



# News Release

For Immediate Release

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## **Auditor General's 2017 Annual Report Identifies Need for Better Government Planning to Act on Known Issues**

(TORONTO) The *2017 Annual Report* of the Auditor General of Ontario was made public today after it was tabled in the Ontario Legislature.

The Report, presented in two volumes, contains results of value-for-money audits of provincial spending in agriculture, emergency management, energy, health care, education, services for newcomers, government-owned real estate, and social housing.

“A theme that was central to almost all of our audits this year was the need for government to plan better—and sometimes to just have a plan in the first place,” Auditor General Bonnie Lysyk said at the release of her Report. “Good planning supports timely and informed decision-making and oversight and can help avoid many of the issues we identified this year.”

Volume 1 of the Report contains 14 value-for-money audits. The findings of this year's Report include:

- The Independent Electricity System Operator has not implemented some important recommendations made by the Ontario Energy Board's Market Surveillance Panel over the last 15 years that could have saved Ontarians millions of dollars on their electricity bills. As well, increasing amounts of the global adjustment charge is shifting from large industrial ratepayers to residential and small-business ratepayers: In January 2011, all ratepayers were paying about 7 cents per kilowatt/hour (cents/kWh), but as of June 2017, residential and small-business customers were paying 12 cents/kWh and large industrial customers 6 cents/kWh.
- The limited capacity for stem cell transplants in Ontario, an issue first identified in 2009, has forced the Province to send patients to the United States for the procedure, at an average cost of \$660,000 (Cdn)—almost five times the \$128,000 average cost in Ontario. As well, the majority of cancer drugs now being developed are oral drugs that can be taken at home, but the full cost of cancer drugs is not covered for all Ontarians unless the drugs are administered in a hospital.
- Since 1999, the Ministry of Health and Long-Term Care has made no major updates to the list of prices that it pays private-sector community labs to perform tests, even though there have been many technological advances over the years that have reduced lab-testing costs. It plans to finally implement a new price list in 2017/18. If this new price list had been in effect in 2015/16, the Ministry would have paid about \$39 million less that year alone.
- Ontario's 75 Community Health Centres (CHCs) provide health-care services to vulnerable populations, but the Ministry of Health and Long-Term Care and Ontario's 14 Local Health Integration Networks do not have sufficient meaningful information about CHC operations to know whether CHCs are cost-effectively serving their intended population.
- Generic drug prices in Ontario have dropped significantly in the last 10 years, but the Province still pays more than foreign countries—in 2015/16, for example, the audit found Ontario paid roughly \$100 million (or about 70%) more for the same drugs as New Zealand. The audit compared a sample of common generic drugs used in both community and hospital settings, and found that the Ministry paid \$271 million (or about 85%) more than some Ontario hospitals.

- The Province does not know whether Ontario’s 36 public health units are making progress in the fight against preventable chronic diseases. Ontario has no overarching chronic disease prevention strategy to guide overall program planning and development.
- The Ministry of Education gives school boards total discretion in how they spend the non-restricted funding they receive, even when some of the funding is provided for specific provincial education priorities. The Ministry also does not require boards to report how the funding for these priorities is used.
- School Boards experienced added financial pressures because of the increase in sick days by their employees. In three of the four school boards visited for the audit, salary costs paid to school board employees while they were off sick increased by 32% from \$32.3 million in 2011/12 to \$42.7 million in the 2015/16 school year. Average sick days taken during this period ranged from 8.4 days to 13.4 days.
- The Assessment Review Board, which hears appeals from property owners mainly about residential and non-residential property assessments by the Municipal Property Assessment Corporation, has a backlog as of March 2017 of about 16,600 unresolved appeals. The audit also highlighted concerns with the fact that 80% of decisions were oral, as opposed to written, and as such are not subject to peer review.
- One major concern expressed by some municipalities was that the Ontario Municipal Board may have exceeded its jurisdiction by overturning sections of the municipalities’ Official Plans. Several municipalities also told us that they spent millions of taxpayer dollars to defend their Official Plans, which had been approved by their elected councils and the Province. Legislation is pending to change the name of the Municipal Board to the Local Planning Appeal Tribunal and make it more affordable and accessible to Ontarians.
- Oversight of emergency management in Ontario is the responsibility of the Cabinet Committee on Emergency Management—which has not met for several years. The current provincial emergency management program has not considered emergencies that occurred after 2009, or the latest information on the effects of climate change, cyberattacks and terrorism.
- Only one of Ontario’s four main farm-support programs, the Production Insurance Program, sufficiently helps farmers manage losses. However, the \$100-million-a-year Ontario Risk Management Program often pays farmers with little regard to individual need; only half of farmers who received payments between 2011 and 2015 actually reported either a loss or a drop in income in the year they received the payment.
- There has been limited co-ordination between the Ministry of Citizenship and Immigration and the federal government to avoid duplication of services for newcomers. In 2016/17, about \$30 million in Ontario-funded newcomer services were provided to individuals also eligible for similar services funded by the federal government, which is the primary funder of settlement services in Ontario.
- Ontario has the largest social-housing wait list in the country, with 185,000 households, representing about 481,000 people, on the list—or 3.4% of the province’s total population. That compares with 168,000 households actually in social housing. Construction of new affordable housing slowed considerably after 1996, and the number of affordable units is dropping as contracts with housing providers begin to expire.
- Ontario spent almost \$19 million in 2016/17 to operate and maintain 812 vacant buildings across the province. About 600 of the buildings had been vacant for an average of almost eight years.

Volume 1 also has chapters on the following:

- The public accounts of the Province, which outlines the detail behind Lysyk’s decision to issue a “qualified” opinion on the consolidated financial statements of the Province of Ontario for 2016/17 regarding the impact of its accounting methods on the annual deficit and highlights that the Province’s consolidated financial statements are becoming increasingly unreliable.
- Accountability in the government and the broader public sector that focuses this year on the quality of reporting through annual reports. We found that only two of the 30 government and broader-public-sector organizations we examined met all the mandated provincial criteria in their 2015/16 annual reports.

- The Auditor General’s review of government advertising. Government spending on advertising is at a 10-year high. The 2016/17 fiscal year was the first full year that a series of 2015 amendments to the Act were in effect that weakened the Office’s authority to ensure that public money is not spent on advertising that could give the government a partisan edge.

The audit also highlights a number of areas where things are working well. For example:

- most cancer patients are generally receiving treatment in a reliable manner;
- accurate and timely lab results are being delivered to health-care professionals;
- the Ontario Public Drug Programs have provided timely access for eligible recipients when their prescribed drugs are listed on the Formulary; and
- more attention is now being given to finding ways to improve emergency management in Ontario and updating the Provincial Nuclear Emergency Response Plan.

Volume 2 contains follow-up reports on the recommendations we made in our audits in 2015. Government ministries and agencies made some progress toward implementing 71% of the actions contained in those recommendations. Also, new this year, in an expanded effort to track the status of our past recommendations, we also revisited recommendations made in our annual reports of 2012, 2013 and 2014. Volume 2 also contains follow-ups on the seven reports issued by the all-party Standing Committee of Public Accounts.

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The Office of the Auditor General is an independent Office of the Legislative Assembly that conducts value-for-money and financial audits of the provincial government, its ministries and agencies. We also audit organizations in the broader public sector that receive provincial funding. Our vision is to deliver exceptional value and assurance to members of the Legislative Assembly, the Standing Committee on Public Accounts, and all Ontarians through high-quality work that promotes accountability, value for money and effective governance in the Ontario public sector.