

Ontario Health Coalition

Backgrounder

January 23, 2012
www.ontariohealthcoalition.ca

Don Drummond & the Drummond Commission on Reform of Public Services

The Commission on Reform of Public Services: A Cover for Cuts and Privatization

The Drummond Commission was announced in the 2011 Ontario Budget. Drummond's final report is expected in early February. It is already drafted and it includes 400 recommendations.

The Commission has an extremely broad mandate that is biased towards privatization. Drummond is charged with reviewing all public services and the civil service. There are no principles to guide his review (such as equity, or accessibility, or democratic public ownership and control). The Commission is not to look at the revenue side of the equation, ie. fair tax strategies. Instead, the Commission's mandate is to:

- Conduct a service review to determine which public services are "core" and which can be privatized;
- Develop recommendations to accelerate the elimination of the provincial deficit; and
- Develop recommendations to achieve better value for money.

The Commission is supposed to avoid proposals that would lead to the privatization of health care and education. However, Drummond's history, repeated pro-privatization reports and comments, and his potent links to private health care interests indicate otherwise. Drummond has already used the heightened platform afforded to him by the McGuinty government to promote privatization of both the financing and delivery of health care, as well as further privatization of the financing of education.

While it is possible that Drummond could make some positive recommendations on some items, the larger context is that the Drummond Commission is to provide political cover and justification for another round of deep cuts to public service budgets and privatization to pay for Ontario's 15 years of tax cuts that have mainly benefitted the wealthy and corporations.

Drummond's History: Dismantling our social safety net and privatizing public assets

Don Drummond held several top positions in the federal Ministry of Finance in the mid-1990s. He is credited with writing the 1995 budget that launched more than \$25 billion¹ in cuts in transfers to provinces and federal programs. This budget also eliminated the Canada Assistance Plan (CAP) and Established Programs Financing, created the Canada Health and Social Transfer (CHST):

"Paul Martin's infamous 1995 budget did just that, sacrificing 45,000 civil service jobs, privatizing CN Rail and Petro-Canada, slashing federal transfers to the provinces and transforming unemployment insurance into the woefully inadequate program it is today."²

In fact, Drummond himself notes that the cuts launched by this budget were the most radical of any industrialized country.³ Other economists, such as Jim Stanford provide evidence to show that the federal deficit in the mid-1990s could have been eliminated through economic growth without necessitating the draconian cuts.

In her book, "Worth Fighting For", former Liberal MP Sheila Copps revealed that the initial draft of the 1995 budget included a plan to end the Canada Health Act and replace it with "something more flexible after discussions with the provinces."⁴ Drummond denies this. However, a recent report by the Macdonald-Laurier Institute, of which Drummond sits on the Advisory Panel, recommends exactly what Sheila Copps warned of: an amendment of the Canada Health Act to remove prohibitions against extra-billing of patients and allow provincial "flexibility" (to end the principles underlying national Medicare across Canada).

The deep cuts resulting from the 1995 federal budget led to the creation of virtually all private for-profit health care clinics that now exist in Canada, a rise in homelessness, as well as growing social inequality.

Drummond: Links to Private Interests

Don Drummond recently retired from his position as Senior Vice President and Chief Economist at TD Economics. TD Economics is part of the TD Bank Financial Group. TD Bank and TD Securities Inc. are investors in numerous public private partnership (P3) projects in Ontario, including hospital P3s. TD Insurance sells private health insurance benefits.

In addition to his links to P3s, Drummond is also a board member and advisory committee member of a host of interest groups and “think tanks” that support privatization in Canada, including the Mowat Centre, the C.D. Howe Institute, the MacDonald-Laurier Institute, the Canadian Medical Association and others. (For more on Drummond’s role in promoting health care privatization see the following section.)

Another Drummond Commission member, Carol Stephenson, also has links to P3s. From 2003-2007 she sat on the board of Partnerships B.C. ; a crown corporation responsible for bringing together ministries, agencies and the private sector to develop projects through P3s. The mission of Partnerships B.C. is to structure and implement P3s and foster a business and policy environment for successful P3s. She also sits on the Ontario Teachers Pension Fund which is an investor in P3 projects.

Drummond: Spokesperson for Private Health Care

TD Economics Report for Minister of Health 2010

- Drummond is a co-author for this report that criticizes the Romanow Commission for putting access to care at the centre of their study on health care in Canada (!)
- He recommends a number of privatization initiatives that would devastate the public health system, reduce coverage for residents and/or contravene the Canada Health Act, including: 2-tier experimentation for elective surgeries; private for-profit health care delivery; a convoluted user fee that would see, for example, cancer patients paying up to 40% of the cost of their treatments at tax time; and further rationing of home and long-term care.

(See Forward and pps.8, 9, 20, 21, 23, 31, 32.)

Canadian Medical Association Report, July 2011

- Drummond is a co-author of this report persistently attempts to redefine privatized and 2-tier health care as something other than privatization. The primary recommendations in the report call for privatization through user fees and “various” insurance schemes, fee-for-service payment for hospitals (sometimes called activity-based funding) and competition.

(See pps. 1, 2.)

Macdonald-Laurier Institute Report, October 2011

- Drummond is a member of the Advisory Council to the Macdonald-Laurier Institute.
- The Institute released this report calling for the lessons from the draconian welfare cuts of the mid-late 1990s to be applied to health care.
- The report advocates a reduction in the Canada Health and Social Transfer (CHST) and amendment of the Canada Health Act to remove barriers to extra-billing of patients (2-tier health care).

(See pps. 4-6, 48, 49.)

C.D. Howe Report, November 2011

- Drummond authored this recent report for the C.D. Howe Institute. In it, he calls for more privatized hospitals and clinics and an emphasis on creating a “purchaser-provider split” (a term that means contracting-out or privatization).
- He advocates private-sector management of heavy care patients (those with chronic illnesses, seniors with complex health care requirements) and the provision of payment of a proportion of the “savings” to private-sector managers if they were to cut the costs of providing care to these patients.

(Drummond, Don. “Therapy or Surgery” C.D. Howe Institute Benefactor’s Lecture, November 2011.)