



Summary of Ernst & Young Line-by-Line Review of Ontario Government Expenditures

To: Presidents and All Members
From: Pierre Côté, General Secretary

For Information

Shortly after the election, the Ford government hired the accounting firm Ernst and Young to provide an analysis of government expenditures and identify areas in order to find “efficiencies”. Although the review’s purpose was not to find efficiencies that would result in involuntary job losses, the recommendations that are contained in the report itself leads to the opposite.

The final report, entitled *Managing Transformation: A Modernization Action Plan for Ontario*, was released on September 21, 2018 and is available online. The report and its recommendations contain jargon and buzz words that may sound innocuous, but when implemented could potentially up-end Ontario’s entire social service network. OSSTF/FEESO thoroughly analyzed the report by summarizing and translating the policy jargon to determine what the report actually says. OSSTF/FEESO’s summary of the report, entitled *Managing Expectations: A Roadmap to Cuts and Privatization*, is available through your local OSSTF/FEESO office. OSSTF/FEESO members should read the analysis to familiarize themselves with what was recommended to the Ford government by Ernst and Young.

Economic Analysis to Support Recommendations

The Ernst and Young Report summarizes economic statistics from 2002 to 2017 to demonize the previous government and artificially set the stage for its recommendations. Although the numbers and the way they are presented come across as alarming, they are presented without context.

The report notes that the annual growth rate of operating expenditures increased 3% per year, while population growth increased 1.1% since 2002. This ignores the mention of spending on social services (including education) to recover from the Harris/Eves era, as well as the massive stimulus spending to overcome a recession that would had been devastating to Ontario had no stimulus been spent. In fact, the report’s own figures show that growth of Ontario’s economy outpaced expenditure growth over the same period, but that narrative would not serve the purpose of laying the groundwork for the types of “efficiencies” this report is suggesting.

Transfer payments for school boards, universities and colleges, LIHNs and hospitals, justice, and other agencies providing social services to the citizens of Ontario account for 98% of provincial expenditures.



This is not surprising since most of Ontario's social network is administered through boards and agencies. This statistic is only meant to highlight that there is potential for savings in these areas, i.e. the Ontario Public Service and the Broader Public Sector, many of which are unionized jobs.

Recommendations for Government to Act Immediately

The EY Review makes the following recommendations and encourages the government to act immediately:

- a. **A better framework for public expenditure management** that includes evidence-based decision making, a modern relationship with labour, a citizen centered and digital first mindset, risk based regulatory management, renewed funding models that incent productivity and performance, intergovernmental coordination, and an understanding that the government is the steward of taxpayer investment.
- b. **Central government leadership** working with ministry partners using various delivery partners to focus on efficiency, productivity, and outcomes for the Broader Public Sector and Transfer Payment partners.
- c. **Efficiencies** through service delivery modernization, cost-efficiency, individual and business supports, and one-time savings.
- d. **Creation of a modernization action plan** that would establish strong governance, prioritization of opportunities for short and long-term efficiency, and initiating immediate steps to implement the plan.

There are many potential areas of concern for OSSTF/FEESO including:

- Support for a system of voucher schools and/or private schools by paying the individual and allowing them to make a choice;
- An increased pressure to engage in concession bargaining;
- Using data, performance evaluations, and means testing to make decisions on social policy and the direction of the workforce;
- Increased competition for tax dollars through increased privatization, P3 models and more precarious jobs;
- A more centralized government that stifles local decision making and takes greater control of boards and agencies;
- Coordination of services to eliminate duplications and jobs in the name of efficiency and reducing the Broader Public Sector workforce through attrition;
- The potential for the sell-off of government assets such as the LCBO, or OLG, and
- A regulatory scheme that removes safeguards and endangers Ontarians in exchange for stimulating the economy and provide business growth by “cutting red tape”.

At this point, the government has only received the Ernst and Young Report. It is not known what the government will do with the report or if there is an alternate plan in place. It is important that OSSTF/FEESO members be aware of what was recommended to the government so that if the government does act, the membership is ready to deal with it.

Some of the recommendations of the Ernst and Young Report support OSSTF/FEESO's long standing recommendations for education improvement in Ontario. This includes the One Public School Board model, the elimination of EQAO, the re-engineering of the Grants for Student Needs, and creating a more open and accountable university funding model.

If you have any questions about this D/BU, please contact Joe Hirschegger at joe.hirschegger@osstf.ca.

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