—that seniors, women and children, and the disabled are going to continue to get the medication through the ODB that they are currently getting? If that's the case, where do you see the \$200 million in savings coming from?

Hon Mr Smitherman: Mr Chair, the member wants to use the word “currently,” while failing to acknowledge, I think, that there is a public health problem here. What are we talking about? We're talking about analyzing and revising, as necessary, our prescribing practices to ensure that our seniors are gaining advantage through the drugs that are helpful and necessary to them to improve their quality of life.

So in the way that you have phrased the question, I'm not prepared to say that every senior who's receiving a drug should receive it in the future. But the point of the matter is very clear: That's not up to me. That is a very essential matter in the relationship between a doctor and their patient.

What we're really seeking to do here is move along, to move along on the advice and direction that has come in countless clinical studies which indicate that on a whole bunch of counts, seniors in the province of Ontario are overmedicated. The evidence of that has been made, case and point, time and time again, and I think that the honourable member, in her role, has been made aware of these things many times.

Ms Martel: How was the \$200-million figure arrived at?

Hon Mr Smitherman: It's arrived at as a target figure designed to address utilization, based on estimates that have come from some of the studies indicating utilization rate challenges.

Ms Martel: Utilization of what in particular?

Hon Mr Smitherman: Drugs.

Ms Martel: Which ones, Minister? Two hundred million dollars? You must have some idea of what we're talking about.

Hon Mr Smitherman: These are estimates that had been prepared by people who are familiar with these areas. There are 3,400 drugs on the Ontario drug formulary. The key point is this—

Ms Martel: Minister, are you prepared to table those estimates?

Hon Mr Smitherman: The member will wish to try and cast this as if the Minister of Health is sitting in the corner office and randomly striking this product or that product. This is not an accurate portrayal. This is an initiative that is designed to take advantage of the years and years of experience of our doctors, to encourage

them and to incent them to take more time with their patients to work through these matters so that people have the very best advantage of drugs—3,400 of them—on the Ontario drug formulary, but that they are not given drugs which are less likely to have a positive outcome for them. The evidence around why that's necessary is very clear.

Ms Martel: Minister, are you prepared to table the estimates that you've made reference to in the committee?

Hon Mr Smitherman: I'm happy to provide all of the clinical evidence to the honourable member that indicates that these rates are too high.

Ms Martel: No, you used the word “estimates,” and I want to make sure that you provide the committee with the information that somebody has clearly been looking at in order to arrive at a target of \$200 million. Somebody has obviously looked at some numbers to arrive at \$200 million, and this committee and, frankly, I, as the health critic, would be very interested to see what that \$200 million includes. Are you prepared to table that?

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Hon Mr Smitherman: The estimates are derived from the data that's at hand from a variety of clinical studies. As I've said now to the honourable member, I'm very pleased to provide that to her.

Ms Martel: Minister, let me go back to who is essentially being targeted here. That is the best way to describe it, because your measures don't work across the whole population. Your \$200 million in savings comes specifically from getting into the ODB plan that essentially provides drugs for those who are least able to afford them: seniors, the disabled, and moms and kids on social assistance.

We haven't heard of a clear strategy to somehow reduce drug costs generally for people across the system, which leads me to say again that clearly this is a cost-containment measure, that what is at play here is your government's efforts to have expenditure controls in the growth of the Ontario drug benefit program. The memorandum says that very clearly. It talks very clearly about reducing the rate of expenditure growth in the Ontario drug benefit program.

Twenty per cent of the population uses ODP; 80% doesn't. If this was a health matter, we would be looking at concerted strategies and concerted efforts to deal with that 80% of the population too, and we are not. We see only a reference to what you're going to do in the next four years specifically with that group of people who use ODB. I go back again to my contention here, that this is all about trying to achieve some savings in a plan that the government operates, much more so than it is about a general concern for the health of the population and for overprescription of the population at large.

In light of that, I would ask you, are you prepared to withdraw this letter of understanding between yourself and the OMA, which clearly goes after a very specific group of people who happen to get their drugs through the Ontario drug benefit plan?

Hon Mr Smitherman: No, and here's why. Firstly, if this was a matter, as the member would like to suggest, that was simply about cost containment, then we would have adopted the strategies of her party while in government, which was to freeze the Ontario drug benefit. That's what they did.

The estimates that are before you today, before all of us today, show a government that is putting a quarter of a billion dollars in new money into funding this benefit. In her address, the member said that the Ontario drug benefit goes to those who are least able to afford it. The fact of the matter is that I think she well knows that this drug benefit, as relates to seniors, is not a means-tested program. I think that's important to point out.

In her questioning, she suggests that we really can't be very serious about it—why?—because we've only started with what is known to be the most serious and egregious problem out there. The evidence in all of the clinical data, study after study, and then five more, says that seniors are overprescribed, and based on all of your common sense awareness and anecdotal experience hearing from this person and that about how Mrs Jones is grappling with so many drugs that she sometimes doesn't know if she's coming or going. The fact of the matter is that the evidence is very clear.

Like you are forced to do in your daily life or in your work life, as we are always as well, we triage our problems. Here you have a government that is aligned behind the very priority that you're calling for, focused on addressing from the get-go, the very first place, the place where there is ample, significant, substantial evidence that there is a really serious problem. That's what this initiative is all about.

In Ontario, we want to continue to be a jurisdiction where our seniors and those most vulnerable maintain benefit and access to drugs that they need. But in keeping with that firmly established principle, it strikes me that we should have the principle that says, "Only the drugs that they do need," because the evidence is very clear. The evidence is very clear that a lot of our seniors are getting drugs that are not working for them, in terms of the desirability and goal of enhancing the quality of life they experience.

The significant protection that is here for seniors is to be found in the trusted relationship they have with their doctors in the province of Ontario. We're asking, we're enabling, we're empowering the person, the individual, with whom they have the best developed relationship of trust to be more their custodian around the use of drugs, which are not always working as prescribed.

I just think these hard questions are fine. Of course, they're totally appropriate, and I don't mind them at all, because I'm very proud of the policy. I think it's a sensible thing for the province of Ontario. But I'm a little bit discouraged by your willingness and your desire to attribute partisan motive or something, that you're so prepared to suggest that Ontario doctors are not going to do the right thing for their patients. I'm having a hard time with that.

Ms Martel: Minister, it's not me. I'm wondering why you said in your own remarks that you have to offer incentives in order to get people to do the right thing. It was you who talked about incentives in the paper. I would think that most physicians are doing the responsible things, and if the government has some kind of problem with some physicians who are overprescribing, then deal with them directly. Between the OMA, yourself and the health network that can track prescriptions that are being made, surely you have at your disposal all of the technology and all of the human resources to deal with those physicians who are causing a problem, whoever they may be.

But you were the one who talked about \$50 million as an incentive to get physicians to do the right thing. I think that's insulting to physicians who are doing the right thing. If you've got a problem with some of them, then deal with that through the OMA, never mind throwing out there a \$50-million financial incentive that a number of physicians have publicly said is just a bribe.

Minister, you said you're proud of the policy. I'm glad that you are. I'm saying to you very clearly, from my perspective as a New Democrat, that this is a policy that is all about going after people who are on the ODB. Because if you were really concerned about the general population, then this memorandum of understanding would talk about general savings in health care costs to come out of the system. Instead, it focuses only on ODB, 20% of the population that use drugs. So you may be proud—I'm happy you are. We will continue to see this very much as an attack on people who are on ODB.

If you've got a problem with particular physicians, I have no doubt that between the OMA, the ministry and the health network, you can find out who the problem people are and you can deal with them without going down a route that clearly looks like some people are very much going to be losers and lose access to medication at the same time that it appears you are bribing physicians, and many physicians have said that publicly over the course of the weekend.

Hon Mr Smitherman: I hardly suggest that you're losing access to anything if every study that's out there indicates that some of the access is entirely unhelpful. If the strategy was as simple as you put it, then we'd adopt the same strategies you adopted when you were in office. What were those strategies as relates to the Ontario drug benefit? What is your party's record as relates to the Ontario drug benefit? You froze it.

Ms Martel: And you're cutting \$200 million.

Hon Mr Smitherman: No, Ms Martel, I am not. The estimates that are before you today for the calendar year 2004-05 show that the government of Ontario, of Dalton McGuinty, is putting \$250 million into the base adjustment to the Ontario drug benefit.

Ms Martel: When does the \$200 million come out, George? Come on.

Hon Mr Smitherman: Further is the very clear reality, which is that because the Ontario drug benefit is an open utilization program and often grows at a rate

beyond what's put in the budget, we fully expect that from within the challenges we face in the given fiscal year we'll have to increase that amount by probably another \$100 million or \$150 million. So I think there's ample evidence that Ontarians continue to have lots of access to a very good program.

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There's also lots of evidence, just as an example, in the study from the Canadian Association of Gerontology, that says, "11% to 46% of seniors receive at least one inappropriate prescription per year." It strikes me that we should incent our doctors to spend more time with patients and do what we can to affect the rate of drug utilization. We want our seniors to be able to gain benefits from those drugs that will help them enhance their quality of life, but we don't want to be associated with practices which study after study has indicated are debilitating for our seniors and leading to enhanced rates, as an example, of hospitalization. This is unhelpful, it's totally inappropriate, and that's what this initiative is about.

Ms Martel: And you don't have to give money to do that either.

The Chair: Ms Martel, you have about two minutes left.

Ms Martel: Let me just finish. Minister, if you want to deal with the people who you think are causing a problem, do that, but the current scheme you have here is that some form of \$200 million of savings is going to come out and you're going to table with us some of the estimates around what that may include. Then you're going to give \$50 million back to the docs, and there are going to be some decisions about how that money has been made.

I think most physicians do act very responsibly. If you want to deal with those who are causing a problem, then do it, but I don't think you have to take \$200 million out of the system and then provide \$50 million in incentive as a reward for getting doctors to do what they should be doing in the first place. That's why people out there are talking about bribery; that's why physicians themselves are saying it's a form of bribery.

At the end of the day, you can't confirm for this committee that some of these people who are currently covered now are not going to be impacted in a negative way. That's what I'm concerned about, that some people—moms with kids, the disabled, seniors—who need access to the program are not going to get it. It's going to be strange to see how \$200 million can come out without impacting someone in a negative way under this program, never mind the 80% of the rest of the population who aren't even covered and for whom it seems we have no savings target in terms of trying to reduce their drug costs or make sure that they are actually getting proper prescriptions from their physicians.

Hon Mr Smitherman: Quite the contrary: I can confirm that no Ontarian who is currently receiving drugs will be impacted in a negative way. In fact, what I can confirm for you is that many who are being impacted

currently in a negative way will be, by government aligning itself with health care providers to change the way we prescribe, improving their quality of life.

What you refuse to do today for the purposes of your own argument is acknowledge what you well know, and that is that study after study has indicated that there are serious problems. Here is another one: "Prescribing errors account for approximately 19% to 36% of drug-related hospital admissions." How much evidence do you need before you recognize that it's time to get on with addressing the fact that Ontario's seniors are challenged? You say that you want the negative assurance; it's the assurance that I'm very pleased to offer to you. In so doing, we'll enhance the quality of life for Ontarians and we'll learn a lot about something that is a challenge across the breadth of our health care system.

You keep referring to responsibility and problem doctors and the like. This is not my language; this is your language. I'm not pointing fingers and laying fault on a few doctors here and there. We have a problem in our society. It's well established by all of the data, and you know about it too. It's time, I think, to get past that denial, because I think it's incredibly important to the benefit of patients in Ontario that we prescribe them the drugs that will help them and will enhance their quality of life. But in so doing, it's critical, it's essential, that we recognize that heretofore that is not what our system has accomplished. We can do better, and that's what this initiative is about.

Ms Martel: All patients, not just ones on ODB.

Hon Mr Smitherman: Triage your problem.

Mr Baird: I agree with Shelley.

The Chair: Minister, Ms Martel, Mr Baird, we're going to do seven and a half hours of this. Let's try and work through the Chair here, please.

We have an interesting dilemma because a literal reading of the standing rules indicates that the minister is allowed up to 30 minutes' rebuttal. According to our clock, he has engaged in almost 30 minutes of the debate of the last full hour. So I'm in the committee's hands.

Interjection.

The Chair: Just let me finish, and then I'll answer any questions. This is not the usual form for estimates, so that's fine, if we can order up our business within the guidelines as established by Parliament. The up to 30 minutes allocated for the minister is for reply and rebuttal. So we can give the minister another half an hour for reply and rebuttal if he so chooses, but it is essentially to respond to the questions that were set up in the first half-hour of the official opposition and the half-hour of the third party. If the discussion can be focused in that direction, then we can proceed. Then we'll begin the rotation. Questions?

Mr Baird: I just might suggest to the committee and the minister, if you're open to this—you are a busy fellow and you've got all of your senior management team here—I certainly would have no problem if you wanted to waive your 30 minutes and take it off the end of the presentation, if that's something you'd be

interested in doing. Both of us have given back and forth already.

The Chair: Mr Baird, your suggestions go through the Chair.

Mr Baird: OK.

Ms Di Cocco: My understanding, at the beginning of the session, was that each side had half an hour. Whether they used it as questions or whether they used it to make statements was how they used the half-hour. My sense of what I hear, and maybe I didn't understand, was that the half-hour to the opposition and the third party, because of the format, negates the half-hour of the government side. Did I misread that?

The Chair: No. All I'm simply stating—for example, I'm not prepared to rule that the Liberal Party now has an opportunity to spend half an hour with the minister. I was simply suggesting that the minister could immediately engage in the rotation with the members or he can take half an hour to simply respond to the questions that were raised by Ms Martel and Mr Baird and others. That is the way the standing orders are structured, and that would be my ruling. I only added that the minister consumed about half an hour of the hour. So, if pressed, my ruling would be that the minister has had his rebuttal time. I would like to get into rotation or I'd like the minister to respond. I had a request from the government members to do a question-and-answer for half an hour with you, and my ruling would be that that would be out of order, but I haven't formally received it; I informally received it.

May we proceed, then, Minister?

Hon Mr Smitherman: I'm a little bit unclear, because the rules are not what I had been aware of. First, I do have items that were asked in the question period.

The Chair: Then please proceed. You have up to 30 minutes. Please reply to those questions and those issues raised by the two opposition parties. Then we as a committee will go through our regular rotation. Please proceed.

Ms Di Cocco, a question?

Ms Di Cocco: Yes, I have a question about procedure. I believe Mr O'Toole was Chair at the very beginning of this session before you arrived. He stated clearly what the process was going to be. That process was that there were three time slots: half an hour for the opposition, half an hour for the third party and half an hour for the government in beginning the rotation, and after that, the questions-and-answers of 15 minutes each. What you are ruling on now seems to be in contradiction to what Mr O'Toole, as Chair, stated at the beginning of the session. So I don't know if we can get an independent—if the clerk could provide—

The Chair: Ms Di Cocco, your suggestion isn't helpful. The mistake I made was not waiting for you to formally request what my clerk advised me was the request coming from the Liberals.

Now, I have ruled. The minister has up to 30 minutes to respond. As I say, the change that occurred was that the two opposition party critics engaged in a Q&A; therefore, a literal translation of the guidelines would indicate

that the minister has already engaged in up to 30 minutes of rebuttal. I don't wish to debate the point. I have an obligation to proceed with these estimates. We are back on track with the minister. Minister, please respond.

1510

Hon Mr Smitherman: Thank you. I would like to take the opportunity to rebut some of the issues that arose through the questioning from the opposition parties earlier.

First I would like to speak to some of the comments of the member from Nickel Belt. The member from Nickel Belt seeks to characterize improvements in drug utilization as a cut. The fact of the matter is—I think I made the point earlier, but not as well as I might have—that a drug program currently is operating under utilization pressures ranging from the mid- to high teens, on a base budget between my ministry and the Ministry of Community and Social Services, approaching \$3 billion. I think we can all see the challenge associated with this.

But our party, while in government, will not serve to take action as her party did while in government, which was to limit access to the Ontario drug formulary and to freeze the amount of money that was made available in it. That was the strategy her party adopted while in government, but it's not ours. Why is that? Because we fundamentally believe in the life-altering and life-improving capacities of pharmaceutical products to assist our seniors and others in living out their days with the fullest possible quality of life.

We've all witnessed how some of those pharmaceutical products can give life back to people. As a gay man with many friends who have suffered from and succumbed to HIV/AIDS, who deal with its challenges every single day, I've had the opportunity of seeing those life-altering drugs give them a new sense of and a new lease on life. We stand, as a government, fully behind the principle that we should be working in our society to provide seniors and others with access to the drugs they need to enjoy their quality of life. But I find myself a little frustrated with a line of questioning that comes from opposition parties where they seem to depend upon short memories in terms of both their awareness of the way they acted while in government, and perhaps more particularly with respect to all the studies that are out there that indicate that this really is a serious problem in our province.

I would just say there are obviously, in our jobs, lots of opportunities for the to-and-fro and for the political debate and the like, but I think this issue really does warrant a bit more of what I might characterize as a common-sense approach. When I say a common-sense approach, I mean just talk to some people; talk to some doctors, to some pharmacists, to some people who work in emergency rooms, to seniors and seniors' groups. On these issues I have a touchstone. It's my mother, and she never likes the fact that I talk about her age, 71. This is where I seek to learn on a very personal basis the challenges and opportunities that are associated with pharmaceutical products.

I just want to make the point that what we are looking at trying to do is to alter our drug utilization rate for sure, because the growth in this program is a serious challenge. Why would we, when faced with a compelling body of evidence, shrink from the duty and responsibility of trying to enable a higher quality of life for our seniors by assisting them in having a utilization rate for drugs that is more appropriate?

Please, I realize it's easy for me to characterize these things because I'm a public office-holder, like all of you, but the evidence is really clear. It's there in the data. So I ask you to please take that into consideration.

The member for Nepean-Carleton earlier on made some assertions with respect to the ministry's administration budget. I really appreciate the opportunity in rebuttal to make a few points. The first is that the Ministry of Health spends less than 2% overall on its administrative costs. I think if you were to compare that to the cost burden in many of the institutions that you raised, you'd find that the ministry operates very efficiently.

The numbers that you were speaking about are influenced very specifically by two programs which I think you're going to agree were very necessary. Those increases that you spoke about are influenced by two programs that have come about as a result of Ontario's experience with SARS and the public health challenges associated with that.

The first is language adopted by your government and still alive within the Ontario public service, and that is the "new normal" in infection control. A significant amount of the associated costs that you raised are for public awareness about a comprehensive community awareness program that talks about making people more aware of the challenges related to infectious disease and the like. This has come forward as a recommendation from the variety of reports we've had and that we still continue to gain benefit from related to Ontario's challenges stemming from SARS. I don't want to make the point too simply, but one of the things we found out with SARS is that one way that individuals could empower themselves is by doing one of those things that is the simplest thing to do: just washing your hands. So I just want to make the point that there is a significant element of cost associated with that.

The second is perhaps even more compelling. One of the real hardships that we experienced in struggling to address the challenges related to SARS was that our information management systems were very inadequate. They let us down to the point where people who were engaged in the front lines of that battle—many of whom are the accomplished women and men of the Ontario Public Service and the Ministry of Health; Dr Basrur, who served in a different role then—really experienced the challenges of basically using Post-it notes and the like to try and track what was a fast-emerging health threat.

A significant amount of the cost associated with the increase that the honourable member for Nepean-Carleton referred to is for the development of what's become known as iPHIS, the integrated Public Health

Information System for communicable diseases, improving immunization reporting using this tool and a few other related inspection information systems. The key point here is that we're spending a fair bit of money to build a piece of infrastructure that was seen to be sorely lacking, and that was the ability of public health units to communicate in a consistent language to the ministry, and back and forth, to be able to track emerging health threats. I do acknowledge that it's a significant amount of money and a significant increase as well, but it does stand as further evidence of our government's desire to give real life and action to the excellent reports of Dr David Walker, Dr David Naylor, Justice Campbell and others who have really informed our actions related to the rebuilding of public health. Those are the explanations for the increase that you spoke about.

I just want to go back to a point from the member for Nickel Belt that I think I did address somewhat in rebuttal that does relate to the challenge at hand with respect to prescribing practices. She's absolutely right to say that this is not a problem that is germane only to older Ontarians, although, as I've said I think on probably at least 10 occasions now, the evidence is clear as more data have been collected that it's problematic in those areas. But along the lines of the excellent work that was done by community health care providers in Minister O'Toole's—sorry, John; I was always hoping for you to be one. In the member for Durham's riding—I'm not sure; was that in Bowmanville?

Mr O'Toole: Port Perry.

Hon Mr Smitherman: In the Port Perry community they did some excellent work, doctors and pharmacists working together to address prescribing patterns with respect to antibiotic use. They very significantly reduced those rates of prescription. We can be informed by those things. We are, as a government, moving on with strategies to tackle utilization rates to make sure that people are being prescribed the things that can help them and not those that can cause a health burden for them. The evidence is clear that lots of health burden is the result of some of the prescribing practices that are the norm in Ontario today, and what we're trying to embark upon is a path of what I would call cultural change or societal change that won't just involve doctors but will also involve patients, pharmacists and drug manufacturers alike.

1520

You ask a good question and you ask it hard, but the fact of the matter is, I think it's a very sensible thing for a government that is facing enormous challenges to focus its time and attention on those which are most problematic and pressing. This is clearly the case, and there's lots and lots of evidence to indicate it.

I'll say again that I think it's incredibly important that we approach this issue with an appropriate amount of respect and confidence in health care providers. We know that patients have trust in their doctors. Our agreement builds on the relationship of trust between doctors and patients.

On the issue of my use of the word “incentive” that some people find problematic, I really believe that we in the Ministry of Health are trying to emerge with a true transformation, with a new culture intact, moving from what I often characterize as a command and control culture, which pretends it can control everything with another regulation or directive, to one where we all recognize one fundamental thing, and that is, notwithstanding the challenges that will always be there about more funding needed here or there, we’re all in this together.

What we propose to do is to incent and reward appropriate behaviour. As an example, that could mean that organizations that are slow in moving forward on reforms, that are carrying a higher administrative burden, might not receive the same level of base funding increase. If there’s evidence out there that some providers can get the job done more efficiently and effectively than others, then I’m very pleased to say that our government is going to seek to acknowledge those good behaviours and to try and incent them and to—I wish I could think of another word—disseminate them across the breadth of our health care system. This is really fundamental to the issue that is at hand for us.

On that, Mr Chair, I think I’ve failed to use all of those 30 minutes, but have appreciated your opportunity to provide me a rebuttal on those points which I didn’t feel were adequately covered in the question-and-answer section.

Ms Di Cocco: On a point of order, Mr Chair: I am going to be challenging the Chair’s initial ruling with regard to the 30-minute time allotment to all parties around this committee table.

The Chair: First of all, the reason you can’t have a challenge is because I didn’t get a formal request. So if you wish to make a formal request, then I can make a ruling. But it wasn’t challenged at the time of the ruling—

Interjection.

The Chair: Just a moment. I did not get a request; I got an informal suggestion. That was it.

Minister, please, I have a procedural point here. We now wish to proceed with the normal rotation. The clock indicates that we have 36 minutes remaining. We can proceed to divide the time in accordance with the accustomed practice.

However, I do need the direction of the committee with respect to stacking the votes. Do you wish to do the ministry estimates collectively and vote at the end, or do you wish to go vote by vote through the estimates book? I just need a motion to proceed in one fashion or the other.

Hon Mr Smitherman: On a point of order, Mr Chair: While you deal with these procedural matters, could I have your permission to go down the hall for about three minutes?

The Chair: Yes, absolutely.

Do you wish to stack the votes and do them all at the end?

Ms Martel: Stack the votes and do them all at the end.

The Chair: All those in favour? Agreed. Thank you.

Mr Baird: There’s no provision to challenge it.

The Chair: No. I’d even rule on it, but I didn’t have a request. We don’t need to go over it. You can’t challenge a ruling when I didn’t overturn a motion.

We have approximately 30 minutes remaining. By the most efficient and fair use of the clock at this point, we’ll allocate 10 minutes to the official opposition, 10 minutes to the third party and 10 minutes to the governing party. Please proceed.

Mr Baird: I’m reading your letter of understanding here, your MOU, and I hear you use the word “incent,” so I decided to count the number of times “incent” appears in your letter. It doesn’t. You talk about seniors and overprescriptions, so I tried to look for the word “seniors.” Are seniors even mentioned in your letter of understanding? They’re not. Yet the word “savings,” in this little one-page letter, is mentioned seven times.

I think it’s clear that this is all about a budget reduction among the 20% of the population who are the frail elderly, who are disabled and who are single parents, single mothers and children on social assistance.

I have a question I want to ask you. Since you’re so concerned about the overprescription for the population, let’s look at the other 80%. Great-West Life provides the prescription drug coverage for you and I and all the men and women sitting behind you. Would you have any objection to Great-West Life giving a 20% incentive to physicians for not giving you and I a prescription drug? Would you have any objection to that?

Hon Mr Smitherman: Yes, of course I would, because for the member in his question to put the government of Ontario and the Great-West Life Assurance Co on the same plane is to demonstrate a pretty significant lack of awareness about the fact—

Mr Baird: I’m just trying to put you and I on the same plane as someone who’s a frail and elderly senior. That’s the same plane I’m talking about.

Hon Mr Smitherman: Excuse me, Mr Chair. I’m in the middle of answering a question and I’m getting heckled.

Mr Baird: I learned so much from you in question period.

Hon Mr Smitherman: A lot more than I learned from you in government.

The Chair: It was an interjection and an answer from you, so Minister, please proceed.

Hon Mr Smitherman: For you to depend upon a comparison which places an insurance company—a private, for-profit, publicly traded insurance company—on the same plane as a government seeking to manage its responsibilities for a health care system in the province of Ontario is demonstration of the extent to which you want to reach on this subject.

Here, I think, is the essential point. There is in our province a very significant use of prescription drugs. The government of Ontario is a very significant contributor to paying for those: approximately \$2.5 billion in my

ministry and approximately another half-billion dollars in the ministry that you would be even more familiar with. We fully intend and expect that over the course of our term in office, we will continue to increase the amount of money that we spend on drugs and that we will continue to expand the formulary that's available for Ontarians to benefit from.

1530

Those two realities and those two commitments don't mean that it's not helpful to address utilization rates which are known to be inappropriate. The fact is that you can do all you want to do, but what you seem unable or unwilling to do is see the very clear reality, which is that in our society there are many people who are not benefiting as they are intended to from the prescription products they're taking. We want to work with Ontario's medical community, these most trusted relationships between patient and doctor, to put more of the doctor's time at their disposal, to assist the patient in making sure that the medications they are taking are having their desired effect. I think this is a very good approach.

Mr Baird: All I can say is, if you were genuinely concerned about the overprescription of drugs for seniors, the word "senior" would appear in your letter of understanding. The word "incent" rather than "savings" would appear in your letter of understanding. With great respect, the fact that you're not prepared to put yourself on a level footing with a young child with Down's syndrome who is on ODB, with the frail senior, the woman who depends on osteoporosis drugs—the fact that you're not prepared to put yourself in the same boat says that you're not perhaps as thrilled with this policy as you would pretend. I think that's unfortunate, because you are only tackling 20% of the population. It seems to me that if you were genuinely concerned, you'd want to have some initiatives for the other 80%.

I did want to briefly respond to your comments with respect to hospitals and your administration budget. I make no comments at this time as to whether your administration budget is good or bad. You have reasons for your administration budget going up. You identified them as public health. I notice on the same page that your expenditures on public health are going down quite significantly in the estimates, and your estimates on the overall summary page are going down by hundreds of millions of dollars. Perhaps that's another issue you may want to address in the future.

There are explanations of why hospitals need more than 0.6% budget increases, more than 1.8% budget increases. You have very flippantly said that you see no evidence that hospitals have sought cost reductions anywhere in your comments, which simply is not the case. It ignores the realities of the work of a lot of nurses, doctors, administrators and other staff members, volunteer boards of directors at hospitals like the Ottawa Hospital and the Queensway Carleton.

I'll give you two reasons why the budget of the Queensway Carleton Hospital is going up: They've got a growing population out the front door, of Kanata,

represented by my colleague Norm Sterling, and of South Nepean, Barrhaven and Stittsville, represented by me; and out the back door, in your colleague Jim Watson's riding, you've got the oldest population per capita in the province—in fact, even in the country. So there are two reasons why the Queensway Carleton Hospital's budgets are going up.

They are also going up because health care inflation is out of control, because you're giving big increases to physicians that are well in excess of the 2%. You said you didn't want to discuss the wage increases now. I don't blame you for not wanting to discuss them because they're going to be signed, sealed and delivered by the time the taxpayers find out that you're going to give some health care practitioners more than 6%, maybe as much as 10% when all of your secret side deals are exposed. What does that say to the guy pushing the broom? What does that say to the nurse who's going to be demanding a 3% or 4% salary increase?

Minister, all I'm asking is that you consider that you've got an explanation for your 7% administration increase. Hospitals have an explanation too, because they have to actually treat patients in their hospitals. In order to get just inflation, the 4.5% or 5.5% that these two hospitals are looking for, that's not going to make the system any better; that's just going to keep their head above water, to provide the same level of care that they provided last year. If you want to talk about increasing the number of full-time nurses and reducing waiting lists, I'd suggest you've got to put your money where your mouth is. If you were as equal a proponent of the administration budget of your own hospital as you were of the public hospitals in general, I think that would be a welcome sign, because they have not seen an advocate in you.

Hon Mr Smitherman: A few things there: First, to hear the honourable member in the same breath—it might have been two breaths—defend the poor and the nurses, two groups that he was rather accomplished at attacking, is just a little beyond the pale.

With respect to reporting of public health funding, it's accurate to report that last year's extraordinary events related to SARS caused an actual expenditure number for 2003-04 which is lower in 2004-05. But I would make the point that base funding and commitments to municipalities and to fund Operation Health Protection have been very helpful there.

Queensway Carleton Hospital is the beneficiary of \$8 million in additional funding this year.

Mr Baird: That's for new services.

Hon Mr Smitherman: That is for new services, as the member has said, which makes the point rather well, doesn't it, that his very question, which said there was nothing going on in hospitals to buy new services and that it's just to pay the same for what we already have—he has already made the point that there are new services. There are expansions going on in the hospital sector in the province of Ontario today.

The situation that we're facing is as such: We put \$385 million into hospitals as soon as we arrived, and we

put \$469.5 million in this year. That's a 4.3% increase for hospitals. We're seeking to prioritize that funding in key areas with our hospitals. We have additional funding that's been committed to nursing, as an example. You referenced nursing.

What I'll offer on the issue of nursing is that I'm of the belief that we inherited a profile of nurses in the province of Ontario which was significantly damaged—significantly damaged. I'm proud that we've made some important steps. I recognize that we have miles more to travel, and we're going to do that, working alongside nurses.

You, of all people, representing the party that while in government didn't just turn their back on nurses, as your former Premier did with a former chief medical officer of health, but called them Hula Hoops and made them redundant and fired 8,000 of them—it seems to me that you're a little bit on thin ice to be talking about us.

On nursing initiatives, I'm very proud to be able to say that we've directed \$89 million in targeted funding toward nursing strategies and \$50 million, in two \$25-million chunks, to hospitals, large and small. The first \$25 million that we sent to hospitals with a view toward increasing the number of nurses working full-time created 633 new full-time positions for nurses in the province of Ontario. We're making a significant dent in the challenge of addressing the issues of full-time nursing.

I make the point that the job we have at hand with respect to nurses is not just about wages. It's about improving their working conditions and also addressing the fact that way too many of them were being injured on the job. That's why I was so pleased to have a chance to demonstrate that a ceiling-mounted bed lift can carry a man of even my size with relative comfort and genuine ease, as opposed to asking the backs of the nurses in the province of Ontario to continue to lift that kind of a load.

I think this is an example of the fact that our government believes in rebuilding the foundations of nursing. That's about workplace health and safety. It's about getting more of them off disability. It's about achieving 70% full-time nursing, and it's certainly about limiting the addiction that hospitals have had to the use of agency nursing and overtime. So on these matters I'm proud.

The last thing I'm going to say is related to the issues of public hospitals. Perhaps you're their spokesperson. You've made yourself out to be that by the way you've asked the question.

Here's what I know. I'm pretty sure that in the last year I've been to as many hospitals as any Minister of Health ever has. I've had the opportunity in every one of those environments to reach across the nursing station and to go behind it, to reach across the volunteer desk and to thank the people who are usually in blue smocks, and to demonstrate to the Ontario Hospital Association that we are a government that seeks to have a health care system.

My last thing on this is that you can talk all you want in isolation about hospital funding, but that just

demonstrates that, just like for the eight years you were in government, you don't get that it's a system and you don't understand fundamentally that if you don't invest in community-based services, if you continue to allow, as an example, mental health to have no funding increases in 12 long years—significantly, your record—you will always have our hospitals in a situation where their emergency rooms are being overrun with people who could much better seek care in community settings.

1540

We have made the largest single investment in community care settings: \$406 million to restore quality in long-term care and open more beds; \$103 million for home care; \$600 million over four years for primary care renewal; \$29 million for the kind of supports, like Meals on Wheels, that help keep people in their homes in the first place. These are the things that I'm proud of.

The Chair: Ms Martel, you have 10 minutes.

Ms Martel: The question is on long-term-care facilities. Minister, can you tell me when the money for the long-term-care facilities that you announced in May actually went out the door?

Hon Mr Smitherman: It has ostensibly flowed. Last week, Ontario's 580-plus long-term-care facilities received a letter from me that's followed up with an administrative letter from senior officials within the ministry. This allocated what will be, on full-year funding, \$191 million. So I think it's safe to say that, across the province of Ontario, long-term-care facilities are placing ads in local newspapers to hire 2,000 additional employees, at least 600 of which will be nurses.

Ms Martel: My question was, when did it go out the doors? Are you telling us that the approval letters have gone out the door or the cheques have gone out the door almost five months after you first made the announcement? Which one?

Hon Mr Smitherman: Well, we made the announcement about—

Ms Martel: May 11.

Hon Mr Smitherman: Yes, about four months ago. I agree that it's—

Ms Martel: Well, about five months ago, yes.

Hon Mr Smitherman: I agree that it has taken a long time, and here's why: Under the previous government—I'm less sure about what the status was in your term in office—a lot of the time money sent by the Ministry of Health for specific purposes was not spent on its specific intent. The best piece of evidence I can offer is that the previous government, toward the end of their term, spent \$400 million on an initiative to enhance the percentage of nurses working full-time and achieved nothing.

Set against that backdrop, I've put in place a very different measure of accountability within our ministry. Although it took a long time, I think that if you speak with both of the organizations, OLTC and ONAS, you will find that they are very, very positive on what's taken place over the summer, which was following on the terrific work that Monique Smith did, lots of hard work,

to deal with issues including municipal tax and equalization.

So, yes, it's taken a long time. We've made a lot of progress. The letters are out there, which is evidence that the cheque is in the mail. Ontario's long-term-care facilities are now gearing up to enhance the levels of care that they're able to provide for those most vulnerable citizens. On long-term care, in the course—

Interjection.

Hon Mr Smitherman: I'll get you the answer on that.

The money is effective October 1, which is essential. There is a sign-back provision on the letter that went out. Those are due by October 19, and the money will flow soon after. But for the purposes of budgeting and staffing, those facilities are very well aware that the funding kicked in as of October 1.

Ms Martel: With respect to the sign-back provision, does that somehow relate to what directions have been given to administrators and facility operators about how the money can be spent?

Hon Mr Smitherman: Yes, it's designed to ensure that the money is spent in exactly the ways that we directed. Would you like someone to give a bit more detail on that?

Ms Martel: Yes, please.

Hon Mr Smitherman: OK. That's assistant deputy minister George Zegarac. I failed to introduce acting deputy Marg Rappolt earlier. I apologize.

The Chair: I was going to rap your knuckles for that.

Mr George Zegarac: Yes, just clarification: The sign-back provisions are clearly around the commitments the government has made in terms of hiring more nurses, having 24/7 care in terms of RN provision, having personal support workers hired, and having dietitians sign off on approved dietary plans. So those are conditions on which we've worked with the associations. We hope to receive all the sign-backs by October 19.

Ms Martel: May I ask, are the sign-backs including, then, per facility, what your expectations are with respect to new hires?

Mr Zegarac: In terms of the individual numbers?

Ms Martel: Yes.

Mr Zegarac: We're working those out, actually, with the associations and the centres over the next couple of months.

Ms Martel: So those targets will be assigned facility by facility?

Mr Zegarac: They will be eventually, yes.

Ms Martel: OK. How is the ministry going to ensure that that occurs? Are they going to have to now send in staffing schedules with their service agreements?

Mr Zegarac: There will be a management information system reporting, where quarterly reports will be coming back. We're working with them right now to do a survey to ensure we have the baseline data, and we'll be tracking that on a quarterly basis.

Ms Martel: OK, you'll be tracking. How will the public know? Is that information that's going to be made available to the public facility by facility: what your

expectations were with respect to new hires, in what category, and what happened?

Mr Zegarac: The desire is to ensure that all that information is made publicly available.

Ms Martel: Can you tell me where it's going to be made publicly available? I raise this because one of the other things you announced on May 11 was that within four months there would be the launching of a public Web site to provide information to the public about every home in Ontario, including current bed numbers, type of home, age of home, ownership, number of private, semi-private, and basic accommodations, number, type and rate of complaints for every year, and a satisfaction survey. We looked on the Web site today and we don't see it.

Mr Zegarac: We hope to have that Web site available very shortly.

Ms Martel: Any idea when?

Hon Mr Smitherman: It will be up before snow is a regular occurrence in southern Ontario—not the Sudbury standard, mind you.

Ms Martel: OK. You're past four months now, Minister.

Can I make some suggestions? It would be a very good idea—take it for what it's worth—to also post on that Web site the very kind of information of what the requirements are that you make with respect to staffing and what the compliance is.

My other question is, is it clear, then, that facilities will not be able to use this money to clear debts—and they have been told that; that's very clear—both private facilities and municipal not-for-profits?

Hon Mr Smitherman: Yes. That's why this has taken longer. It's exactly as I said: I wasn't sending money out into the system. It's for the front line, not for the bottom line.

Ms Martel: You talked about making sure that nurses are on 24/7, but we also checked about regulations and note that none have been made under the Long-Term Care Act with respect to standards of care. On May 11 you also promised a regulation that would provide RNs at every facility 24/7, a regulation that was cancelled by the Conservatives. The second regulation you promised on May 11 was also a regulation that would provide for two baths a week or more, depending on the personal care needs of residents, and we note today that neither of those regulations has been passed. Those could be passed at cabinet; you don't even require legislation. So can you tell me, Minister, why those two regulations, which, frankly, could easily be done at cabinet, have not yet been passed?

Hon Mr Smitherman: They're in the process. They're at legs and regs shortly, and we'll be getting them done in fairly short order.

Ms Martel: Can we have a more concrete time frame? A month? Three weeks?

Hon Mr Smitherman: I think it's reasonable to assume that these will be done within no later than six weeks from now.

Ms Martel: Six weeks. Then let me ask a broader question about minimum standards of care. The former government also cancelled what had been a minimum standard of care of 2.25 hours. I think the proof of how negatively that impacted on residents in long-term-care facilities was in the Price Waterhouse study that showed how seriously behind Ontario fell in every category of care provided to residents.

It's my understanding that in the last election your government did promise to reinstate minimum standards of care, and I'm wondering where the regulation is for that. You could, for the moment, put in the previous standard of care, which I would personally argue is not enough any more, given the acute care needs of patients who are coming into our long-term-care facilities with respect to dementia, behavioural problems etc. But in the interim, until you work with particularly the care providers like ONA, SEIU and CUPE, you could also pass a regulation that would at least put in what had been a minimum under the Conservatives and was cancelled in 1996. Are you prepared to do that, Minister?

Hon Mr Smitherman: I think the member well knows that we're not, that that's not the plan we've outlined. She's very familiar with the outline we've made, because she's just asked questions about the regulations we will be bringing forward. The reason for that, simply put, is that we think front-line health care providers have the capacity to be involved in helping to determine where their time is most appropriately set, that having a minimum standard does take away some of the flexibility necessary to deal with the patient loads people are dealing with, that from time to time those patient loads are going to differ because people are going to be more or less ill on certain days, and the like.

So I think the strategy we've outlined with those core regulations is a very healthy step, particularly when you consider it is but one element of a multi-pronged approach designed to enhance the quality of care in our long-term-care facilities. I think the additional funding, the work we've done on mandating resident and family councils, the initiatives we've made around stricter enforcement and better follow-up on any reporting, and especially the fact we still have legislation pending is ample evidence of the extent to which we've embraced the challenges in this file and really sought to turn the quality-of-care issue around in our long-term-care facilities. I'm not one to suggest that our work there is done, but I would say that when you look at 11 months and one week's worth of work, I think that we've gone a considerable distance toward enhancing the quality of care and ensuring that any long-term-care facility in our province, whether it is public or private, is living up to an Ontario standard.

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I will just say one other point on this: I get a lot of mail, just like you do, and on no issue, for me, in my letter book, has the tide turned in terms of the correspondence I'm receiving. No doubt the 73,000 individuals who are calling long-term-care facilities home need

a very significant degree of protection, and I think that we have dramatically enhanced the protections and care associated with that. We have more work to do, and it's coming soon.

The Chair: Thank you, Minister. Thank you, Ms Martel. Ms Di Cocco?

Ms Di Cocco: In all of the discussion about seniors, Minister, I just noted the day, and this is the first day I've missed my father's birthday in Sarnia. So I'm here instead of wishing him a happy birthday. He's 83 today.

Anyway, I will make sure—

The Chair: I hope he's watching.

Ms Di Cocco: Well, as I said, if this was on the parliamentary channel, I could have said, "Dad, happy birthday."

Mr Baird: It is.

Ms Di Cocco: OK. Happy birthday.

The Chair: And I rule it in order.

Ms Di Cocco: Thank you. Anyway, in the context of all of that—and he's very active and quite healthy. I think of our Minister of Tourism and Recreation when he talks about activity for seniors—my dad, by the way, is an incredible bocce player—and he talked about the whole benefit of active lifestyle as well as the social benefits of seniors who are out there and active.

I know that from a number of initiatives that we have taken across the board in various ministries—the Ministry of Health, the Ministry of Tourism and Recreation, the Ministry of Education, the Ministry of the Environment—we've talked about those determinants of health as being a huge component to how we stay well and how we stay healthy as a society. As we age—I know, Minister, you're not quite there, like I am.

Hon Mr Smitherman: I did turn 40 this year.

Ms Di Cocco: Oh, there you go. A milestone.

As we age—and certainly my generation, the baby boomers, if you want—we are going to put an incredible strain on our health care system. I know that one of the challenges when we formed the government is that we've got this incredibly complex set of—I don't know if you can call them systems—diverse ways of dealing with health care. Probably the biggest challenge is putting it together in a way that we can deal with it in a sustainable way. Let's put it this way: Sometimes it seems like this runaway train, in the sense of the growth that is there. How do we find the best practices across the board?

I heard you mention many times the word "accountability" in the context of hospitals, "accountability" in the context of yourself, "accountability" in how dollars are being spent and what the results are in what we call this patient-centred health care focus that we've got.

Again, going back to our elderly population, and, as we age, the different ways we're going to deal with patients or people who are aging and all of their different needs—of course, one of them has to do with our long-term-care facilities—I took it upon myself this summer, Minister, to go to every single long-term-care facility in my riding so that I could see the public, the not-for-profit and the for-profit facilities and actually go in there and

speak to the people who are providing the front-line care as well as to the people who are there being cared for by our health care professionals. There's an amazing amount of work being done there.

What I would certainly ask you, Minister, is that in raising the standards in our long-term-care facilities there's going to have to be a system whereby we're going to be able to do some enforcement, to be able to say, "Are these measures we're putting in there, these standards, going to be maintained?" That is what I was trying to get at as part of the question I'd like to ask you.

Hon Mr Smitherman: In my job you can't help but focus a lot on seniors. When you look at our government's budget for May in the areas of funding that we're expanding on—wait time strategies, hips and knees, cardiac, cancer, cataract, MRI—these are not exclusively targeted to seniors, but seniors are obviously significantly targeted.

I want to say two or three things. First, I was born in 1964, which officially is the last year of the baby boomers, so you and I have more in common than you might think. The second thing is that there's this amazing contribution that must come from our people. When you look at the destination points that I have responsibility for that our government has taken on, that we have collective responsibility for, it's to reduce wait times in key areas, to provide more access to family doctors, to make Ontarians healthy overall and to make our health care system more sustainable, to live within our means.

On this third point, and this is really the essential one, I think we have to rekindle a sense of societal commitment and dedication to staying healthy. I personally adopt the idea of continuous improvement because, as is well known to many people, although I'm always active, I haven't always been able to maintain a healthy body weight. For me that means eight days ago I ran half a marathon. I'm going to run another one in three weeks. But all around Ontario we need to be doing all we can at the community level to be encouraging people to take more personal responsibility and just stay fit and active longer.

On the issue of enforcement in long-term-care facilities, first, when you visited those long-term-care facilities you probably called in advance and told them you were coming, but when I go I don't necessarily tell them. This is one of the things we started to do with long-term care: We have surprise inspections. The principle is simple. On days when my mother is coming to my house and she lets me know, it's tending to be a lot cleaner than on those days when she shows up without notice. We apply the same principle to our inspection purposes.

From an enforcement standpoint, I don't think you can go into a long-term-care facility in Ontario today and not see a very present poster with a phone number. Here's what I know: In the basement of the Hepburn Block at Queen's Park in Toronto is a very dedicated group of people who work for the ministry at a thing called the Infoline. They take calls about health care questions on a wide variety of matters. But I had the opportunity to sit down with 16 people, I think it was, who were staffing the phone lines particular to the concerns around long-term care. It's a very high volume of calls, and we've put in place a fast inspection and enforcement capacity which I'm very proud of. We have more work to do on it and we intend to make it stronger, but already since January we've aligned resources in a way that means that if you phone in a problem about a particular long-term-care facility, that call is triaged by medical professionals and sent out to our ministry's regional office on an expedited basis for very fast follow-up and response.

The point here really is this: We're putting a lot in place, more resources to provide higher levels of care, resident councils and family councils, to make sure there is more community involvement in our long-term-care facilities. But we're also making sure that our inspection and enforcement capacities are enhanced, because the message has been sent very clearly that if you are someone who has been given the privilege and honour of running a long-term-care facility—I don't care if you're a for-profit or a not-for-profit—you have a very high obligation to some of the most vulnerable people in our society, and we will stand for no tolerance, zero tolerance, for anything that could be considered abuse or mistreatment of our seniors. That is different from the situation that we inherited as a government.

The last thing I'll say on this, because I'm out of time, is that shortly we'll have an opportunity for everyone to consider a piece of legislation that will strengthen even further these things and bring something that is long overdue, which is whistle-blower protection, to make sure that anyone who is working in a long-term-care facility has all the protection of the law to say loud and clear, "There is something going on here that I don't like." We will protect them and we will respond to it accordingly.

The Chair: Thank you very much, Minister, and thank you to your staff for being here today. We have reached the end of today's session. We have approximately five hours and 15 minutes remaining.

This committee stands adjourned until 9 o'clock tomorrow morning.

The committee adjourned at 1601.

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