



February 16, 2012

## **Drummond Recommendations that may have a municipal impact or interest: An Inventory**

The Commission on the Reform of Ontario's Public Services – also known as the Drummond Report - was released February 15, 2012. There are a large number of the Commission's recommendations that may have a municipal impact and/or municipal interest and those falling into these categories have been compiled in the list below. Although there is no analysis or commentary to this listing, there are a number of notes for clarification. The recommendations are in the order they appear in the Commission's report.

- i) Context: Report sets out the current fiscal state: \$14B deficit in 2010-2011; equivalent to 2.3% of GDP; the largest deficit relative to GDP of any province. 2017-18 as target year to balance the books is at least three years behind any other province.
- ii) The report sets out three scenarios:
  - 1. 2011 Budget Scenario
  - 2. Status Quo
  - 3. Preferred Scenario

Recommendations fall from the preferred scenario that is based on program spending out to 2017-2018:

- Health: 2.5%
- Education: 1.0%
- Post-Secondary Education: 1.5%
- Social Programs: 0.5%
- All Other Programs: -2.4%

## Chapter 5: Health

**Recommendation 5-3:** Divert all patients not requiring acute care from hospitals and into a more appropriate form of care that will be less expensive, improve the patient experience and reduce the patient's exposure to new health risks.

**Recommendation 5-4:** Increase the use of home-based care where appropriate to reduce costs without compromising excellent care. For example, home-based care should be used more extensively for recovery from procedures such as hip and knee surgery.

**Recommendation 5-5:** To improve the co-ordination of patient care, all health services in a region must be integrated.

**Recommendation 5-7:** Support a gradual shift to mechanisms that ensure a continuum of care and care that is community-based. Funding for community-based care may need to grow at a higher rate in the short to medium term in order to build capacity to take pressure off acute care facilities; on the other hand, with a shift away from a hospital focus, hospital budgets could grow less rapidly than the average.

**Recommendation 5-9:** Do not apply the same degree of fiscal restraint to all parts of health care. Some areas — including community care and mental health — will need to grow more rapidly than the average.

**Recommendation 5-10:** Set the overall principles for province wide health care, but continue to organize the delivery of health care on a regional basis.

**Recommendation 5-11:** A regional health authority should be clearly identified as the key point for integrating services and institutions across the full continuum of care for a geographic area.

**Recommendation 5-12:** Reduce the number of organizations with which the Local Health Integration Networks must deal on a day-to-day basis.

**Recommendation 5-13:** Consolidation of health service agencies and/or their boards should occur where appropriate, while establishing any new consolidated agencies as separate legal entities to limit major labour harmonization and adjustment costs.

**Recommendation 5-14:** Establish an advisory panel in each Local Health Integration Network with appropriate representation of the regional health care stakeholders, including community hospitals, physicians, community care and long-term care homes.

**Recommendation 5-15:** The Local Health Integration Networks must integrate care across the system by sharing information on patients among health care providers, co-ordinating decisions and allocating funds to best reflect regional needs.

**Recommendation 5-23:** Local Health Integration Networks need to use funding as a lever to encourage hospitals and other health care providers to use the full scope of practice of their staff.

**Recommendation 5-26:** Resist the natural temptation to build many more long-term care facilities for an aging population until the government can assess what can be done by emphasizing to a greater extent the use of home-based care that is supported by community services. Home-based care is less expensive and should generate greater population satisfaction.

**Recommendation 5-27:** Grant Local Health Integration Networks the authority, accountabilities and resources necessary to oversee health within the region, including allocating budgets, holding stakeholders accountable and setting incentive systems.

**Recommendation 5-42:** Resource the Local Health Integration Networks adequately to perform their expanded functions. Additional resources should come in large part from the Ministry of Health and Long-Term Care; this would entail a significant transfer of employees.

**Recommendation 5-43:** Put in place clear structures to clarify the lines of accountability up to the Local Health Integration Networks (LHINs) and the accountability of LHINs to the Ministry of Health and Long-Term Care.

**Recommendation 5-52:** Create policies to move people away from inpatient acute care settings by shifting access to the health care system away from emergency rooms and towards community care (i.e., walk-in clinics and Family Health Teams), home care and, in some cases, long-term care.

**Recommendation 5-74:** Increase the focus on home care, supported by required resources, particularly at the community level.

**Recommendation 5-75:** Match seniors to the services that they need from the earliest available care provider, reduce alternate level of care days, and improve co-ordination of care through the use of referral management tools for long-term care, home care and community services.

**Recommendation 5-76:** Implement the recommendations contained in “Caring for Our Aging Population and Addressing Alternate Level of Care,” a report prepared by Dr. David Walker and released in August 2011.

**Recommendation 5-78:** Integrate the public health system into the other parts of the health system (i.e., Local Health Integration Networks).

**Recommendation 5-79:** Review the current funding model that requires a 25 per cent match from municipalities for public health spending.

**Recommendation 5-80:** Consider fully uploading public health to the provincial level to ensure better integration with the health care system and avoid existing funding pressures.

**Recommendation 5-81:** Improve co-ordination across the public health system, not only among public health units, but also among hospitals, community care providers and primary care physicians.

**Recommendation 5-87:** Do a better job of flagging health professions and locations that are currently in short supply or where shortages can be expected in the future.

**Recommendation 5-88:** Link the Ontario Drug Benefit program more directly to income.

**Recommendation 5-100:** Adopt the Nova Scotia model in which emergency medical technicians provide home care when not on emergency calls; this requires integrating municipal and provincial funding structures.

**Recommendation 5-105:** Do not let concerns about successor rights stop amalgamations that make sense and are critical to successful reform.

## **Chapter 6: Elementary and Secondary Education, including Full-day Kindergarten**

**Recommendation 6-11:** Given the difficulties with such an approach, and the prohibitive cost of the program overall at this time, the Commission recommends cancellation of the full-day kindergarten (FDK) program, without prejudice to schools that already had FDK before the introduction of this government strategy. The Ministry of Education should carefully develop phase-out provisions so that a child who had a full-day in junior kindergarten would not move to a half day in senior kindergarten, and so that purpose-built spaces are appropriately utilized for child care.

**Recommendation 6-12:** If the government decides to continue the implementation of the full-day kindergarten program, then the Commission recommends delaying full implementation from 2014–15 to 2017–18 and reducing program costs by adopting a more affordable staffing model, involving one teacher for about 20 students, rather than a teacher and an early childhood educator for 26 students, to help moderate salary expenditures for the program by about \$200 million. The government should not confirm full implementation of the program without assurances from school boards, teacher federations and support-staff unions that negotiated annual wage increases by 2017–18 will not be higher than the current trends in the broader public sector, and that the class-size increases and reductions in non-teaching staff contemplated by the Commission by 2017–18 will be achieved. This approach would also help ease the oversupply of teachers in the labour market and reduce costs associated with correcting the current undersupply of ECE.

## **Chapter 8: Social Programs**

**Recommendation 8-1:** Hold growth in social programs spending to 0.5 per cent per year.

**Recommendation 8-2:** Move aggressively towards a fully integrated benefits system that simplifies client access, improves client outcomes and improves fiscal sustainability through greater program effectiveness and reduced administrative costs.

**Recommendation 8-3:** A fully integrated benefits system should seek efficiencies by, at a minimum, centralizing income testing and payment delivery; automating the processing of applications, eligibility and payments; automating income verification; consolidating program delivery; and standardizing eligibility criteria.

**Recommendation 8-4:** Collect the information necessary to deliver and evaluate a fully integrated benefits system. In doing so, continue to respect and protect personal information and privacy.

**Recommendation 8-5:** The Commission for the Review of Social Assistance in Ontario should examine system design options that deliver a more efficient and higher-quality service to social assistance recipients. This examination should consider combining Ontario Works and the Ontario Disability Support Program, and having the combined program delivered at the local level. It should also address the further integration of employment services available through Employment Ontario. Note: AMO has made submission and has had meetings with this Commission and will continue to do so.

**Recommendation 8-6:** Undertake a thorough initial assessment of new entrants into social assistance to identify the degree of intervention required to help them return to the labour market. Triage new entrants to appropriate supports according to this assessment.

**Recommendation 8-7:** Streamline and integrate other employment and training services with Employment Ontario, including the bulk of the employment and training service component of social assistance, in a carefully sequenced manner.

**Recommendation 8-8:** Prepare and support people with disabilities who are entering the workplace. Work with employers and fellow employees to properly understand and accommodate the specific needs of the individual in the workplace.

**Recommendation 8-9:** Advocate for federal reforms in two key areas:

- Work with other provinces and the federal government to establish a national income-support program for people with disabilities who are unlikely to re-enter the workforce.
- Implement the final recommendations of the Mowat Centre Employment Insurance Task Force.

**Recommendation 8-10:** If growth in expenditures for social programs is contained below the 0.5 per cent annual growth rate, reinvest savings into social assistance, with priority given to:

- Increasing asset limits for social assistance qualification;
- Tying specific benefits (beginning with the Ontario Drug Benefit program) to income levels rather than to social assistance status to help tear down the “welfare wall”; and
- If funds remain, raising basic needs and shelter amounts.

## **Chapter 9: Employment and Training Services**

**Recommendation 9-1:** Focus the efforts of Employment Ontario on clients who need complex interventions. Streamline clients requiring modest intervention to low-cost, self-serve resources as efficiently as possible.

**Recommendation 9-2:** Streamline and integrate other employment and training services with Employment Ontario, including the bulk of the employment and training service component of social assistance and integration and settlement services for newcomers, in a carefully sequenced manner.

**Recommendation 9-3:** Advocate for a comprehensive training agreement to replace the patchwork of federal-provincial employment and training funding agreements currently in place, many of which are about to expire, with a single arrangement.

This new arrangement should:

- Include residual federal training responsibility for youth and persons with disabilities, in addition to areas already covered under current agreements;
- Provide Ontario with enough flexibility to fully integrate these services under the EO banner, identify and respond to its fluid labour-market needs, and innovate using small-scale pilot projects; and
- Not be tied in any way to EI eligibility.

**Recommendation 9-4:** Tie employment and training programs more explicitly to measured outcomes. Data collection must in turn be improved.

**Recommendation 9-5:** Advocate for the collection of sub-provincial data in all future federal surveys on labour vacancies. Leverage labour vacancy data to inform employment and training program design and delivery.

**Recommendation 9-6:** Transfer responsibility for Workforce Planning Boards to the Ministry of Training, Colleges and Universities' regional offices to develop stronger local linkages and broaden community and regional planning for economic development.

**Recommendation 9-8:** Develop a labour-market policy framework to link planning for employment and training services more strongly to economic development initiatives led by ministries such as Economic Development and Innovation; Agriculture, Food and Rural Affairs; and Northern Development and Mines.

## **Chapter 10: Immigration**

**Recommendation 10-1:** Develop a position on immigration policies that is in the province's best economic and social interests. Present this position to the federal government with the expectation that, as the largest recipient of immigrants in Canada, Ontario's interest will be given considerable weight in federal policy development.

**Recommendation 10-2:** Catalyze national discussions on immigration policy as the successful integration of immigrants is critical for Canada's and Ontario's economic futures.

**Recommendation 10-3:** Advocate the federal government for a greater provincial role in immigrant selection to ensure that the level and mix of immigrants coming to Ontario is optimized to support economic prosperity and improve outcomes for immigrants. Barring success, advocate for an expanded Provincial Nominee Program.

**Recommendation 10-4:** Press the federal government to be more transparent in its refugee policies and practices and to compensate Ontario for the costs of providing additional social supports to refugees and refugee claimants.

**Recommendation 10-5:** Advocate for the federal government to undertake a pilot program equivalent to Australia's pre-application skills assessment.

**Recommendation 10-6:** Streamline and integrate provincially delivered integration and settlement services for recent immigrants with Employment Ontario.

**Recommendation 10-7:** Advocate for devolving federal immigrant settlement and training programs to the province with an appropriate funding mechanism, similar to those established in British Columbia and Manitoba.

## **Chapter 11: Business Support**

**Recommendation 11-1:** Government needs to publish an "economic vision" for Ontario.

**Recommendation 11-5:** Introduce a new funding model that encourages efficiency and harmonizes efforts across ministries. We propose that money for both direct and indirect business support programs, including refundable tax credits, should be pooled into a single funding envelope.

Ministries would compete for access to this funding to deliver their proposed business support programs. A proposed program should satisfy the following criteria:

- The program is designed to fix a particular economic problem related to productivity growth based on solid evidence-based analysis. The rationale for government involvement must constitute a compelling case that the support is still necessary despite Ontario's internationally competitive tax regime.
- The support program is based on a logic model that uses economic theory and evidence to link policy action to a desired outcome that would not have been achieved without the program in place, and that the incentives are aligned with basic business practices and market principles.
- The program is the most cost-effective way to achieve the same or better result. In other words, the outcomes or economic benefits must exceed all the potential costs of implementing the program to government, business and the economy as a whole. These would normally include the costs to government for administering the program and the costs to business in effort and money for accessing the program. Just as important, however, the cost-benefit analysis must include the economic costs of the distortions from the taxes used to finance the program.
- The program does not create market distortions and other perverse consequences such as crowding out private investment and skewing benefits to certain groups. If it does (most programs will have some negative effects), are these issues managed or corrected through the design of the program?

- The program does not duplicate other programs and services offered at the federal or local level. (Better yet, it complements or leverages business support from other government, community and industry sources.) It should, however, prohibit “double dipping” (where grants are used in calculating tax support) and limit the “stacking” or combination of federal and provincial grant and tax support to no more than 30 per cent of the business expense.

**Recommendation 11-11:** Review and rationalize the current provincial financial support provided to the horse racing industry so that the industry is more appropriately sustained by the wagering revenues it generates rather than through subsidies or their preferential treatments.

**Recommendation 11-12:** Eliminate the Ontario resource tax credit and review the mining tax system to ensure that the province is supporting the exploration and production of minerals in Ontario while receiving a fair return on its natural resources.

**Recommendation 11-13:** Establish a more user-friendly, “one-window” portal where clients can have seamless access to information about all business support and other economic development programs provided by all ministries, and be able to make online transactions such as applications, approvals, and financial and other types of reports.

## **Chapter 12: Infrastructure, Real Estate and Electricity**

**Recommendation 12-1:** Place more emphasis on achieving greater value from existing assets in asset management plan reporting requirements than is currently proposed in the Long-Term Infrastructure Plan for certain organizations (e.g., universities, municipalities, etc.).

**Recommendation 12-2:** Implement full cost pricing for water and wastewater services.

**Recommendation 12-3:** Where gaps in information and evidence exist, review the roles and operations of public and private mass transit service providers in the Greater Toronto and Hamilton Area and services provided by Ontario Northland Transportation Commission in the north to find efficiencies in those regions’ transportation networks. Act on that evidence to improve the efficiency of those services.

**Recommendation 12-5:** Pursue a national transit strategy with the federal government, other provinces and municipalities.

**Recommendation 12-6:** Engage citizens in an open, public dialogue on how best to create new revenue sources for future transportation capital needs.

**Recommendation 12-10:** Eliminate the Ontario Clean Energy Benefit as quickly as possible.

**Recommendation 12-11:** Review all other energy subsidy programs against measures of value for money and achievement of specific policy goals.

**Recommendation 12-12:** Produce an Integrated Power System Plan (IPSP) built on the foundation of the province’s Long-Term Energy Plan.

**Recommendation 12-13:** Consolidate Ontario’s 80 local distribution companies (LDCs) along regional lines to create economies of scale.

**Recommendation 12-14:** As part of the review of the feed-in tariff (FIT) program, take steps to mitigate its impact on electricity prices by:

- Lowering the initial prices offered in the FIT contract and introducing degression rates that reduce the tariff over time to encourage innovation and discourage any reliance on public subsidies; and
- Making better use of “off-ramps” built into existing contracts.

**Recommendation 12-15:** Procure larger generation facilities through a request for proposal (RFP) process.

**Recommendation 12-16:** Review the roles of various electricity sector agencies to identify areas for economies in administration. This could include investigating the potential to co-ordinate back-office functions.

**Recommendation 12-17:** Make wholesale electricity prices inclusive of transmission costs such as capacity limitations and congestion as part of a comprehensive restructuring of the wholesale electricity market.

**Recommendation 12-18:** Make regulated prices more reflective of wholesale prices by increasing the on-peak to off-peak price ratio of time-of-use pricing and by making critical peak pricing available on an opt-in basis.

**Recommendation 12-19:** Co-ordinate a comprehensive, proactive electricity education strategy across sector participants that at a minimum covers:

- Ontario’s electricity resources including nuclear, hydroelectric, thermal and renewable generation;
- The role and value of electricity import and export markets;
- Roles and responsibilities of the various entities operating in the electricity sector;
- The evolving role of the electricity ratepayer in the smart grid paradigm; and
- Electricity prices — what drives them, how they are communicated and how they are best responded to.

**Recommendation 12-20:** Strategically promote Ontario’s strengths in the energy sector, capitalizing on export opportunities for domestic goods and services.

## **Chapter 13: Environment and Natural Resources**

**Recommendation 13-1:** Move towards full cost recovery and user-pay models for provincial environmental programs and services.

**Recommendation 13-2:** Rationalize roles and responsibilities for environmental protections that are currently shared across levels of government.

**Recommendation 13-3:** Employ a risk-based approach for environmental approvals that focuses on improving outcomes and prevention.

**Recommendation 13-4:** Review opportunities to further streamline the environmental assessment process, such as co-ordinating further with the federal government's process or integrating it with certain approvals.

**Recommendation 13-5:** Place greater emphasis on prevention and the polluter-pay principle for contaminated sites using appropriate financial tools, such as financial assurance.

**Recommendation 13-6:** Review the effectiveness of the current governance structure of the Ontario Clean Water Agency to evaluate the merits of restructuring it as a for-profit, wholly owned government entity.

**Recommendation 13-7:** Rationalize and consolidate the entities and agencies involved in land use planning and resources management.

**Recommendation 13-8:** Ensure that the government's approach to the Ring of Fire maximizes opportunities for Aboriginal Peoples and all Ontarians.

## **Chapter 14: Justice Sector**

**Recommendation 14-1:** Improve evidence-based data collection in the justice sector to achieve better outcomes in sector programs. (e.g. Court Security)

**Recommendation 14-4:** Review the core responsibilities of police to eliminate their use for non-core duties. This review would include an examination of alternative models of police service delivery. Criteria for the review would include determining the relative costs of the various security providers and an evaluation of their respective comparative advantages.

**Recommendation 14-6:** Continue the process of clustering adjudicative tribunals across the Ontario Public Service (OPS). (Note: This was done for the "Environment and Land Tribunals Ontario" which included 5 Boards, including ARB, ERB & OMB).

**Recommendation 14-7:** Examine integration opportunities and consolidate where possible public safety training in policing, fire services and correctional services, which are currently delivered individually through their respective colleges.

**Recommendation 14-8:** Have the justice sector continue to work with Infrastructure Ontario to use alternative financing and procurement to assist in replenishing its capital infrastructure.

**Recommendation 14-9:** Improve co-ordination between federal and provincial governments in areas such as justice policy and legislation, law enforcement and correctional services.

## Chapter 15: Labour Relations and Compensation

The Commission set out principles that it felt would see governments, employers and employee groups work together to deliver public services that people depend on.

### Principles

1. The labour relations system in Ontario should be balanced, effective and transparent. It should respect the interests of both employers and employees; help to provide value to citizens receiving public services; and be seen to do both these things.
2. Collective bargaining agreements that are negotiated between the parties are preferred to settlements or outcomes that are either legislated or arbitrated.
3. Accountability for labour relations and service delivery outcomes should be appropriately distributed. Governments, BPS employers and bargaining agents need to bear appropriate levels of responsibility for bargaining outcomes. Broader public-sector management and employees need to bear appropriate levels of responsibility for delivering high-quality public services and value for public money.
4. Broader system changes should be part of a larger vision, in which labour relations play a part, but are not an end in themselves.

Additionally, Drummond has proposed to “develop specific and well defined criteria that interest arbitrators would be required to account for in formulating their awards/decisions. For example, “ability to pay” criteria should be broadened to include economic criteria in arbitration awards/decisions.”

**Recommendation 15-1:** Establish an independent working group to consider and determine which broader public-sector occupations and industries should be deemed as providing essential services, the appropriate essential-worker designation process, and the appropriate form of dispute resolution mechanism for broader public-sector industries and occupations.

**Recommendation 15-2:** Establish the overall principles/outcomes necessary for reform to the interest arbitration process going forward.

Several key principles must be established to maintain the integrity of the interest arbitration process:

- Assignment to cases independently of the parties;
- Co-ordination of case assignment, in part to ensure that cases are handled in a timely/efficient manner;
- Monitoring — which requires that decisions be reviewed with a view to ensuring that decisions reflect clear assessments based on criteria specified; and
- Transparency — publishing decisions and decision summaries is critical; this is a form of external regulation by virtue of pressure from the parties and the interested public.

**Recommendation 15-3:** The normal course of an arbitration process should begin with mediation, prior to arbitration, to attempt to arrive at a negotiated settlement between the parties.

**Recommendation 15-4:** The arbitration system needs to be shifted in favour of more objective analysis, based on objective criteria and supported by systematic data and research.

Changes should include:

- The establishment of an independent tribunal or commission to create, maintain and manage a roster or a panel of independent arbitrators. Three might be the optimal number. Arbitrators would be assigned to cases by the tribunal/commission independent of the parties. Arbitrator and mediator assignments should be co-ordinated across the BPS, including provision for the appointment of arbitrators across sectors of the BPS. Either a roster or a panel of three arbitrators could work, but without the principles/outcomes outlined for the interest arbitration process, neither would work well. The Commission also emphasizes that the independence of the arbitrators from government influence or interference is of vital importance for either the roster or panel model to be implemented;
- Establish a time limit on the arbitration process and the time arbitrators can take to issue a decision (currently they can take as long as three years, often because parties seek a particular arbitrator who is busy — such delays in decisions can mean they are ultimately out of sync with the current environment);
- Develop specific and well-defined objective criteria that interest arbitrators would be required to account for in formulating their awards/decisions. For example, “ability to pay” criteria should be broadened to include economic and fiscal environment, and productivity criteria in arbitration awards/decisions;
- Arbitrators should be required to provide clear assessments and reasons for their awards/decisions based on the specific and well-defined criteria specified in legislation, as well as any others;
- Ensuring transparency by publishing arbitration awards electronically;
- Arbitrators should function within well-defined parameters of the process and expectations of the stakeholders regarding the quality and scope of the awards rendered;
- Arbitrators should not make judgments on issues not presented to them by either party;
- Centralized support provided to arbitrators, as required; and
- Increase professionalization of arbitration practitioners to enhance the quality of arbitration services provided. There are two dimensions to address to increase the professionalization of these practitioners. First, the core skill required for the profession must be identified, and programs to build these skills must be developed. Second, in arbitration and mediation professions that determine outcomes that affect the fundamental interests of third parties, a formal Code of Conduct should be developed for the profession.

**Recommendation 15-7:** Do not let concerns about successor rights in the broader public sector stop privatizations or amalgamations that make sense and are critical to successful reform. Inherited agreements do not live forever; provisions can be accepted initially and bargained differently when they come up for renewal.

**Recommendation 15-9:** Further rationalize bargaining, while recognizing that multiple models of rationalized bargaining exist (e.g., centralized, co-ordinated, legislated, voluntary). Work collaboratively with broader public-sector employers and bargaining agents to determine the most appropriate model on a sector-by-sector basis.

**Recommendation 15-10:** The government should facilitate a voluntary movement to centralized bargaining for municipalities — particularly in relation to police and firefighter bargaining.

(Note: Report recognizes in the description that municipalities might not be completely “centralized” but rather become “more centralized” in bargaining.)

**Recommendation 15-11:** Establish a Labour Relations Information Bureau to collect and disseminate the range of data and information relevant to employers and unions in the broader public sector in their negotiations, and identify data and other information/knowledge gaps. Of particular importance is developing data and measures of productivity.

- Through the bureau, support research on targeted areas of significant relevance to the collective bargaining process (e.g., productivity studies, conflict resolution, and arbitration). Also, data collected should include collective agreements being made readily available as raw data on the Internet.
- This bureau should support the independent tribunal/commission for independent arbitrators and mediators by providing current objective data and other information on the labour, economic and fiscal environment.

**Recommendation 15-12:** Introduce a comprehensive and transparent benchmarking system for Ontario Public Service and broader public-sector compensation, which would include a costing of the full compensation package, including benefits, pensions and moving through “grids” with seniority.

## **Chapter 16: Operating and Back-Office Expenditures**

**Recommendation 16-1:** Expand the services ServiceOntario delivers. This includes pursuing additional partnerships for service delivery within the Ontario Public Service, and furthering service delivery partnerships with municipal and federal levels of government. (Note: additional recommendations on how to improve and finance ServiceOntario).

**Recommendation 16-1:** Expand the services ServiceOntario delivers. This includes pursuing additional partnerships for service delivery within the Ontario Public Service, and furthering service delivery partnerships with municipal and federal levels of government.

**Recommendation 16-13:** Selected shared services should be expanded to agencies, boards and commissions and the broader public sector.

**Recommendation 16-14:** The government should consolidate information and information technology (I&IT) services throughout the broader public sector.

**Recommendation 16-15:** Significant savings and efficiencies can be achieved by further co-ordinating existing horizontal supply chains across the broader public sector.

## **Chapter 17: Government Business Enterprises**

**Recommendation 17-3:** Improve the Ontario Lottery and Gaming Corporation's efficiency through, at a minimum, the following measures:

- Close one of the two head offices;
- Close one of the two casinos in Niagara Falls;
- Allow slot machine operations at sites that are not co-located with horse racing venues;
- Stop subsidizing the purchase and provision of lottery terminals to point-of-sale locations; and
- Begin to introduce other points of sale for lotteries.

**Recommendation 17-4:** Re-evaluate, on a value-for-money basis, the practice of providing a portion of net slot revenues to the horse racing and breeding industry and municipalities in order to substantially reduce and better target that support.

**Recommendation 17-7:** The government should seek and achieve efficiencies within the operations of Ontario Power Generation and Hydro One through means such as strategic partnerships.

## **Chapter 18: Revenue Integrity**

**Recommendation 18-10:** The Ministry of Finance should take the lead by providing assistance to municipalities in developing policy for the collection of unpaid Provincial Offences Act fines in the province. (Note: AMO is working on an implementation structure with other groups.)

**Recommendation 18-11:** Use licence and registration suspensions as a tool to facilitate the collection of Provincial Offences Act fines related to vehicles, including parking, speeding and automobile insurance violations.

**Recommendation 18-12:** Allow fines to be added via the property tax roll by adding Provincial Offences Act fines to the offender's property tax bill, even if the property is jointly owned.

**Recommendation 18-13:** Offset tax refunds against unpaid Provincial Offences Act fines.

**Recommendation 18-25:** Conduct a review of education tax rate-setting policies for residential and business tax rates to maintain a stable level of education tax revenues in real terms.

**Recommendation 18-26:** Continue to implement the business education tax (BET) reduction plan while considering options for adjusting the plan in order to avoid part or all of the revenue loss associated with reducing high BET rates by also increasing low BET rates.

**Recommendation 18-27:** Build on the existing business education tax (BET) reduction plan to address historical BET rate inequities and distortions by gradually implementing a single uniform BET rate.

## **Chapter 19: Liability Management**

(Note: Report discusses some of the Pension Plans that the province directly and indirectly funds).

**Recommendation 19-4:** The Ontario government should conduct and publish its own liability management assessment of the public-sector pension plans and develop plans to contain any fiscal risks identified.

**Recommendation 19-5:** Clarify who bears the ultimate financial responsibility for funding deficits of the public-sector pension plans as the Commission encountered considerable confusion on this issue.

**Recommendation 19-8:** The government's objective, when faced with pension funding deficits, should be to reduce prospective benefits rather than increase the contribution rate beyond current levels. This would help to close the funding gap and reduce the accrual of pension benefits on a prospective basis, mitigating the impact on the fiscal plan. The government may need to consider legislative options, should negotiations with plan sponsors be unsuccessful.

**Recommendation 19-9:** The government should accelerate work on the design of public-sector benefits and make containing the growth in the cost of benefits part of the broader public-sector compensation negotiation strategy.

**Recommendation 19-12:** To better protect the province against the costs of environmental cleanup, adjust the current legislative framework so that more focus is placed on the polluter-pays principle.

**Recommendation 19-13:** Work with the federal government to mitigate risks to the Ontario fiscal framework from federal policy changes. Known risks at the time include the Canada-European Union Free Trade Agreement (CETA) being negotiated, proposed changes to personal income taxes and the federal omnibus crime bill (Bill C-10).

**Recommendation 19-14:** Ontario should negotiate with the federal government to commit to a housing framework for Canada that includes adequate, stable, long-term federal funding and encourages its housing partners and stakeholders, including municipal governments, to work with the federal government to secure this commitment.

**Recommendation 19-15:** Work with the municipal sector to mitigate risks to the Ontario fiscal framework by ensuring that commitments are adhered to. Known risks at this time include potential overruns in municipal infrastructure and the Pan Am Games.

**Recommendation 19-16:** Modify or eliminate the Taxpayer Protection Act so that both spending and taxes can be used as required to address threats to fiscal sustainability.

## **Chapter 20: Intergovernmental Relations**

**Recommendation 20-2:** Advocate strongly for reforming federal programs that are not working effectively in Ontario's interests. (Note: this includes federal equalization payments to Ontario).

**Recommendation 20-4:** Simultaneously eliminate the Canada Social Transfer and transfer the equivalent tax points to the provinces.

**Recommendation 20-5:** Advocate for federal greenhouse gas mitigation programs to provide fair and equitable support for Ontario's clean energy initiatives.

**Recommendation 20-7:** Extend the period of the final \$500 million of upload by another two years, so it is not complete until 2020. (Note: AMO is seeking clarification from the Ministry of Finance as to what impacts would happen under this scenario and the impacts of Recommendation 20-8).

**Recommendation 20-8:** Ensure that, beginning in 2013, the Ontario Municipal Partnership Fund (OMPF) declines to the planned \$500 million by 2016. A reasonable assumption would be a \$25 million decrease in each of the next four years beginning in 2013, resulting in a \$500 million OMPF envelope in 2016.

**Recommendation 20-9:** The province and municipalities must work together to establish an accountability framework that would track how municipalities are investing the benefits realized as a result of the uploads.