QUEENSPARKTODAY
Your Daily Report on Ontario's Provincial Legislature

Queen's Park Today – Daily Report December 7, 2017

Quotation of the day

"Serving all members of the Legislature and the taxpayers of Ontario as an independent Office of the Assembly is a privilege and a trust … It also requires the fortitude to address significant issues without fear of pushback and reprisal, and to not walk away from them."

Bonnie Lysyk introduces her fifth annual report as Auditor General

Today at Queen's Park

On the schedule
In the morning, the House is scheduled to begin third reading debate on **Bill 160**, Strengthening Quality and Accountability for Patients Act. Pursuant to a motion passed in the House, the Standing Committee on General Government had until midnight on Wednesday to finish clause-by-clause consideration on **Bill 160**.

Two bills and one motion will be debated during private members' business:

- Liberal MPP **Sophie Kiwala** and PC MPP **Todd Smith** will put forward their jointly-sponsored legislation on safety regulations for soccer goal posts, **Bill 180**, Garrett's Legacy Act (Requirements for Movable Soccer Goals);

- NDP MPP **Catherine Fife** will put forward a motion calling on the government to explicitly include RER GO train service to Brampton, Guelph and Kitchener in its Long-Term Infrastructure Plan and to provide a firm funding commitment for all-day, two-way GO rail service to Kitchener by April 1, 2018; and

- Liberal MPP **Grant Crack** will put forward **Bill 184**, Liquor Licence Amendment Act (Maple Wine and Mead), which will allow retailers to sell maple wine and mead at farmers' markets.

After voting on private members' business, MPPs will adjourn for the weekend. The following week is the last week of the legislative session before the winter break.

Debates and proceedings

In the morning, the House debated **Bill 166**, Strengthening Protection for Ontario Consumers Act, at third reading.

Liberal MPP **Nathalie Des Rosiers** introduced **Bill 187**, Co-operative Corporations Amendment Act (Audit Exemptions and Limits to Non-member Business). The bill aims to level the playing field for co-op enterprises in Ontario by eliminating red tape on their operations.

Bill 139, Building Better Communities and Conserving Watersheds Act, continued to be debated at third reading in the afternoon.

Topics of conversation

- The Legislative Assembly has issued a job ad for a new Financial Accountability Officer to replace **Stephen LeClair** who resigned in September. Applications will be accepted until January 5, 2018.

- CBC's **Éric Grenier**, the former proprietor of threehundredeight.com, put his poll aggregator skills to the test to analyze all of the voter intention polls conducted in 2017 by Forum Research, Innovative Research and Campaign Research.
  - Grenier notes that Forum's polls put the PCs an average of 19 points ahead of the Liberals, while the Tories lead averages between 6.2 and 6.7 in the other pollsters' findings.
  - When applied through a seat projection lens, these variances are the difference between the PCs having a 98 per cent chance of winning the most seats under Forum's results and having only a 15 per cent chance of forming a majority using Campaign's data.
  - Forum's polling also projects the Liberals will win fewer seats than the NDP.

- The province sold only 83 per cent of its available carbon credits in its fourth cap-and-trade auction, which was held last week. The province sold 20.898 million of the available 25.3 million available at a price of $17.38, as well as 3 million future credits at a price of $18.89. The auction raised $422 million from this auction and a total of $1.9 billion in 2017. It is the first auction the province has not sold out.

- The government has agreed to include nurses under its workplace PTSD legislation covering frontline workers.

- Following Premier **Kathleen Wynne**'s business mission to China, Tourism Toronto announced Amway China selected Ontario to host its 25th Anniversary Leadership Seminar in 2020. The event will bring 10,000 distributors and $80 million in visitor spending to Toronto.

Today’s events

December 7 at 9:30 a.m. — *Toronto*

Transportation Minister **Steve Del Duca** will make an announcement at Exhibition GO Station with Liberal MPP **Han Dong**.

December 7 at 1:15 p.m. — *Toronto*

Health and Long-Term Care Minister **Dr. Eric Hoskins**, Community Safety Minister **Marie-France Lalonde**, Provincial Overdose Coordinator **Dr. David Williams** and Ontario’s Chief Coroner **Dr. Dirk Huyer** will make an announcement in the Queen’s Park media studio.

December 7 at 6 p.m. — *Brampton*

NDP leader **Andrea Horwath** will host a round table discussion on health care with local health care professionals on hospital overcrowding at former MPP **Jagmeet Singh**’s old campaign office.

December 7 at 6 p.m. — *Whitby*

The Ontario Liberal Party will hold its Whitby nomination meeting.

December 7 at 6:30 p.m. — *Dundas*

The Ontario Liberal Party will hold a fundraiser with Liberal campaign manager **David Herle** at Betula Restaurant.

Auditor General report

Government accountability and progress

Auditor General **Bonnie Lysyk** released a two-part, 1150-page annual report on Wednesday, containing 14 value-for-money audits. Lysyk said most of the problems with the government’s system are related to “known issues” that could be eliminated or improved upon with better planning and oversight. Although Lysyk dug up some substantial problems in the system, this AG report was far from as scathing as previous ones.

The AG repeated her qualms about the government’s accounting of $12 billion in jointly-sponsored pension assets, again offering only a “qualified” opinion of the province’s books, indicating she has concerns with their reliability. She said the government’s “non-standard accounting” **manipulates its bottom line by up to $4.5 billion**.

(The government has repeatedly disputed the AG's definition of public sector accounting standards, saying it uses an internationally recognized system).

In response to the province's Fair Hydro Plan, Lysyk announced her office plans to pursue **an independent audit of the December 31, 2017 financial statements of the IESO** in relation to the "government's complex new accounting/financing design to keep the cost of the 25 per cent electricity discount off the province's financial statements." This is the first time the AG has audited the IESO's finances.

Lysyk called out the government for its increased spending on advertising — which has hit a 10-year high. The Liberal government spent **$58 million on advertising in 2016-17**, of which she said 30 per cent was for ads "that appeared intended to make the government look good." She said millions was spent on ads her office would not have authorized under its old oversight system, which the Liberals ended in 2015, because they are too partisan.

Lysyk drew attention to a couple of advertising campaigns she found egregiously partisan, including a $330,000 radio ad that specifically mentioned the name of communities in four opposition-held ridings, and the $3.9 million the Ministry of Energy is spending to promote its Fair Hydro Plan.

Treasury Board President **Liz Sandals** said she disagrees with the Auditor General's definition of what government ads are partisan. She said the spike in advertising costs is related to translating ads into more languages and the increased cost of digital advertising.

Lysyk is concerned about the timing of her pre-election report, which is traditionally released 10 weeks after the government's spring budget and well ahead of an election campaign. This went smoothly in the past when elections were held in October, but Lysyk wants the government to consider her office's timing when scheduling its budget release so she is not accused of interfering with the election by releasing her report too close to voting day.

Health care

The auditor investigated a number of areas in Ontario's health care system that she thinks have been overlooked. The province's 75 **Community Health Centres** (CHCs), which serve vulnerable populations including the homeless and refugees, received $401 million from the Ministry of Health and Long-Term Care in 2016-17, but the funds are not being dispersed according to which CHCs serve the most patients. Half of CHCs are serving less than 80 per cent of their patient capacity, while many are overcrowded. The auditor said, while CHCs collect patient and health provider information, the ministry is not using it to determine whether CHCs are cost-effective and/or provide timely care.

The auditor found the province **overpaid private-sector laboratories by $39 million** in 2015-16 because it has not updated its funding formula to correspond with technological advancement. Much like physicians' OHIP billings have had to be adjusted as technology makes some procedures faster and easier, laboratory fees must also keep up with the times.

Health and Long-Term Care Minister **Dr. Eric Hoskins** said he has been working on the new laboratory fee structure since he became minister in 2012, but because of the sensitive nature of laboratory testing, it took a lot of time and work with the sector to implement.

The AG also thinks the province is **overpaying for generic drugs**. Lysyk said generic drug costs have dropped significantly over the past 10 years, but Ontario still paid roughly $100 million more for the same drugs as New Zealand. The province is also paying an average of 85 per cent more for generics than some Ontario hospitals. While the province has successfully negotiated rebates with some drug manufacturers (savings of $1.1 billion in 2016-17 alone), the amount it spends through the Ontario Public Drug Programs keeps going up, hitting $5.9 billion in 2016-17, a 60 per cent increase in a decade. Lysyk attributes this to an increased demand for newer and costlier drugs.

The province is not doing enough to **prevent chronic disease**, according to the auditor. Chronic disease caused by smoking, heavy drinking, poor diet and inactivity cost Ontario $90 billion in healthcare costs between 2004 and 2013, yet the province is only spending $190 million per year on prevention. Lysyk recommends the province establish a comprehensive chronic disease prevention framework and a coordinated approach to how public health units study the epidemiological data in their respective populations.

As the number of cancer diagnoses in Ontario continues to rise (86,000 people were diagnosed in 2016), the auditor found most patients are receiving adequate care. However the provincial healthcare system's **low capacity for stem cell treatment** means more patients are being sent to the United States for treatment at five times the cost. Stem cell treatment within Ontario costs the province approximately $128,000 per patient, whereas sending a patient to the U.S. costs $660,000.

Hoskins said the government increased its investment in stem cell care in the last budget and is working towards the goal of having all patients treated in Ontario.

Wait times for some cancer treatments, including biopsies, are too long, said the auditor, and as more patients than ever are receiving treatment from oral cancer drugs, many of those patients are forced to pay out-of-pocket for their treatments because the are only covered by OHIP if they are administered within a hospital.

Energy

Apropos of Tuesday's question period and CBC's investigation into Goreway Power Station's $100 million in over-billing, the auditor general report investigates recommendations made by the **Ontario Energy Board's Market Surveillance Panel**. According to the AG, for the past 15 years the panel has been reporting on flaws and weaknesses in two IESO programs, but they have not been updated, costing ratepayers millions. Like Goreway, the AG says the IESO is overpaying every natural gas plant in Ontario an average of $30 million annually because of flaws in its Real-time Cost Guarantee Program. Another nine plants were audited and found guilty of receiving $260 million in "ineligible" billings from the province, but of that only $168 million has been recovered.

Some of the costs identified by the auditor that were passed onto ratepayers, include the cost of coveralls, staff car washes, raccoon traps and landscaping. Lysyk said bills for maintenance were being submitted and paid by the IESO without being reviewed.

The report found the launch and three subsequent expansions of the **Industrial Conservation Initiative** (ICI), which reduces electricity rates for large industrial ratepayers, has shifted the cost burden of the electricity system onto residential consumers. According to the report, in 2011 before the launch of the ICI, industrial and residential ratepayers were both paying an average of seven cents/kWh in global adjustment fees. Six-and-a-half years later, small businesses and residential consumers are paying an average of 12 cents/kWh while industrial consumers are paying six cents/kWh.

The AG also questioned whether the members of the OEB's Market Surveillance Panel are working on behalf of ratepayers, noting that some members of the group work for companies that are being, or have been, investigated for exploiting the system's design flaws.

Education

The 2017 auditor general report criticized the Ministry of Education for failing to conduct five-year reviews of its **school board funding formula**, noting a review has not been conducted since 2002. The Ministry of Education provides school boards with $23 billion per year, but because school boards' expenses are not being analyzed, the funding is not being distributed where it is needed most. For example, half of the province's special education funding is given to boards based on the number of students enrolled, not the number of students with special needs. The AG said this amounted to $111 million being misallocated.

The AG found the number of **sick days** teachers are taking increased by 29 per cent over the past five years. At three boards the AG looked at, the salary costs attributed to sick days rose by $10.4 million since 2011-12. This upward tick follows the 2012 elimination of the province's long-standing policy that allowed teachers to bank their sick days until retirement.

Of the boards audited by the AG's office, one used half of the $46.5 million in funding it was granted for programs for students at risk of low academic achievement **to cover shortfalls for teachers' salaries and for special education programs**.

Education Minister **Mitzie Hunter** said managing teachers' sick days and staff attendance is the responsibility of the school boards.

Miscellaneous

The auditor general's report looks at a few areas in which the province has recently announced substantial reforms, including **emergency preparedness**. Lysyk said the province must do more to plan for the threats of terrorism, cyber attacks and climate change in order to ensure the province is ready with the most cost-effective response. She said the **Cabinet Committee on Emergency Management** has not met for five years.

Community Safety Minister **Marie-France Lalonde** said the cabinet committee will meet soon and will be more “vigorous” with its meetings in the future.

On the agriculture front, Lysyk found the province’s existing **farm support programs** would not be adequate to provide support during an extended market crisis or natural disaster. The AG said almost half of the province’s $100-million-a-year **Risk Management Program** is being disbursed to farmers that did not suffer agriculture losses or drops in income and generally benefits larger, industrial farms, rather than small-scale operations.

The province’s **newcomer settlement and integration program**, which the government announced plans to better coordinate with Ottawa last week, was also scrutinized. The Ministry of Citizenship and Immigration is paying service providers $100 million per year to help settle and integrate the 100,000 newcomers Ontario receives on average per year. The AG found $30 million of this is spent on services duplicated by the federal government and that providers offering bridge training to newcomers are not receiving enough oversight. The cost of providing an individual with 100 hours of language training ranged from $3,600 to $106,100 depending on the provider; some providers found employment for 71 per cent of their graduates, while others reported that fewer than 40 per cent of their graduates found jobs.

The report looked at delays at the **Assessment Review Board**, which hears appeals from MPAC’s property value assessments and currently has a backlog of 16,600 unsolved appeals, and the **Ontario Municipal Board**, which scheduled only 44 per cent of its zoning cases within its 120-day timeline last year. The auditor did not look at the operational aspects of the OMB and noted that the province’s pending legislation, **Bill 139**, Building Better Communities and Conserving Watersheds Act, will soon reform it.

The auditor found Ontario is spending **$19 million per year to maintain its 812 vacant public buildings**. The province owns 4,838 buildings, valued at $5 billion, but the maintenance costs are over $212 million per year and the repair backlog is now estimated to be $862 million. According to the report, the average condition of government buildings has deteriorated from an “excellent” rating to “almost a poor level of condition” over the past six years according to industry standards. Infrastructure Ontario does have a plan to dispose of vacant properties, but Lysyk said it is not happening fast enough.

Lastly, Lysyk’s report looked at Ontario’s **affordable housing waitlist**, which is the longest in the country. Currently 481,000 people, or 3.4 per cent of the population, are on the waitlist for social housing. Lysyk said the province should use a more sophisticated criteria to determine eligibility, noting that household income does not always correlate with need.

Lysyk warned that most of the province’s social housing contracts with non-profits and private landlords were signed before 1996 and are **beginning to expire**, taking below-market-rate-units out of the system. The auditor said the province is not properly tracking how many affordable units have been lost, despite the AG’s projection that 50 per cent of contracts will expire by 2020 and the last by 2030.

Responses

Ontario PC Party

PC Treasury Board critic **Lisa MacLeod** said the report found $1 billion in waste in just 14 departments, revealing a "culture of waste at Queen's Park that has festered under Kathleen Wynne and the Liberals for 14 years."

MacLeod focused mostly on the ineligible billings in the energy sector: "Under the Wynne Liberals' watch, senior citizens saw their power disconnected in the dead of the winter, meanwhile wealthy executives expensed hundreds of thousands of dollars on egregious items such as raccoon traps, scuba gear, parkas, and carpet cleaning to your hydro bill."

The PCs blamed the Liberals for allowing industry representatives on the OEB's Market Surveillance Panel: "They put insiders on a panel designed to make improvements, only to have been caught gaming the system for hundreds of millions of dollars."

Smith wondered whether the natural gas billings have anything to do with ministerial cash-for-access events, like he said happened in the renewable sector.

Smith said, under the People's Guarantee, conservation programs like the Industrial Conservation Initiative will be moved from the rate base to the tax base, eliminating the problem of residential and small businesses unfairly subsidizing industrial costs.

Asked whether an Ontario PC government would keep using the government's accounting standards that the auditor general rejects, or risk adding $4.5 billion deficit to the party's first budget, Finance Minister **Vic Fedeli** said his party will work to right the Liberal Party's wrongs.

The party also issued a meme-filled tweet mocking the over-billing by natural gas plants.

New Democratic Party of Ontario

NDP leader **Andrea Horwath** was concerned about the ineligible billings in the energy sector and the government's failure to recoup those costs; the government over-paying for generic drugs; social housing wait lists; and the "failure of the government's P3 model," which she says is diverting money from patient care to private companies that are contracted to build hospitals. She also criticized the government's $58 million in advertising spending.

Horwath said an NDP government would fund pharmacare for all Ontarians, commit to a one-third share of funding for affordable housing and return the electricity system to the public.

Horwath concluded her remarks by attacking her fellow opposition party, saying the PCs would not do things differently than the government in power: "But the question now is: what comes next? **Patrick Brown** has vowed to cut $6.1 billion in jobs and services … It's time for a plan that gives families hope that it's going to get easier."

Question period

There is no coverage of Wednesday's question period because *Queen's Park Today*'s reporters were in the media lock-up for the Auditor General report from 8:30 a.m. to 11:30 a.m.

