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**Wednesday 20 April 2016**

**Journal  
des débats  
(Hansard)**

**Mercredi 20 avril 2016**

**Standing Committee on  
Public Accounts**

Committee business

**Comité permanent des  
comptes publics**

Travaux du comité

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## LEGISLATIVE ASSEMBLY OF ONTARIO

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON  
PUBLIC ACCOUNTSCOMITÉ PERMANENT DES  
COMPTES PUBLICS

Wednesday 20 April 2016

Mercredi 20 avril 2016

*The committee met at 0902 in room 151.*

## COMMITTEE BUSINESS

**The Chair (Mr. Ernie Hardeman):** We'll call the committee to order. We do have an open session first. We have a motion that was tabled at the last meeting, but we're hoping that the Auditor General will be here for that discussion. She is running just a little bit late, so hopefully she'll come in as soon as she can.

But we do have another issue. The other issue was the annual conference of CCPAC. I mentioned at the last meeting that we needed to pass a motion requesting the House leaders to bring a motion forward in the House to do that.

So there's a motion out there. Ms. MacLeod, do you have a motion?

**Ms. Lisa MacLeod:** I move that the Chair write to the House leaders to request that a motion be presented to the House to authorize permanent members and staff of the Standing Committee on Public Accounts to attend the annual conference of the Canadian Council of Public Accounts Committees (CCPAC) in Yellowknife, Northwest Territories from August 21 to 23, 2016.

**The Chair (Mr. Ernie Hardeman):** That's the motion, and we have seconder for the motion, Mr. Fraser. I just wanted to point out that the staff who are mentioned in the motion would be two members of staff. I think that's the Clerk, along with the research staff member.

The funding for it is, in fact, in the budget, but there will be another motion that will sent to the Board of Internal Economy, I guess, to approve it. It's already in the budget for that purpose, but in order to spend it, because it's going out of province and so forth, we need the Board of Internal Economy's approval on that. There will be another motion to do that.

Any questions on the motion?

If not, all those in favour? Opposed? The motion is carried.

Do you have the other one out there already?

**Ms. Lisa MacLeod:** Yes. I move that the Standing Committee on Public Accounts approve a budget of \$32,285 for permanent members and staff of the committee to attend the annual conference of the Canadian Council of Public Accounts Committees (CCPAC) in Yellowknife, Northwest Territories from August 21 to 23, 2016.

**Mr. John Fraser:** I second it. That was easy.

**The Chair (Mr. Ernie Hardeman):** Any further questions or comments on that?

If not, all those in favour of that motion? Opposed? The motion is carried.

And with that, the timing couldn't be better. It was great to get that all done. We will proceed with the paperwork to deal with the conference.

We have another motion that we are to debate, which was tabled at the last meeting. Ms. DiNovo.

**Ms. Cheri DiNovo:** Everybody has the arguments in favour of the audit—I assume everybody's got those—so the motion itself is: I move that the Standing Committee on Public Accounts request the Auditor General to conduct a value-for-money audit of the Eglinton Crosstown.

Chair, should I go over the arguments in favour of that?

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

**Ms. Cheri DiNovo:** (1) With a contract value of \$9.1 billion, the Eglinton Crosstown is by far the biggest P3 project IO has ever procured, and will serve as a template for many billions of dollars' worth of future transit procurements. It is crucial to verify that IO has done this right.

(2) There were only two bidders, not three, as is the best practice. How did this affect costs and risks? What is the best practice when there are not enough bidders?

(3) The Ontario General Contractors Association and others have raised concerns about the impact of bundling all the Eglinton Crosstown jobs into a single mega-contract, claiming that this would waste hundreds of millions of dollars. To what extent should projects be bundled in order to deliver the best value for Ontarians, as opposed to serving the needs of international finance?

(4) It appears that IO has ignored the AG's recommendations in 2012 to use the actual past performance of the relevant public agency when determining the value-for-money of a P3 procurement. Instead, IO relies on a risk matrix template that was prepared by a private consultant without knowledge of the project to be procured, the relevant public agency or the private contractor.

(5) It appears that IO has ignored the AG's recommendations in 2012 that companies that prepare such risk matrices should not have an interest in justifying P3s. The current DBFM urban transit risk template was prepared by the 3M group, a founding member of the Canadian Council for Public-Private Partnerships, a lobby group founded to promote P3s. The 3M group bids

on many IO P3 jobs, and the founder and former president of the 3M group now sits on the IO board.

(6) Finally, one of the lead contractors on the EC P3 is SNC-Lavalin, which faced a 10-year ban on bidding on federal projects if convicted of RCMP bribery charges related to the McGill mega-hospital P3 in Quebec. The president of SNC-Lavalin said that such a ban could be fatal for the company. In December, the federal government agreed not to impose a ban, despite the ongoing charges. This was one month after IO signed the EC contract with SNC-Lavalin as a lead partner. Were the risks of partnering with SNC-Lavalin factored into IO's decision?

These are the reasons given behind the motion that I moved. Thank you, Mr. Chair.

**The Chair (Mr. Ernie Hardeman):** Okay. You've heard the motion. Further debate? Mr. Rinaldi.

**Mr. Lou Rinaldi:** I'm not in support of the motion, just for some reasoning that I will take a minute to explain. There was a value-for-money audit already done, conducted by Ernst and Young. It was published just a few months back, in February 2016. A hard copy of the document was included in the package from Metrolinx provided to committee members in public accounts. It's available online through the Infrastructure Ontario website.

The value-for-money assessment was based on a comparison of the total project costs of the Eglinton Cross-town LRT project and the traditional delivery approach in the AFP. The assessment demonstrated an estimated value-for-money cost savings of just over 22% by using

the AFP approach to the delivery of the project. Metrolinx has continued to give us some feedback.

I don't see the rationale three or four months later of going through the process. Those are the arguments. I cannot support it.

**The Chair (Mr. Ernie Hardeman):** Further debate? If there's no further debate, I'll put the question. All those in favour of the motion?

**Ms. Cheri DiNovo:** Actually, just one last word on the subject, Mr. Chair: I essentially don't see what the government is afraid of here. If they really do stand behind the financing and the procurement with the Eglinton Crosstown, then why not let our Auditor General look at the books, basically? That's really a simple request for transparency of a government that claims it is transparent.

With that, absolutely, put it to the vote.

**Mr. John Fraser:** Just one comment: I think what my colleague MPP Rinaldi is saying is that this work has been done. We don't think that this work—you know, it's there. It's publicly available. People can see that. As a committee, deciding that what we want is a value-for-money audit—we don't think it's the right to do. Of course, there's discretion that exists in there with the auditor. I just wanted to rebut that point.

**The Chair (Mr. Ernie Hardeman):** Okay. Further discussion? If not, all those in favour of the motion? All those opposed? The motion is lost.

Okay, with that, that concludes the open portion. We'll go in camera to start the review.

*The committee continued in closed session at 0911.*







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#### **Chair / Président**

Mr. Ernie Hardeman (Oxford PC)

#### **Vice-Chair / Vice-Présidente**

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Mr. Chris Ballard (Newmarket–Aurora L)

Mr. John Fraser (Ottawa South L)

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Mr. Percy Hatfield (Windsor–Tecumseh ND)

Ms. Lisa MacLeod (Nepean–Carleton PC)

Ms. Harinder Malhi (Brampton–Springdale L)

Mr. Peter Z. Milczyn (Etobicoke–Lakeshore L)

Mrs. Julia Munro (York–Simcoe PC)

Mr. Lou Rinaldi (Northumberland–Quinte West L)

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Ms. Cheri DiNovo (Parkdale–High Park ND)

Mr. Michael Harris (Kitchener–Conestoga PC)

Mr. Jagmeet Singh (Bramalea–Gore–Malton ND)

Mr. Peter Tabuns (Toronto–Danforth ND)

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#### **Clerk / Greffière**

Ms. Valerie Quioc Lim

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