



ISSN 1180-4327

**Legislative Assembly  
of Ontario**

First Session, 41<sup>st</sup> Parliament

**Assemblée législative  
de l'Ontario**

Première session, 41<sup>e</sup> législature

**Official Report  
of Debates  
(Hansard)**

**Wednesday 30 September 2015**

**Journal  
des débats  
(Hansard)**

**Mercredi 30 septembre 2015**

**Standing Committee on  
Public Accounts**

Committee business

**Comité permanent des  
comptes publics**

Travaux du comité

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Telephone 416-325-7400; fax 416-325-7430  
Published by the Legislative Assembly of Ontario



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Publié par l'Assemblée législative de l'Ontario

## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
PUBLIC ACCOUNTSCOMITÉ PERMANENT DES  
COMPTES PUBLICS

Wednesday 30 September 2015

Mercredi 30 septembre 2015

*The committee met at 0901 in room 151.*

## COMMITTEE BUSINESS

**The Chair (Mr. Ernie Hardeman):** We'll call the Standing Committee on Public Accounts for September 30 to order. I think the committee all have an agenda. The first item on the agenda is a motion that was filed, to be introduced at this meeting. We'll give the mover of the motion an opportunity to present the motion.

**Mr. Steve Clark:** I move that the Standing Committee on Public Accounts request that the Auditor General conduct a value-for-money audit of the 2015 Pan and Parapan American Games.

**The Chair (Mr. Ernie Hardeman):** You've heard the motion. Debate?

**Mr. Steve Clark:** I had received a letter, Chair, from the Auditor General regarding my request, and this was the proper forum to do it, by a motion.

I look back at some of the issues surrounding delivery of the games and I particularly wanted to mention the 2009 PricewaterhouseCoopers report. I wanted to keep the motion broad to give members of the committee the opportunity to place some comments on the record, but I do think that an evaluation of the ministry's claim that the games came in both on time and on budget should be evaluated.

The audit, I believe, should include but not be limited to a timeline and value-for-money evaluation for each and every change in the overall budget projections and also a timeline and value-for-money evaluation on each venue's completion projects. Specifically, the two that I think most members would want to put on the record would be Tim Hortons Field and the Milton Velodrome.

The audit should also have sections addressing the outcomes and concerns, as I mentioned, raised in that 2009 PricewaterhouseCoopers report. It identified budgetary risks. These would be a value-for-money auditing evaluation for the main risks, total ticket sales, revenue compared to projections, total advertising revenue compared to projections, total broadcasting revenue compared to projections, and the total sponsorship revenue compared to projections.

It should also be concerned with the total cost and effectiveness of third-party contracts issued, the costs of the volunteer and student reimbursement program compared to projections, and also the effectiveness of the satellite village program.

Lastly, I think the audit should make a recommendation regarding whether or not the TO2015 executive should receive their bonuses based on the requirement of on time and on-budget games.

I'd be pleased to provide other comments for clarity if other members wanted it. That's the motion as stated.

**The Chair (Mr. Ernie Hardeman):** Thank you. Mr. Hatfield.

**Mr. Percy Hatfield:** I don't know if you need a seconder for the motion or not, but if you do, I'd be pleased to second the motion.

As I understand it, and I'm sure we all understand it, a value-for-money audit is a systemic, purposeful, organized, objective examination of government activities designed to promote answerable, honest, productive government; encourage accountability and best practices; and suggest ways in which public services could be improved. I think that's why we're here. This committee is supposed to be non-partisan in its approach. We're supposed to examine the way funds are spent. If mistakes were made, we'd like to point them out and correct them so that they don't happen again.

I think a value-for-money audit, because there are so many unanswered questions and budgets that were—I think of the security budget that went up and up and up, and at the end of the day there weren't a lot of security breaches that I'm aware of, so maybe the money was well spent. But we won't know until we have a value-for-money audit, so I'm pleased to support the motion.

**The Chair (Mr. Ernie Hardeman):** Mr. Fraser.

**Mr. John Fraser:** I will be supporting the motion. I am pleased that there seems to be some narrowing of scope because, with the original motion, it was pretty broad and I had a great deal of concern at how we would measure the things that are there and make the best use of the auditor's time. These games have been the most open and transparent games. I think there were five technical briefings through the budget. The Auditor General did do a report on the security, if I remember correctly, that was generally positive, and with some recommendations in it as well too. Also, the games were made FOI-able—freedom of information—which is unlike many other games. Again, we worked with three partners on this. I don't know what kind of challenge that will present in the audit in terms of that. Also, a bit of concern is that the committee—as Pan Am winds down, people tend to leave. So we do have to make a decision about that.

I would ask if the Auditor General has any comments on this as we look at this in terms of the value of the audit, as you look at your resources in a broader scope. As I say, we need to do this, but I'd like to understand that from your perspective.

**The Chair (Mr. Ernie Hardeman):** The auditor.

**Ms. Bonnie Lysyk:** If a motion is passed in the public accounts committee, we'll do the work. In terms of the motion, the motion is a broad motion. I think we would sit back and likely narrow down what we can do under that motion, depending on the availability of records, depending on the tri-part arrangement; there are a number of things.

My sense is, the key part of this is to determine whether or not the monies that have been spent were spent in accordance with the budget. That would obviously be the first thing we would look at. From hearing the discussion, the second thing we would look at is the contracting: some of the contracts that were just highlighted.

So we wouldn't be sitting back and saying, "In terms of this much money, did the games provide value?" It's not just substantial money value; there's a whole economic impact to the province that I don't know if we would be looking at—I'm pretty sure we wouldn't be looking at the economic impact.

Similar to the motion on CCACs, the motion on CCACs started off broad and then it was narrowed down in discussion in this committee as to specifically what the committee wanted us to look at. I've taken a few notes on what was mentioned here, but if the motion could be, "Conduct a value-for-money audit of the games specifically covering the following: X, X, X," that would be helpful. Otherwise, we would probably be narrowing it down based on the reading of a transcript and our ability to do what we could do.

**Mr. John Fraser:** Yes. That's very helpful, I think, from our perspective to look at that because, again, the motion is very broad. When you talk about value for money, there's a value in there, and as you said, you wouldn't be looking at economic impacts because they would be hard to measure. It would be hard to measure legacy impacts for amateur sport or for affordable housing. It would be a bit of a mug's game to try and do that. Any advice that you have for what you feel is the best way for us to go would be very helpful to this committee. That's all I have to say.

0910

**Ms. Bonnie Lysyk:** Yes.

**The Chair (Mr. Ernie Hardeman):** Any comments from the mover of the motion?

**Mr. Steve Clark:** The only thing that I thought of during the discussion, because of the media reports and other concerns, was the transportation plan. I think there were a lot of people looking at the transportation plan and really questioning its effectiveness. So I think moving for future events of this type, it should be included in the review in terms of total cost effectiveness.

**The Chair (Mr. Ernie Hardeman):** Any further debate?

**Mr. Arthur Potts:** I'd also like to hear from the auditor about the timeliness, whether we need to make a decision about this and the scope of it today or we can come back, maybe at the meeting next week, with a scoped look of what it would like and make a decision about that and have more input. I'd love to see the details—I tried to make some notes of the things that Mr. Clark was going to put in the report.

I would also add that as part of the technical briefings that have been promised under these very transparent games, there will be a further technical briefing in the fall which we're anticipating that will have a lot of information in terms of the numbers. So delaying the decision until then might be of use to us, so we'll see what's in the technical briefing that's already scheduled.

I would further add that there's an expectation that there will be a third-party audit already contemplated by the board of the games which will be taking place early next year, once the games are substantially wound up.

I want to maybe have some input from you, auditor, about the timeliness and whether we need to make a decision right now about this or we can delay it at least until next week so we can have a better look at how we scope this thing to make it most effective.

We welcome it. We look forward to it—because we think it's been exactly that. We haven't talked about what an incredibly successful games it was in terms of medal counts. There's an intangible that's really, really hard to evaluate, but it certainly has had that. The impact it had on the Ontario spirit has been fantastic.

**The Chair (Mr. Ernie Hardeman):** I would just point out we're kind of going further afield here. It's not the auditor's responsibility to decide on the timing of the audit beyond—if the committee decides that you want the auditor to do the audit, the auditor then will decide the best timing and the appropriate way to do it. But the discussion on this motion is whether the committee wants to ask the auditor to do the audit.

I would point out, and my suggestion would be, that if the mover of the motion would look at further improving on the motion, do what the Auditor General pointed out, to put it together so the committee would know what it is they were asking the auditor to do. But the timing of it and so forth would have to be left to the auditor after she had the authority to do it.

With that, I would turn it over to the mover of the motion, if there's some suggestion of—

*Interjections.*

**Mr. Steve Clark:** Are you asking me to amend the motion? I've read into the record some points. I'm quite prepared to give it to the auditor. I'm just asking for clarity. What would you like, Chair? Do you want an amendment?

**The Chair (Mr. Ernie Hardeman):** Yes.

**Mr. John Fraser:** A technical question: When you go back, you'll look at the motion and you'll say, "Here are the things that I can do." Will that be something where

there will be a discussion at committee? Would you come back and say that to us at our next meeting? We're prepared to accept the motion. It's just that we don't want to put you in a position where it's too broad a mandate to deliver.

**Ms. Bonnie Lysyk:** There are a couple of things. It is a broad motion. If it was decided that the meaning of that motion was the items that you read, then we would conduct that value-for-money within the limitation of what was read at the committee. Then obviously, during the course of that, we could expand it if there was something that was troublesome, right? So that's one way to handle it, where you pass the motion, we guide ourselves in the conduct of this audit by the specifics that were identified—and we did that similarly on the CCAC motion—or you could take the motion, take a break, identify the points and pass a revised motion, but it's up to this committee's decision.

**Mr. Steve Clark:** I think probably the easiest way, Chair, because I know you've got report writing—and I'd like you to get to the report writing. If people agree with my motion, I'll table this information with the Auditor General that I read into the record. She can communicate back to the committee when she thinks the time frame will happen for the review, and then you can move forward.

**Mr. John Fraser:** Can you read that back?

**Mr. Steve Clark:** Yes, I'll just read it.

"The audit should include an evaluation of the ministry's claim that the games came in both on time and on budget. The audit will also include—but not be limited to—a timeline and value-for-money evaluation of each and every change in the overall budget projections, and a timeline and value-for-money evaluation of each venue's completion projections—specifically for Tim Hortons Field and the Milton Velodrome.

"The audit should also have sections addressing the outcomes of concerns raised in the 2009 PricewaterhouseCoopers report identifying budgetary risks. These would include a value-for-money audit evaluating the main risks put forward including: total ticket sales revenue compared to projections, total advertising revenue compared to projections, total broadcasting revenue compared to projections, and total sponsorship compared to projections. The value-for-money audit should also consider: the total cost and effectiveness of third-party contracts issued, the total costs of the volunteer and student reimbursement program compared to projections, the total cost and effectiveness of the satellite village program, and the total cost and effectiveness of the province's transportation plan.

"Lastly, the audit should make a recommendation on whether or not TO2015 executives should receive their bonuses based on the requirement of 'an on-time and on-budget games.'"

**The Chair (Mr. Ernie Hardeman):** Ms. MacLeod?

**Ms. Lisa MacLeod:** I ask that the question now be put.

**The Chair (Mr. Ernie Hardeman):** What's that?

**Ms. Lisa MacLeod:** I asked if the question could now be put.

**The Chair (Mr. Ernie Hardeman):** Putting the question is a—the decision has to be made if enough debate has taken place. With the introduction of that amendment, it's going to be difficult to say—as it's just being introduced—that enough debate has taken place.

**Ms. Lisa MacLeod:** We didn't amend it.

*Interjections.*

**Mr. John Fraser:**—what he was going to table and that's fine. We're prepared to support the motion. I just wanted to have that discussion.

**The Chair (Mr. Ernie Hardeman):** Okay. We have a motion here to put the question. With that, we will put the question.

*Interjection.*

**The Chair (Mr. Ernie Hardeman):** My instructions are that we do have to allow further debate. Yes, Ms. MacLeod?

**Ms. Lisa MacLeod:** I think it's very clear that there are members from all three political parties and all three caucuses who support this motion. That support was indicated very clearly from the third party, as well as the government, for an audit into the Pan Am Games.

In addition to that, I think when the member opposite mentions that we should talk about medal counts and technical briefings, I think that has nothing to do with the value-for-money audit that we're requesting in the official opposition to ensure that money was spent appropriately and that we got the best value for it. I think there's a sense of arrogance, if you will, suggesting that any politician and any government is responsible for the medal count of our athletes. I think a technical briefing, although good for members of this assembly, doesn't necessarily provide the public accountability mechanism that we're trying to seek as a result of this motion by Mr. Clark.

I would again suggest: We have a motion before us. It is very clear and it is very short: that the Standing Committee on Public Accounts requests that the Auditor General conduct a value-for-money audit of the 2015 Pan Am and Parapan American Games. Mr. Clark, in putting forward that motion, also explained the rationale and the scope, and he provided that information to the Auditor General. We should actually just move on. This shouldn't be controversial; this should be about the best value for the taxpaying dollar in order to bring forward a greater degree of accountability.

The member from the Liberal caucus, their Liberal lead, said they would support this motion, the New Democrats said they would support this motion, and I again ask that the motion be put for a vote.

**0920**

**The Chair (Mr. Ernie Hardeman):** That is out of order. Further debate?

**Mr. Percy Hatfield:** What has a guy got to do to get his hand recognized? I was up before her, for God's sake.

**The Chair (Mr. Ernie Hardeman):** Oh. Mr. Hatfield.

**Mr. Percy Hatfield:** Thank you, Chair. I agree with what we had discussed earlier about supporting the motion. My question on the performance bonus issue is, should a separate letter go out from this committee to whoever writes those cheques to say, “We’re looking at this, and we would suggest that you not write these cheques until after this value-for-money audit is in,” in order to ascertain that indeed everything was on time and on budget and the bonuses are warranted? That’s a question: Do we need a separate letter to go out to whoever writes those cheques, saying, “Please hold off while we do this”?

**The Chair (Mr. Ernie Hardeman):** The committee heard your comments, and the committee will make a decision on whether that needs to be done after we’ve dealt with this motion.

**Mr. Percy Hatfield:** I didn’t want to interfere with the motion.

**The Chair (Mr. Ernie Hardeman):** Mr. Baker.

**Mr. Yvan Baker:** If I may, I want to second the thoughts of my colleagues, first of all, on the support for the value-for-money audit that the member has proposed. I don’t think there is controversy on this; I think we’re supportive of it. I think that really what my colleagues were doing, if I dare to speak for them, was consulting with the Auditor General to make sure that the audit itself is a success, that the value-for-money audit is a success. That’s really what we’re doing, but I don’t think there’s any controversy around the motion itself.

The other point that was made, around medals and the success of the games, is speaking to part of the value of the games, so I think that when we talk about value for money, it’s worthwhile to mention that. I think it’s on point.

The last point I’ll make is that I think some of the things that my colleagues have raised with regard to some of the mechanisms for transparency are relevant to this discussion only because they help not only the auditor but others in the public realm, including members of this committee and the Legislature, assess the value for money that was obtained for the games.

Things like ensuring that the games were subject to freedom of information; that the financial results of TO2015 were part of the government’s financial statements; that provincial costs related to the games were in the Ontario budget with additional details; that TO2015 was included in the public sector salary disclosure list; that there were regular financial updates released into 2012-13; that there were audited financial statements made available; that key games documents such as the bid book and all major agreements were posted; that executive expenses were posted every quarter—I think all of these types of initiatives are relevant to the discussion, because I think what they will do is they will undoubtedly help the auditor and her team, but more generally help the public, in terms of assessing value for money.

I just wanted to address those points as to why we were raising them, but I don’t think there’s any contro-

versy around the motion. I think we’re supportive of the motion.

**The Chair (Mr. Ernie Hardeman):** Mr. Fraser.

**Mr. John Fraser:** Just very quickly, there’s support all the way around the table for this motion. The reason we were having a discussion was to make sure we got the auditor’s opinion on what she could do and ask for Mr. Clark’s recitation of what he wanted to put in the scope, simply because we will likely want to add additional things. So it’s good to know what it is you want to do; we’ll make some recommendations as well, once we have a discussion. But I think we should just put the question, because—

*Interjections.*

**Mr. John Fraser:** —unless somebody has—

**The Chair (Mr. Ernie Hardeman):** That’s no more in order than the previous one. Any further debate?

**Mr. Arthur Potts:** I agree that we should put the question, on the understanding that we will have an opportunity to add scope items. I have not heard anyone on the other side say—if we’re limited in scope to just what you’ve put into it, with respect, we should have an opportunity to have a chance to review your scope items and add any more, if we so desire, to give you the breadth that we think is necessary to get a full analysis of this.

**The Chair (Mr. Ernie Hardeman):** Further debate? Mr. Hatfield.

**Mr. Percy Hatfield:** Without speaking to the motion, I call the question.

**The Chair (Mr. Ernie Hardeman):** The auditor would like to say a few words. You can’t call the question.

**Ms. Bonnie Lysyk:** I want this to be a doable thing and I am concerned about the last comment around the expanded scope.

There’s one part of this as well: Our audit would not make the decision as to whether or not executives receive their bonuses based on a requirement. Our report would just give you the facts. Based on the facts, it would be up to the powers that be to decide whether or not these bonuses are paid or whether they’re paid before the audit or whatever. We’re not the ones who would make a decision to pay the bonuses. We’ll give you the information from doing the audit. The more I hear this motion discussed, the more I recognize that what we’re looking at is a budget-to-actual review to make sure that the games came in on budget and that all the finances have been properly recorded in the accounts for the Pan Am Games. I think that is an appropriate item that we can look at.

The second area that we can look at, I do believe, is the contracts and whether or not—for material contracts—and we would make the decision in terms of how we define materiality; otherwise we’ll be buried in paper for a long time. We would look at contracts, significant ones, to determine whether or not the tendering process was fair and the ultimate decision in the contract area was fine.

We could work with the motion, we could work with the limited scope, but if there is a thought that there is a different scope than what we've had read right now into the transcript, then I'd say we need to hold and you need to draft the motion so that I can get clear direction in terms of what's expected. Right now, the expectation I can see is to deal with specific items and it's doable. The difficulty—again, we will look at whether or not the records are available, the people are reachable, and the tripartite arrangement in terms of following the dollar, which I haven't explored and I need to explore a little bit more.

If the motion is passed, we will conduct an audit, but it will have to be within a narrow scope because this is a huge exercise. Right now, what's been read into the record for us to look at, including Mr. Baker's comments, would be fine, but if it goes beyond that, I do think we need some additional parameters.

**The Chair (Mr. Ernie Hardeman):** Further debate? If there's no further debate—Mr. Dong?

**Mr. Han Dong:** Just out of curiosity, a question to the auditor: Were you going to include this in your annual general audit report anyway?

**Ms. Bonnie Lysyk:** Typically the practice is, when there's a special referral from the public accounts committee, it becomes a special report that gets tabled by itself.

**Mr. Han Dong:** My question is, if this motion was never put forward, were you going to include the Pan Am Games in your annual report?

**Ms. Bonnie Lysyk:** For the upcoming year, we hadn't identified it as an audit that we would do. This would be in addition to what we'll do in the annual report.

**Mr. Han Dong:** Okay. I just want to put one more suggestion: The economic impact may be hard to identify, given the short period of time—

**Ms. Bonnie Lysyk:** Yes. I think the term that's used here is conducting a value-for-money audit. The more I hear the discussion around the content, I would say conduct an audit of the Pan Am and Parapan Am Games with the scope identified as discussed in the transcript or

something like that. So I don't know if it's totally a value-for-money audit. It will be a huge exercise.

**The Chair (Mr. Ernie Hardeman):** Mr. Hatfield?

**Mr. Percy Hatfield:** A question to the auditor: Bonnie, do you see, as part of what you're looking at now, the ability—there was a budget for the games, and then this ministry would fund out of their budget something, be it on security, be it on transportation. Are you going to follow all of that money that came in from other designated sources along the way?

**Ms. Bonnie Lysyk:** That's what my understanding of this would be, that we would look at—there are a couple of components. There's a budget component within the province of Ontario's budget and then there are separate monies within TO2015, and so we would look at the TO2015 budget-to-actual and, likely, province budget-to-actual for completeness.

**The Chair (Mr. Ernie Hardeman):** Any further debate? If there's no further debate, we're voting on the motion as it was presented.

**Mr. Steve Clark:** Recorded vote.

**The Chair (Mr. Ernie Hardeman):** There have been no amendments made to the motion. We accept the auditor's comments outlining how she would proceed with dealing with the motion that's before you. So the motion has been put, and we request a recorded vote.

#### Ayes

Baker, Clark, Dong, Fraser, Hatfield, MacLeod, Malhi, Potts.

**The Chair (Mr. Ernie Hardeman):** The motion is carried.

Thank you all very much for your participation. With that, we will recess just for a few minutes to give opportunities for—if there's a change in membership that is required for the report writing, for the next item that's on our agenda.

*The committee recessed at 0930 and continued in closed session at 0941.*

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Mr. John Fraser (Ottawa South L)

Mr. Ernie Hardeman (Oxford PC)

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Mr. Steve Clark (Leeds–Grenville PC)

Mr. Peter Tabuns (Toronto–Danforth ND)

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Ms. Bonnie Lysyk, Auditor General

#### **Clerk / Greffière**

Ms. Valerie Quioc Lim

#### **Staff / Personnel**

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Research Services