

Managing Through Difficult Times

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Canadian Club

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Good afternoon and thank you for coming today.

It's a very busy time of year for everyone.

This is the time of year when families are typically spending more – on gifts, on family dinners and on travel.

You might be asking yourselves – why is the Finance Minister, during the holiday season, talking about managing through difficult times which sounds like it means spending less?

But managing through these tough times isn't just about spending less.

That was the approach of the previous government – steep, across the board cuts.

That came with consequences.

6,000 nurses fired, 28 hospitals closed and 26 million lost student days of school. Walkerton.

Instead of those outcomes, reducing costs allows us to redirect some of these resources to job creation, teachers in our classroom and nurses in our hospitals while eliminating the deficit.

Since taking office, the McGuinty government has brought efficiency and accountability to the provincial government and the broader public sector.

One of the first steps we took was to extend the Freedom of Information Act to Hydro One and Ontario Power Generation.

The previous government had deliberately exempted them.

That exemption hid a variety of expenses, including a box at the Air Canada Centre.

This type of expenditure was unacceptable for a public agency or crown corporation.

So...we got rid of it.

A variety of other questionable practices were stopped, including the elimination of certain perks and benefits for senior executives.

These perks were excessive for crown agencies to offer as part of their compensation to senior executives.

So...we got rid of them.

Our initiatives went far beyond the hydro companies.

When we came to office, we discovered the previous government had hidden a \$5.6 billion deficit.

They had told Ontarians the books were balanced – the Auditor General confirmed they were not.

We had been elected to improve our schools and our hospitals and restore confidence in our public services.

We did so – all the while managing responsibly.

We introduced the Fiscal Transparency and Accountability Act.

It mandates regular financial reporting to the Legislature and the people of Ontario, and it is now the law in Ontario that the Auditor signs off on the books – so everyone knows the true state of the province's finances heading into an election.

By the way, we eliminated that hidden deficit ahead of schedule.

To accomplish that, we flat-lined the operating budgets of 15 ministries and among other things we banned the use of public dollars on partisan political advertising.

No more 30-page glossy photo books full of smiling cabinet ministers sent to every doorstep.

To provide still greater accountability we expanded the reach of the Auditor to conduct value-for-money audits in the broader public sector where the majority of tax dollars are spent.

Now hospitals, school boards and long term care homes are subject to the scrutiny of the Auditor General.

These changes are cultural.

These changes are systemic.

These changes have fundamentally altered the way government does business.

At the same time, we committed to get more value out of every dollar.

Remember, we had three balanced budgets in a row before the global recession hit Ontario in 2008.

We have a track record of beating fiscal targets.

In each of our budgets, we have laid out specific cost savings targets.

For example, in 2007 we promised to find a further \$750 million in savings by the end of that fiscal year and we beat that target and found over \$800 million in annual savings.

We did it through big things – like reducing reliance on consultants, and small – like reducing our use of paper.

These savings are ongoing – which means they are being redirected from the back office to front line public services and to reducing the deficit.

Part of reducing overhead is our tax reform plan.

Harmonizing our sales and corporate taxes with the federal government wasn't just essential for job creation.

By eliminating two sets of auditors, two sets of paperwork, and two sets of complex rules, the government is saving \$440 million over the next five years.

Business will save almost \$700 million each and every year going forward on reduced compliance costs alone.

We are a leader when it comes to finding savings and improving value for money.

Of all the provinces in Canada, Ontario now has the second lowest per-capita spending on government administration.

While saving money is important, our approach is about making government work better for the people it's meant to serve.

Let me give you an example of the value families receive.

It used to take almost four months to get a birth certificate in Ontario.

That meant you couldn't cross the border to visit relatives or friends with your new baby.

Now, you get a birth certificate within 15 days of ordering one – or it's free.

Bad news for those of you looking for a free birth certificate – 99 per cent of them arrive in time.

Another example can be found in the world of public-private partnerships or what we call AFPs.

We understood that government did not have the expertise to manage large-scale infrastructure projects.

There was no strategic allocation of capital.

Each ministry had its own process and there was no overarching strategic approach to capital projects.

That's why we established Infrastructure Ontario to coordinate projects and deliver them on time and on budget.

Governments from across North America have come calling to see how it operates.

I'd like to tell you about the Runnymede Healthcare Centre in Toronto.

It was built as a school in 1908 and turned into a long-term care facility in 1945.

Many of the people there suffer from debilitating syndromes like Huntington Disease and Alzheimer's.

It was first acknowledged that the 100-bed facility should be replaced in 1987.

Nothing happened.

Even after the previous government gave a \$6.5 million grant, nothing happened.

Our government took action.

Infrastructure Ontario, on behalf of the hospital, organized an \$89 million replacement that more than doubles capacity on the old facility's former parking lot.

Today, more than 200 people have access to a modern health care facility.

The project was completed two months early and came in on budget.

This approach to project management helps avoid costly overruns at taxpayer expense.

Our commitment to making government work better and to be more efficient has been a constant theme and has helped us focus on building stronger schools and better access to health care.

Protecting the gains we've made is an important part of our plan to deal with the fallout of the global recession.

The last two years have been challenging for the Ontario economy.

But thanks to our diverse economy, responsible fiscal management and a solid financial sector we are emerging from the recession in better shape than many other jurisdictions around the world.

Ontario has recovered 87 per cent of the jobs lost during the recession – compared to the United States which has recovered just 11 per cent.

We ran a deficit to keep teachers and students in classrooms, nurses in hospitals and 400,000 Ontarians employed in the auto sector.

We have laid out a realistic plan to balance the budget.

This includes a policy of not funding compensation increases for 2 years for over a million broader public sector employees.

Wage settlements are trending down.

In fact, the average settlement since the 2010 Budget is below the average of the private sector and the municipal and federal public sectors.

We're leading by example with a three-year salary freeze for all MPPs.

The Ontario Public Service is being reduced by 5 per cent over three years.

Use of consultants has been cut by 50 per cent – so far.

Bold steps have been taken to reign in the cost of generic drugs.

Due to the savings we've achieved by lowering drug prices since 2006, over \$1 billion has been reinvested and now, a 150 new prescription drugs have been added to the provincial formulary – 38 of them cancer drugs.

By reducing generic drug costs, Ontario patients are now getting better access to more prescription drugs.

Last spring, our government took further actions that slashed the cost of generic drugs by as much as 50 percent.

These actions will save government \$500 million annually – money that can be redeployed to the front lines of our health-care system.

For the last several years we have been making government work better for people.

Today is the first in a series of updates on what the government of Ontario is doing to get even more value for taxpayer dollars.

In each update, you'll hear us talk about some of the things we've done already and some of the new things we're going to do to find additional savings and value.

Today, I am announcing three additional measures.

The first new step we are taking is related to agencies in Ontario.

Did you know there are 259 classified agencies in the provincial government?

We believe we can reduce that number so we are going to do so – by 5 per cent.

In these difficult times, we need to look under every stone to cut back on agencies with overlapping functions or agencies whose function could either cease to exist or simply be performed more efficiently by other means.

We are looking in our own backyard, and we are also working with our partners to manage even better – together – in lean times.

For example, my colleague, Laurel Broten has been working hard on several fronts with the organizations she interacts with as Minister of Children and Youth Services.

She and her team have identified over a dozen Children's Aid Societies that can be consolidated into half that number – and that's just in Phase One of the transformation of services in this sector.

Furthermore, because of the work she's done, a number of other Children's Aid Societies have come forward asking to be added to that list, because they realize that such a move makes sense for them.

Change can be difficult – but these changes are essential.

The second measure I'm announcing today is the cancellation of the Premier's Discovery and Catalyst Awards.

Yes, these awards were created by our government, and while innovation is still a priority, these awards are not.

Cancelling the awards program will save taxpayers close to \$2.5 million annually.

In lean times we must all refocus our priorities.

The third new measure I want to tell you about today has to do with perks.

Taxpayers want to know their tax dollars are directed to their priorities.

We've toughened rules on meals, travel, and hospitality expenses.

We've mandated public posting of expenses for Cabinet ministers, senior officials, and public sector executives.

We've banned the use of taxpayer dollars to hire an outside lobbyist to ask for more taxpayer dollars.

Last week we welcomed the AG's most recent report.

I say "welcomed" because people forget that we expanded the AG's mandate.

The previous government tried to shrink his ability to shed light when they tried to cut his budget by \$600,000.

Despite all the steps we have taken, there are still perks out there that we do not believe are acceptable to Ontarians.

Taxpayers often don't know about these problems until the AG shines a light on them.

This government wouldn't put up with the box at the ACC – and we won't put up with unacceptable perks paid for with hard-earned taxpayer and ratepayer dollars.

We will introduce legislation that will, if passed, eliminate perks in the public and broader public sector.

Now, it's important to say that, in my view, the vast majority of public sector workers are very responsible and prudent.

And they don't take or receive these perks.

Now is the time to be extra clear about unacceptable perks – and to specify taxpayer expectations in law.

Let me say to you today, that there will be no more golf or gym memberships for executives who work for Ontario taxpayers.

There will be no season tickets.

No more lump sum, no-receipt, no-questions-asked travel budgets.

Taxpayer dollars will not be used to fund advisory services for personal tax or estate planning for executives.

Every time the Auditor General files a report – I know it bugs you.

It bugs me too.

Actually, you know what? That's not strong enough – it drives me crazy.

We don't want to be spending time dealing with ACC boxes, nanny fees and dry cleaning.

We would much rather be putting our energies into encouraging economic growth and job creation, schools and hospitals.

To all of our partners in the public service and in the broader public sector – you need to know we expect the same from you.

Ladies and gentlemen, the McGuinty government is committed to focusing resources on what is most important.

There is no public money for executive luxuries.

Families value teachers, nurses and our public sector workers.

All of us constantly expect value for the dollar.

As a government, we understand our responsibility and the expectations of Ontario families.

We will treat tax dollars the way families in Toronto or Thunder Bay or at home in Windsor would expect.

Thank you very much.