

HEALTH COUNCIL OF CANADA  
ANNUAL REPORT 2010/2011

# Setting the Course



Health Council of Canada



Conseil canadien de la santé

## ABOUT THE HEALTH COUNCIL OF CANADA

Created by the 2003 *First Ministers' Accord on Health Care Renewal*, the Health Council of Canada is an independent national agency that reports on the progress of health care renewal in Canada. The Council provides a system-wide perspective on health care reform in Canada, and disseminates information on best practices and innovation across the country. The Councillors are appointed by the participating provincial and territorial governments and the Government of Canada.

To download reports and other Health Council of Canada materials, visit [www.healthcouncilcanada.ca](http://www.healthcouncilcanada.ca).

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# Our time is now.



Reporting on progress in health care renewal is what we do, and it's what we've been doing consistently since we were formed seven years ago. As we approach the end of the health accords in 2014, it is clear: the Health Council of Canada's time is now.

Our work is both timely and topical. We report in real time on the issues that matter, so that decision-makers and the public know what is working and what is possible.

A conversation on renewal is heating up across Canada, and our unique voice is crucial to it. Our independent, pan-Canadian assessment of health reform can help inform the debate that will shape the future of the Canadian health care system.

# We report in real time



## on issues that matter.

## MESSAGE FROM THE CHAIR AND THE CEO



IN 2014, the health accords—the 2003 *FIRST MINISTERS' ACCORD ON HEALTH CARE RENEWAL* and the 2004 *10-YEAR PLAN TO STRENGTHEN HEALTH CARE*—will have expired. Until then, the more voices that weigh in on them—what worked, what didn't, and why—the better equipped we'll be to make the best decisions for the future of our publicly-funded health care system.

The Health Council of Canada's unique voice has been, and will continue to be, an important part of this national conversation on health reform. **OUR INDEPENDENT ASSESSMENT AND INSIGHT ARE MORE NECESSARY THAN EVER**, as the direction of our health care system becomes more and more important to Canadians.

Our time is now. Over the last year, we stepped up by releasing more reports, and reaching more Canadians, than ever before. Our new and ever-evolving ways of connecting with different audiences—such as through social media, our webinar series, our student-focused Health Innovation Award, and our regional sessions on Aboriginal maternal and child health—ensured it.

The topics we covered in the past year were timely, in-the-news, and relevant to Canadians, from the costs of generic drugs to a whole-of-government approach to health. The issues we covered were the same issues that governments grappled with each and every day.

This year we added a focus on identifying best practices and innovation, so that planners, providers, administrators, and the public can know who is doing it right, and how. This approach ensures that knowledge reaches the right people, to help strengthen the health care system from the ground up.

In March, we presented our take on the *10-Year Plan to Strengthen Health Care* to the Senate Committee on Social Affairs, Science and Technology. We told them that our health care system has come a long way since 2004, but there is still a lot of work to do to achieve the First Ministers' vision—indeed the vision of all Canadians: a more accessible, higher-quality, and sustainable health care system.

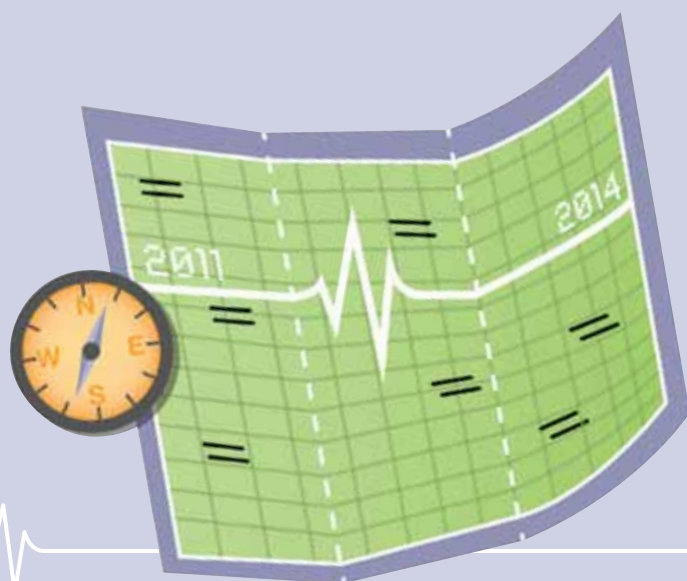
Our role is clear.

And with a new group of councillors ready to tackle the important issues faced by our health care system, we're up to the challenge.

For their part, governments need, once again, to adapt to the changing pressures on the health care system, and set an appropriate course for its future. We're optimistic that our work, in its own way, has helped inspire our leaders to re-engage on the commitments made in the health accords.

Dr. Jack Kitts  
Chair

John G. Abbott  
Chief Executive Officer



# Welcome...

In December, the Health Council of Canada welcomed a new group of councillors, led by Chair Dr. Jack Kitts, President and CEO of The Ottawa Hospital. While marking the milestone of renewed commitment to the work of the Health Council of Canada by its members, Health Council CEO John G. Abbott also extended his deepest thanks to outgoing Chair Dr. Jeanne Besner and the dedicated team of councillors who served with her.

## THE COUNCIL

# to our new council.

**TOP ROW (left to right):** Dr. Jack Kitts (*Chair*, Ontario; \*Dr. Bruce Beaton, Yukon; Dr. Michael Moffatt, Manitoba; Mr. Murray Ramsden, British Columbia.

**SECOND ROW (left to right):** Dr. Ingrid Sketrís, Nova Scotia; Mr. Gerald White, Newfoundland and Labrador; Dr. Charles J. Wright, Ontario; Dr. Catherine Cook, Manitoba; Ms. Cheryl Doiron, Nova Scotia.

**BOTTOM ROW (left to right):** Dr. Dennis Kendel, Saskatchewan; \*Ms. Lyn McLeod, Ontario; \*Dr. Les Vertesi, British Columbia; Dr. Danielle Martin (*term ended in April, 2011*), Ontario; Mr. Vijay R. Bhashyakarla (*ex officio*).

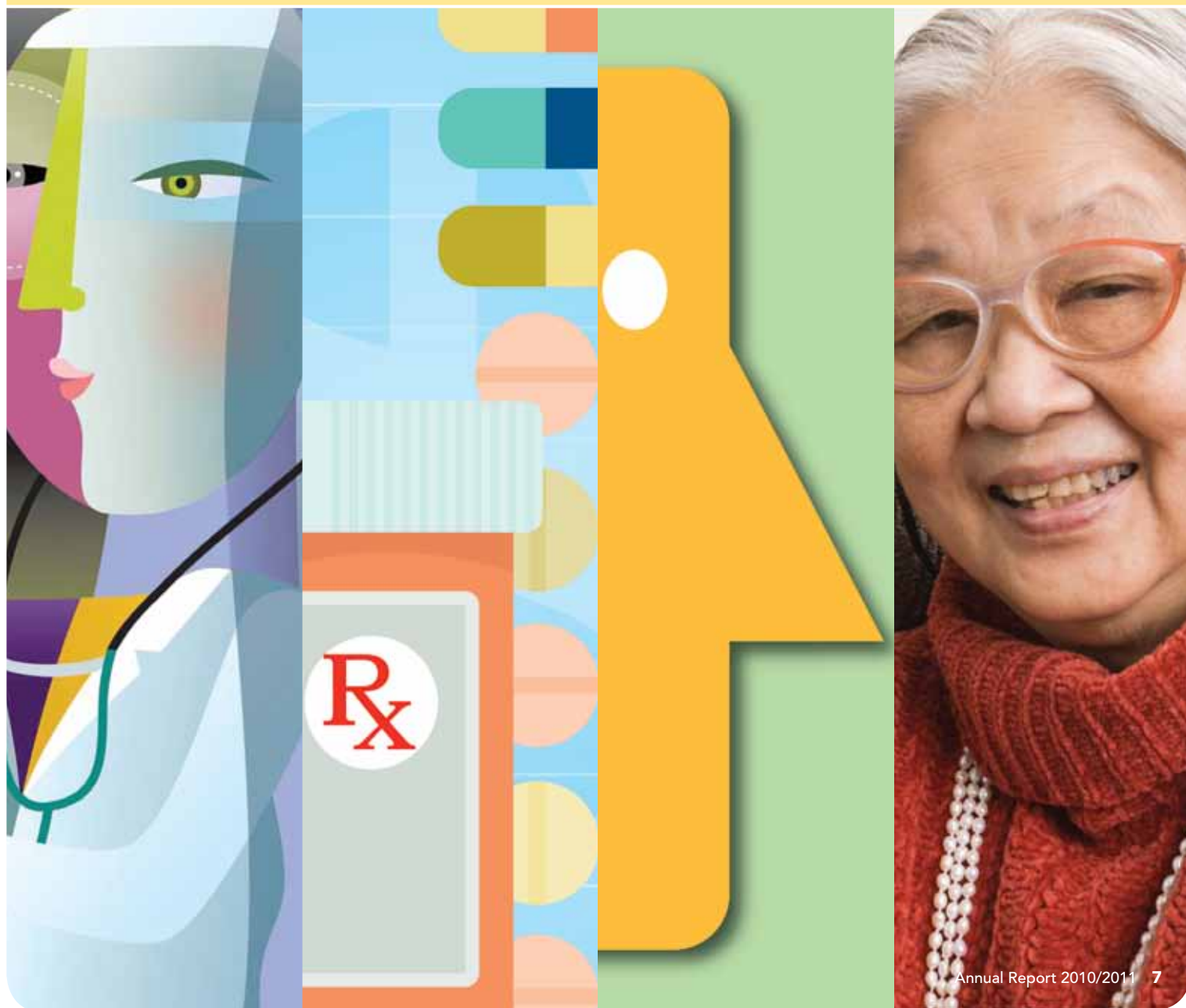
\* Returning councillor



2010/2011  
was a productive year for the  
Health Council of Canada.



As the conversation on  
health care renewal ramped up,  
so did our reporting.



## HIGHLIGHTS



I review a great number of papers on a wide variety of 'hot' health system topics. Most are informative and well presented. This report, however, actually got me excited—something to say for a serious tome!



We released **eight reports**—our most yet—which were **downloaded more than 32,000 times**. Our most popular report, *Decisions, Decisions*, was downloaded 6,300 times.

Our report outreach led to a record **209 million media impressions** and **882 media stories** (including radio, television, web, magazine, and newswire).

We reached **2.4 million people** with our innovative use of social media, and now have over **1,700 Twitter followers**.

We highlighted best practices in innovative ways, such as our **new webinar series**, which averaged 100 participants, and **two new podcasts**.

Our website welcomed over **100,000 unique visitors**.

We produced **five YouTube clips**.

## HIGHLIGHTS

This paper brings together all of the past and present proclamations on determinants of health in a non-emotional, professional way, yet manages to light a fire.



– Pamela C. Fralick, President & CEO of the Canadian Healthcare Association, referring to *Stepping It Up* (Post to Health Council blog)

We hosted **seven invitational regional sessions** on Aboriginal promising practices to serve as the basis for **our report on Aboriginal maternal and child health** and a compendium of promising practices.

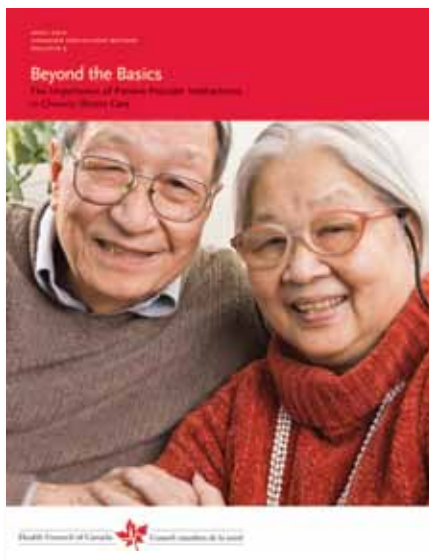
Our **second annual Health Innovation Award** received entries from 32 students.

We received numerous requests from non-government organizations for copies of *A Citizen's Guide to Health Indicators*. For example, the Mamawetan Churchill River Health Region requested a copy for each of its board members.

We made our presence known through **28 poster or podium presentations** at a variety of conferences across the country.

*This fold-out section provides an overview of the variety and volume of our work this past year.*

# 2010/2011 Highlights



APRIL 2010

MAY 2010

**Report: *Beyond the Basics: The Importance of Patient-Provider Interactions in Chronic Illness Care; Canadian Health Care Matters, Bulletin 3.*** For Canadians with chronic conditions, having a regular doctor doesn't necessarily mean they're receiving the safest or most supportive medical care.



**Quarterly newsletter released** on Métis access to primary health care.



**Report: *At the Tipping Point: Health leaders share ideas to speed primary health care reform.*** Twenty health care leaders from across the country came together to talk about ways to strengthen primary health care in Canada.

**Council meeting** held in Saskatoon.



JUNE 2010

**Report: Generic Drug Pricing and Access in Canada: What are the Implications? A commissioned discussion paper.** At a time when flattening the health care cost curve is at the top of many government agendas, the Health Council of Canada brings attention to how to control drug costs, particularly for generic drugs, and how to improve access.



**YouTube video clip** based on *Generic Drug Pricing and Access in Canada*.



**Best practice podcast** with the Canadian Virtual Hospice released.

**Sponsored breakfast and CEO keynote** at the National Healthcare Leadership Conference.



**Health Innovation Award launched.** The second annual Health Innovation Award asked students to bring to light exemplary models of health care delivery.

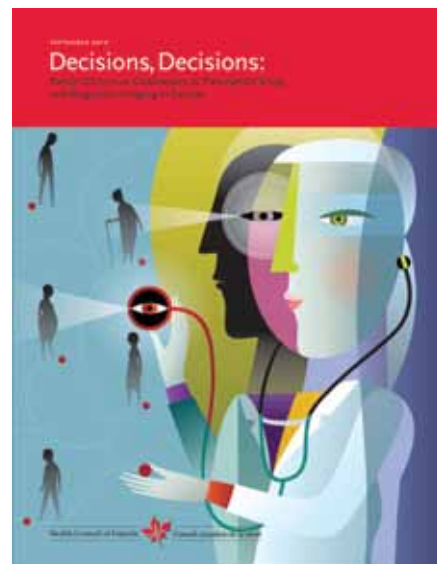
JULY/AUGUST 2010



**Quarterly newsletter released.** Roundup of the Health Council's recent activities.



**Renewal in Action released:** Annual Report for 2009/2010.



SEPTEMBER 2010

**Report: Decisions, Decisions: Family Doctors as Gatekeepers to Prescription Drugs and Diagnostic Imaging in Canada.** An examination of the increasingly complex role of family physicians, and the effects of their decisions on the use of Canada's health care services.



**YouTube video clip** based on *Decisions, Decisions*.

**Report:** *Keeping an Eye on Prescription Drugs, Keeping Canadians Safe.* To ensure that drugs are used appropriately with minimal harm to the patient, Canada needs to improve the way drugs are monitored before and after they enter the market.



**Webinar** based on *Keeping an Eye on Prescription Drugs, Keeping Canadians Safe.*



OCTOBER 2010



**Podcast:** Registered Nurses' Association of Ontario's Nursing Best Practice Guidelines.

NOVEMBER 2010



**Report:** *How Do Canadians Rate the Health Care System? Results from the 2010 Commonwealth Fund International Health Policy Survey; Canadian Health Care Matters, Bulletin 4.*

While Canadians' confidence in the health care system is improving, there are gaps in coverage and challenges in the way health information is shared.

DECEMBER 2010



**Report:** *Stepping It Up: Moving the Focus from Health Care in Canada to a Healthier Canada.* Addressing the needs of poor and socially disadvantaged Canadians will help us move towards a healthier Canada.



**YouTube video clip released** for *Stepping It Up* report.



**Quarterly newsletter released.** Roundup of the Health Council's recent activities.



**"Iconic Spirits" video released**, describing the creation of our new Aboriginal health logo by artist Kirk Brant.



### **Connecting with Others: A Scoping Methodology**

Our trademarked scoping methodology is not a systematic review. It aims for breadth of knowledge to create a map that drives further work.

## **JANUARY 2011**

**Report: A Citizen's Guide to Health Indicators: A Reference Guide for Canadians.** This resource provides an introduction to health indicators, what they are, where they come from, and how they can influence health care decisions and policies.

**Webinar** in partnership with the Community for Excellence in Health Governance. Based on *A Citizen's Guide to Health Indicators*.



**YouTube video clip** released on *A Citizen's Guide to Health Indicators*.



**Start of regional sessions** on Aboriginal maternal and child health.

**Council meeting** held in Toronto.

## **FEBRUARY 2011**

**Webinar**, "Health System Performance in Canada: What Can We Learn from Top Performing Countries?" with international panelists and participants from 13 countries. Based on *How Do Canadians Rate the Health Care System?*



**CEO John G. Abbott's presentation** at Memorial University's public symposium, "Owning the Health Care Podium 2020."

## **MARCH 2011**

**Webinar** on Health Impact Assessment, in partnership with the National Collaborating Centre for Healthy Public Policy. Based on our *Stepping It Up* report.



**Quarterly newsletter released.** Roundup of the Health Council's recent activities.



**Presentation to the Senate Committee** on Social Affairs, Science and Technology by our Chair and CEO on the *10-Year Plan to Strengthen Health Care*.

## INDEPENDENT AUDITOR'S REPORT

### To the Members of The Health Council of Canada/ Conseil canadien de la santé

July 7, 2011

We have audited the accompanying financial statements of, The Health Council of Canada/Conseil canadien de la santé, which comprise the statement of financial position as at March 31, 2011 and the statements of operations and cash flows for the year then ended, and the related notes including a summary of significant accounting policies.

#### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Health Council of Canada/Conseil canadien de la santé as at March 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

#### OTHER MATTER

The financial statements of The Health Council of Canada/Conseil canadien de la santé for the year ended March 31, 2010 were audited by another auditor who expressed an unmodified opinion on those statements on May 27, 2010.

*PricewaterhouseCoopers LLP*

Chartered Accountants, Licensed Public Accountants

## STATEMENT OF FINANCIAL POSITION

As at March 31, 2011

	2011	2010
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	1,138,007	2,685,712
HST/GST and other amounts receivable	160,121	61,715
Prepaid expenses	78,668	76,941
	1,376,796	2,824,368
<b>Restricted investment</b>	10,000	10,000
<b>Property and equipment (note 3)</b>	257,151	172,165
	1,643,947	3,006,533
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	263,673	302,104
Deferred revenue (note 4)	1,081,840	2,532,264
	1,345,513	2,834,368
<b>Deferred capital contributions</b>	257,151	172,165
<b>Deferred lease inducements</b>	41,283	—
<b>Net Assets</b>	—	—
	1,643,947	3,006,533

## STATEMENT OF OPERATIONS

For the year ended March 31, 2011

	2011	2010
	\$	\$
<b>REVENUE</b>		
Health Canada (note 7)	5,206,307	4,151,162
Amortization of deferred capital contributions	73,868	99,725
Miscellaneous income	—	371,474
Interest income	8,731	307
	5,288,906	4,622,668
<b>EXPENSES</b>		
Compensation	2,956,222	2,074,239
External professional services	447,481	738,437
<b>Councillor expenses and meeting facilities</b>		
Councillors' travel	38,499	116,760
Councillors' honoraria	42,074	114,950
Meeting facilities	73,417	64,027
Guest travel	76,393	20,897
Speakers' honoraria	1,198	6,000
<b>Administration</b>		
Occupancy	379,099	301,921
Financial management	30,164	33,576
Secretariat - travel	101,553	159,929
Computers and telecommunications	102,306	93,182
Amortization	73,868	99,725
Office services and supplies	61,460	35,252
Legal fees	6,007	3,729
Human resources	53,936	38,271
Insurance	13,375	18,165
Miscellaneous	1,493	9,057
<b>Reports and communication</b>		
Supplies and services	537,294	283,181
Promotion and media	293,067	411,370
	5,288,906	4,622,668
<b>Excess of revenue over expenses for the year</b>	—	—

**STATEMENT OF CASH FLOWS**  
For the year ended March 31, 2011

	2011	2010
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>Operating activities</b>		
<b>Items not affecting cash</b>		
Amortization of deferred capital contributions	(73,868)	(99,725)
Amortization of property and equipment	73,868	99,725
Deferred lease inducements	41,283	(7,647)
	41,283	(7,647)
<b>Changes in working capital items</b>		
HST/GST and other amounts receivable	(98,406)	(59,052)
Prepaid expenses	(1,727)	(37,076)
Accounts payable and accrued liabilities	(38,431)	(130,152)
Deferred revenue	(1,450,424)	664,605
	(1,547,705)	430,678
<b>Investing and financing activities</b>		
Purchase of property and equipment	(158,854)	(12,547)
Capital contributions - net	158,854	12,547
	—	—
<b>Increase (decrease) in cash during the year</b>	(1,547,705)	430,678
<b>Cash - Beginning of year</b>	2,685,712	2,255,034
<b>Cash - End of year</b>	1,138,007	2,685,712

## NOTES TO FINANCIAL STATEMENTS

March 31, 2011

### 1 DESCRIPTION OF THE BUSINESS

The Health Council of Canada/Conseil canadien de la santé (the council) was incorporated on December 2, 2003 under the Canada Corporations Act. The council's mandate is to monitor and make annual public reports regarding the implementation of the 2003 First Ministers' Accord on Health Care Renewal and the 2004 ten year plan, particularly its accountability and transparency provisions.

The council is registered as a not-for-profit organization under the Income Tax Act and accordingly is exempt from income taxes.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Financial statement presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations published by The Canadian Institute of Chartered Accountants (CICA) using the deferral method of reporting restricted contributions.

#### Revenue recognition

The council is funded solely by Health Canada through a funding agreement expiring on March 31, 2015.

The council follows the deferral method of accounting for Health Canada funding for operations and capital expenditures. Where a portion of this funding relates to a future period, it is deferred and recognized as revenue in the subsequent period. Contributions that are received for the purchase of property and equipment are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related asset.

#### Property and equipment

Property and equipment are recorded at cost and are amortized on a straight-line basis using the following rates:

Information technology and telecommunication	20%
Office equipment and furniture	10%
Computer software	33%
Leasehold improvements	term of lease

In the year of acquisition, 50% of the annual amortization rate is used.

#### Lease inducements

Lease inducements, consisting of leasehold improvement allowances and rent-free periods, are amortized on a straight-line basis over the term of the lease.

#### Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from management's estimates as additional information becomes available in the future.

## NOTES TO FINANCIAL STATEMENTS

March 31, 2011

### Financial instruments

The council has classified its financial instruments as follows:

Cash	held-for-trading
Restricted investment	loans and receivables
HST/GST and other amounts receivable	loans and receivables
Accounts payable and accrued liabilities	other liabilities

Held-for-trading items are carried at fair value, with changes in their fair value recognized in the statement of operations in the current year. Loans and receivables are carried at amortized cost, using the effective interest method, net of any impairment. Other liabilities are carried at amortized cost, using the effective interest method.

The carrying values of cash, amounts receivable and accounts payable and accrued liabilities approximate their fair values due to their relatively short-term maturity.

The restricted investment consists of a guaranteed investment certificate, which is classified as loans and receivables and is recorded at amortized cost plus accrued interest. The cost plus accrued interest income of the guaranteed investment certificate approximates its fair value.

Transaction costs are expensed as incurred.

As allowed under CICA Handbook Section 3855, Financial Instruments - Recognition and Measurement, the council has elected not to account for non-financial contracts as derivatives and not to account for embedded derivatives in non-financial contracts, leases and insurance contracts as embedded derivatives.

The council has elected to follow the disclosure requirements of CICA Handbook, Section 3861, Financial Instruments - Disclosure and Presentation.

### 3 PROPERTY AND EQUIPMENT

	2011		2010	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Information technology and telecommunication	525,290	436,685	88,605	60,861
Computer software	70,817	52,165	18,652	—
Office equipment and furniture	281,716	131,822	149,894	111,304
Leasehold improvements	323,084	323,084	—	—
	1,200,907	943,756	257,151	172,165

Property and equipment include fully amortized information technology equipment under a capital lease with a cost of \$175,437 (2010 - \$175,437) and accumulated amortization of \$175,437 (2010 - \$175,437). The capital lease expired on September 30, 2009.

## NOTES TO FINANCIAL STATEMENTS

March 31, 2011

### 4 DEFERRED REVENUE

	2011	2010
	\$	\$
Balance - Beginning of year	2,532,264	1,855,112
Funding received	6,288,147	4,828,314
Less		
Amounts refunded to Health Canada in current year	(2,532,264)	—
Amounts recognized as revenue	(5,206,307)	(4,151,162)
Balance - End of year	1,081,840	2,532,264

### 5 COMMITMENTS

#### Leased premises

The council entered into two leases for premises located at 90 Eglinton Avenue East, Toronto, Ontario. The leases were renewed on July 1, 2010 for a further five years to June 30, 2015.

Future minimum commitments for basic rent under the leases are approximately as follows:

	\$
2012	167,042
2013	167,042
2014	173,305
2015	175,653
2016	59,430
	742,472

#### Other commitments

The council has entered into other commitments, including contracts for professional services with various expiry dates to October 2016. The annual required payments are approximately as follows:

	\$
2012	401,020
2013	101,113
2014	9,876
2015	9,876
2016	4,938
	526,823

## NOTES TO FINANCIAL STATEMENTS

March 31, 2011

### 6 GUARANTEES

In the normal course of operations, the council enters into agreements that meet the definition of a guarantee. The council's primary guarantees subject to disclosure are as follows:

- The council has provided indemnities under a lease agreement for the use of operating facilities. Under the terms of this agreement, the council agrees to indemnify the counterparties for various items including, but not limited to, all liabilities, law suits, and damages arising during, on or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.
- The council has indemnified its present and future directors, officers and employees against expenses, judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding in which the directors are sued as a result of their service, if they acted honestly and in good faith with a view to serving the best interests of the council. The nature of the indemnity prevents the council from reasonably estimating the maximum exposure. The council has purchased errors and omissions liability insurance with respect to this indemnification.

### 7 CAPITAL DISCLOSURES

The council considers its deferred revenue as its capital.

The council receives funding from Health Canada to be expended under the council's mandate. Any unspent funds are recorded as deferred revenue. The council has complied with the restrictions related to Health Canada's funding.

### 8 COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the current year's financial statement presentation.



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