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**Wednesday 28 May 2008**

**Journal  
des débats  
(Hansard)**

**Mercredi 28 mai 2008**

**Standing Committee on  
Public Accounts**

2007 annual report,  
Auditor General:  
Ministry of Training, Colleges  
and Universities

**Comité permanent des  
comptes publics**

Rapport annuel 2007,  
Vérificateur général :  
ministère de la Formation et des  
Collèges et Universités

Chair: Norman W. Sterling  
Clerk: Katch Koch

Président : Norman W. Sterling  
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

## STANDING COMMITTEE ON PUBLIC ACCOUNTS

## COMITÉ PERMANENT DES COMPTES PUBLICS

Wednesday 28 May 2008

Mercredi 28 mai 2008

*The committee met at 1237 in committee room 1, following a closed session.*

### 2007 ANNUAL REPORT, AUDITOR GENERAL MINISTRY OF TRAINING, COLLEGES AND UNIVERSITIES

Consideration of section 3.14, universities—management of facilities.

**The Chair (Mr. Norman W. Sterling):** Perhaps we could invite our guests to sit. My suggestion would be that the deputy, Dr. Genest and one representative from each of the universities take a seat. If we need to interchange those seats, I'm sure everybody will understand and we'll play a little bit of musical chairs.

My name's Norman Sterling. I think this is the first time that we've had the opportunity to have universities in front of the public accounts committee of Ontario. As you know, the act changed two years ago to put universities, school boards and hospitals under our jurisdiction and, more correctly, under the jurisdiction of the Auditor General, Mr. McCarter. Therefore, we are reviewing his December 2007 report.

The committee has a hearing, and this hearing will be completed at least by 3 o'clock. It perhaps would be earlier than that time, depending upon the number of questions asked and the length of the proceedings. We, the committee, then prepare a report, making recommendations to the ministry primarily, but we may also make recommendations to you directly, the universities, or through the ministry, depending on the outcome of the hearings.

We've had a briefing session this morning with our researcher, Susan Viets, our Auditor General and one member of his staff, who specialized in this particular audit.

We hope that not only are we going to be perhaps critical, but perhaps not critical. We would perhaps ask for information. We may ask for future reports from the deputy or from the universities as to how they're reacting to the recommendations that the Auditor General has made.

Normally, we ask the deputy minister, Dr. Steenkamp, whether he has some opening remarks, and then after the opening remarks, I will extend that invitation to Dr.

Genest, if you have some opening remarks as well. Then we will ask questions after that of any or all of you. So I turn it over to you, Deputy Minister.

**Dr. Philip Steenkamp:** Thank you, Mr. Chairman. I want to thank the committee for this opportunity. Perhaps I could begin by introducing the people at the table here, beginning with Nancy Sullivan, to my far right, from Guelph university; Duncan Watt from Carleton University; Dr. Paul Genest, president of the Council of Ontario Universities; and Karen Belaire from McMaster University.

I have provided in advance a copy of a presentation that I understand the committee has reviewed. I'll just go through that at a very high level, perhaps to cover off the issue of the ministry's role in post-secondary, as it applies to this issue in particular.

The first point to make is that the ministry, obviously, oversees the overall structure of the post-secondary education system. It is responsible for providing operating and capital funding to both universities and colleges and establishing the provincial objectives for the use of those funds. The universities, though, are different from the colleges. The universities have significantly more autonomy. They are established by independent acts of the Legislature as independent bodies and they have responsibility for program delivery, the administration of the institution and also for prudent financial management.

To give you some sense of the financing, the ministry provides them with an annual general operating grant which represents approximately 49% of their revenue. So government is a major funder. Other sources of revenue include fees at 43% and other sources of funding at 8%. In 2007-08, the government had allocated just over \$3 billion in operating grants to the university sector, which was an increase of \$1.132 billion, or 59% over the operating grants in 2002-03. So there's been a substantial increase in operating funding.

In terms of the government's goals for post-secondary, and for universities in particular, three main areas are: access, in order to ensure that we have the policies and programs in place to promote access for all students but particularly students who are under-represented in the system; quality, to provide funding for the institutions to enhance the quality of their learning environment; and accountability, so that we can track and report on

achievements of the Reaching Higher plan, and report on individual institutional achievements as well.

The universities have worked with us to comply with the new tuition framework, which obviously addresses the issue of access, and also to implement a new student access guarantee, which guarantees students access to a post-secondary education. In terms of quality, one of the measures we are using—we require the universities now to participate in the National Survey of Student Engagement and the Consortium for Student Retention Data Exchange. This gives us a very good sense of the student experience at those institutions.

In broad terms, we have introduced a multi-year accountability agreement, which we've signed with each of the universities. The universities report out on system-wide measures and on institution-specific measures. I won't go through the Auditor General's recommendations because I believe you've had the opportunity to hear that, but I will talk in just a couple of minutes about the responses from the ministry to each of those.

I think the first comment I would make is that the ministry and the institutions really welcome the work of the Auditor General and the recommendations that have been made. We think these provide us with excellent guidance in the future. The universities generally agree with the recommendations and, I'm pleased to report, in many instances have taken action to address those recommendations as well. In other cases, they've indicated, of course, that implementation will depend on the availability of resources.

In the ministry, we believe that the report provides very useful recommendations that will improve the quality of information used in the maintenance decisions at universities and will lead to improved cost efficiency with respect, especially, to space utilization and physical plant operations. We will be encouraging all universities to implement these recommendations, not just the three universities represented here at the table.

If I could talk just in general about ministry actions to date: To assist the universities in providing an effective work and learning environment and to allow them to reduce the extent of deferred maintenance on their campuses, we were able to significantly increase capital funding to the universities in 2007. That included \$135 million that was targeted to capital projects in three areas: energy efficiency projects, campus safety and security initiatives, and the renewal of academic infrastructure.

In addition, there was \$264 million for 21 specific capital projects at universities across the province, mostly involving new construction, but also the renewal of existing buildings. Then, finally, at the end of the fiscal year, \$200 million for capital projects focused specifically on decreasing deferred maintenance levels and on renovations to increase space utilization as well. Similarly, there were investments made in the college sector, which I won't necessarily go into here.

We are also working with the universities on developing a comprehensive long-term capital planning process,

which is aimed at addressing the ongoing need for strategic capital investments across the system.

In terms of further actions, we have informed the universities of the 2007 annual report of the Office of the Auditor General and the recommendations made, via a memorandum from the assistant deputy minister responsible for post-secondary education division. That memorandum went out on May 15.

We continue to work with universities through the Ontario Association of Physical Plant Administrators to refine the methodologies and the models used in facilities condition assessment programs. There are some very good methodologies, I think, which the Auditor General identified, used in some institutions. We will play the role as facilitator in order to make sure that those best practices, in conjunction with COU, are used across the system.

We will conduct a follow-up survey in October of this year, 2008, to determine what progress has taken place regarding the recommendations made. As I mentioned, we will facilitate the sharing of best practices and encourage their implementation. The ministry will also be creating an inventory of current and future institutional capacity expansion priorities which will be assessed against strategic principles and criteria. We will be writing to institutions to request this information this summer.

I think I will leave my remarks there, because I know the committee is eager to hear from Dr. Genest and also to ask questions. In summary, we want to thank the Auditor General for an excellent report and some very useful recommendations. I also want to take the opportunity to thank the universities for a very constructive engagement, both with our ministry and with the Auditor General. As you mentioned, this is the first time that we are appearing in front of the committee on these kinds of issues. Thank you.

**The Chair (Mr. Norman W. Sterling):** I don't know whether to say I hope it's not the last. At any rate, Dr. Genest, we will—unfortunately, Deputy, we didn't receive the document you were referring to, but we're getting that copied now.

**Dr. Paul Genest:** Super. Many thanks, Mr. Chairman, and my thanks as well to the members of the committee for giving your attention to universities and to the fine work, quite frankly, that the Auditor General has given.

As mentioned, my name is Paul Genest. I'm the president of the Council of Ontario Universities. We're an organization that works on behalf of the universities in Ontario to develop common policies and advocate for the advancement of higher education in the province.

What I'd like to say first, if I may, is a few words regarding the Auditor General's report on university management. As we're all aware, this was the first value-for-money audit conducted in our sector following the expansion of the auditor's role, and his objective was, of course, to deliberate whether we had proper systems, policies and procedures in place to maintain our facilities cost-effectively.

**1250**

As you know, the auditor selected three universities—and my colleagues are here from those universities, McMaster, Guelph and Carleton—to do an on-site audit. In addition, he shared with the other 15 universities a detailed questionnaire that was responded to by all of them.

I'd like to just underscore how positive and constructive every university found the experience of working with Jim McCarter and his staff to be. One can imagine that an auditor on-site can be a bit of a scary experience. You don't know what to expect. What are they going to find? What is the attitude going to be? It was the opposite of scary. It was a constructive exchange. The feeling was that the auditor and his staff did a thorough and balanced job. They were truly attuned to the best practices in the industry, and they provided, I think, very good advice as to how we can improve our facilities management and the utilization of space. So we thank him for that and look forward to continuing that work, and kudos to your staff.

One of the major conclusions of the report was the recognition that universities had an increasing backlog of delayed capital projects or deferred maintenance. The universities' common capital asset management system concluded, as Mr. McCarter noted, that the backlog was estimated to be \$1.6 billion in 2006.

What we are talking about here are such mundane but really necessary aspects of our physical plant as worn-out roofs, outdated cooling and electrical systems and boilers that are in need of replacement or repair, as well as the purchasing practices related to getting this work done. One of the report's major conclusions is that the resources that we at the universities currently dedicate to these capital projects are quite simply insufficient to reducing the backlog of deferred maintenance projects.

The auditor did note with approval the open and competitive purchasing policies of the universities in the contracting of the work to undertake these projects.

The auditor also noted that we have appropriate systems in place for prioritizing projects, but indicated that these could definitely be improved to an extent.

The auditor provided guidance on how we manage data for our inventories on deferred maintenance projects, and it was noted that we could also improve on our approaches to the utilization of academic space.

I'd like to stress and put on the record that we welcome this advice and we accept his recommendation. The results of his study have been shared with the council of senior academic officers at the Council of Ontario Universities. These are our vice-presidents of finance and administration who oversee the management of capital plant. They are taking action, best practices are being shared and, as Deputy Steenkamp indicated, are looking forward to reporting back on the implementation of those best practices.

One of the really important aspects, if I may, of this exercise is that the auditor has effectively shone a spotlight on the issue of deferred maintenance. Roofs, boilers

and plumbing are not glamorous or sexy items, if I may speak that way. They are items for which it's difficult to fundraise. Philanthropists don't tend to want to affix their names to the roofs or the plumbing, as important as these things are. So if in our publicly funded system we're not getting the assistance from the government, we are in a bit of a bind. It's very difficult to raise that. These elements, of course, are all vital to the good functioning of our institutions and the health and safety of faculty, students and staff. In his report, the auditor noted that funding for deferred maintenance is currently \$26.7 million annually. The amount by industry standards is somewhat less than 10% of the industry standard.

But let me also put on the record that the universities have to give enormous credit to Minister Milloy and his team at MTCU for heeding the analysis of the Auditor General and taking very significant action in recent months. Between the end of January and through the 2008 budget, the government has committed some \$335 million in one-time payments to help universities address this backlog. This amount is 12 times the amount I stated above in terms of what we ordinarily receive in a given year. So despite the lack of glamour—I mean, it's not like opening a MaRS, a new wing at Robarts Library or a new hospital—the government took action and did the right thing here. So I would just like to say they really deserve our thanks and appreciation for taking this in hand.

But, of course, there remains more work to be done. As the auditor notes and as Mr. Rae noted in his report on higher education, funding for deferred maintenance truly needs to be put on a long-term, sustainable footing, reflective of the industry standards, about which Mr. McCarter speaks in his report. This is to ensure that we continue to deliver world-class education and support cutting-edge research.

The government has recently stated that its number one priority is this cluster of issues—innovation, training, higher education—and they are taking action on that. We are, of course, poised for growth. There are a great many more students who are going to be coming out of the GTA and other parts of the province. We need to deepen our commitment to research and innovation, and, as Deputy Steenkamp noted, we are actively engaged with them in a long-term capital planning process. But it's important to get the base, the foundation, the roof and the plumbing done, and that's what we're able to do with this really tremendous kick-start of funding that was invested under deferred maintenance.

We look forward to working with the government on the next phases and with the committee in terms of any call-backs you have.

I would like to say that my colleagues from the universities are here to talk to how they manage planning and administration. They could also, I'm sure, provide details of some of the deferred maintenance projects they're investing in.

**The Chair (Mr. Norman W. Sterling):** Thank you. Mr. Zimmer.

**Mr. David Zimmer:** My question has to do with the auditor's report on utilization of facilities, pages 324 to 326. The auditor talks about the average daytime utilization for classrooms being 58%, which was short of the 80% recommended target from the consultants; lab use is 22% of available hours—that's short of the 60% target; and the issue of the classroom pool being generally composed of rooms too large for the group size and so on. It's that sort of area that I have a question about. I know that the representatives from the universities here—for instance, vice-presidents of facilities management—are operating at that level.

It's my sense that the classroom allocation, classroom timetables and lab scheduling and all of that sort of stuff is operated, if you will, by the dean's office or the chairman of the department. I'm wondering what the management link is between the big office of the vice-president of administrative facilities and how you control or influence what goes on in the dean's office, in the department chairman's office and so on, where the rubber hits the road in terms of the use of these facilities. My sense is—and it's not a criticism; that's just the way it is. Some deans and department chairs are administrators, some are interested in their research projects and some are interested in lecturing. So how do you maintain that link if you're going to drill down and fix this underused facility issue?

**Dr. Paul Genest:** Mr. Zimmer, if it's all right, I'm going to invite Karen and any of my other colleagues to speak to—that's an important question, and I think fine details of administration I'll let them address.

**Ms. Karen Belaire:** First of all, the point that you raise is extremely valid. As vice-presidents of administration, we do not have control over the utilization of the space. Certainly our academic counterpart, the provost, will be the one who will manage that.

At McMaster University, there are some areas of the university that are managed and controlled centrally by the registrar's office. So we have good utilization data about those classrooms and those laboratories. For classrooms and laboratories that are managed directly within a faculty and by the dean's office, we do not have that utilization data. This year at McMaster, we are changing that model as a result of this report, and this summer the provost is leading an initiative to track all space on campus so that we will centrally manage and we will know the utilization of all space on campus.

1300

**Mr. David Zimmer:** So in a conflict or a difference of opinion between, say, the dean's office or the department chair level and the VP of administration overall, how is that tension sorted out? Who's got the hammer?

**Ms. Karen Belaire:** The hammer rests with the provost when it comes to academics and research at the university. I can honestly say that we don't have those conflicts, because in a student-centred environment, the goal is to manage the student's need, and that's what we focus on. So we don't have those conflicts.

**Mr. David Zimmer:** Just one short question to follow up on that. The auditor's recommendation number one, which generally dealt with decisions involving the maintenance of university facilities and the idea that those decisions should be based on adequate information and so on: He's got a couple of recommendations, and one of them was to institute periodic independent reviews to verify that the procedures met the intent of the faculty's condition assessment program. I note that while the three universities generally agree with that recommendation, one of the universities does not agree with that part of the recommendation dealing with the independent review of procedures in place. I'm just curious about what the rationale behind that position is—that an independent review is not something that the university can support.

**The Chair (Mr. Norman W. Sterling):** A point of order: Someone has their BlackBerry or a phone near the microphone and they're causing interference. I would just ask members to turn off their BlackBerries or phones while they're sitting at the table.

Go ahead.

**Mr. David Zimmer:** If it was mine, I apologize.

**Mr. Duncan Watt:** That was probably Carleton University. I'd like to just reiterate the comments of my colleagues that we found the Auditor General's process and procedures to be refreshing and very positive. It was our first opportunity to work with the Auditor General, so I commend them on their process for going through this.

I think the facility condition assessment program that Ontario universities instituted in 2001 of doing consistent, uniform facility audits is an absolute industry best practice. At Carleton, our practice is that we re-inspect 20% of our facilities each year. We use a third party contractor, consultants, to do those facility audits. So for us it costs us about 10 cents a square foot to do that, and it doesn't actually seem to us to be a particularly good use of our money to hire another auditor or another consultant to go back and re-audit the work that we're already paying a consultant to do. So we think that we are having an independent, third party review when we have the work done the first time.

**Mr. David Zimmer:** So you're okay with the independent, third party review? Your position is that you've already got that process in place—in effect, an independent review?

**Mr. Duncan Watt:** That's correct. That's why our comment in here—we didn't think it made sense to inspect it again.

**Mr. David Zimmer:** But you have no problem with the independent review?

**Mr. Duncan Watt:** Absolutely not.

**Mr. David Zimmer:** Thank you, Chair.

**The Chair (Mr. Norman W. Sterling):** Any other members? Mrs. Sandals.

**Mrs. Liz Sandals:** If we can talk some more about the facilities condition assessment program. I take it that you're all using the same software now. Within that same software, do you all use the same way of recording information and the same standards for what you're

measuring, or have you got the same software but still somewhat apples and oranges in terms of what you're actually recording? I'm just curious, because the fact that you have the same software doesn't necessarily mean that you're using the same standard. Or does this program, by definition, involve the same standard?

**Mr. Duncan Watt:** I think we're pretty good. When we acquired the software product in 2000, we required all the facilities staff from the 17 universities to go through training on how to use the software. We have a committee that oversees the work, that reviews the reports generated by each university. Each year we upgrade the training as the software product changes, or institutions will have questions about how to do or record something. I would never make the claim that the data's perfect, but I would state that it's pretty good.

**Mrs. Liz Sandals:** But you're recording relatively similar things?

**Mr. Duncan Watt:** Absolutely.

**Mrs. Liz Sandals:** That data you're all recording in relatively similar ways: How does that then help you to come up with a priority list of projects? If I arrive on Nancy's doorstep and say, "Here, we've got some money," how do you prioritize how you're going to spend that money? Are those similar processes or does that vary from institution to institution?

**Ms. Nancy Sullivan:** Maybe I could respond on behalf of the University of Guelph. We have a system we use internally, basically a risk assessment system to prioritize. The extent of the deferred maintenance on our campus has been assessed for every single building on the campus. We, then, have developed a 10-year plan, and prioritize based on—first items would clearly be health and safety, any municipal code issues, and we have responsibilities obviously in the area of accessibility. Taking all of those factors into account, the age of the building and the urgency of the situation, we then prioritize those projects and have identified which we would attend to in which period over that 10-year horizon.

We constantly revisit every year that list of particular projects because it may be that some other surprise has occurred on campus. We happen to have the oldest facilities of the entire university system, so from time to time there are surprises like steam lines that are quite old that suddenly aren't helping us very much. But we go through that re-examination, and I think the process is relatively similar to other institutions. The findings from the Auditor General, and we too found the experience very positive, were that perhaps the system we're using is a bit more evolved and it could be taken as a best practice for other universities in the system because, just a reminder, this report applied to all the universities, not just the three that were visited.

**Mrs. Liz Sandals:** That's actually a good segue into my next question, which may be more for the deputy and COU. If the measuring of the state of the facilities is being done in a relatively consistent way, and there's some variability in terms of the age of the campus and

the age of the buildings on different campuses, is there a way, then, of using that information—which is becoming, I take it—better in quality, to assist us centrally when we're looking at how we are allocating if there's a difference in age of facility? That would be more appropriate for the deputy.

**Dr. Philip Steenkamp:** Yes. When we do the allocations, Member, we do take into account the varying ages. We look at the facility's condition index, so that is an important variable when we make that calculation because there are different challenges at different institutions, given the different ages of institutions.

The representative from Guelph was talking about Guelph. Guelph has the particular challenge of all its buildings getting to the end of their life cycle at pretty much the same time, so it has a particular challenge. We do have a sense of that, and so we make the allocation with that in mind as well.

**Mrs. Liz Sandals:** You mentioned, I think, in your opening remarks about collecting some additional data from the universities concerning facilities. Could you expand on that a little bit so we get a sense of where you're going?

**1310**

**Dr. Philip Steenkamp:** As members will know, capital planning in this sector has relied on government's fiscal capacity from time to time. Now that government has announced a long-term capital plan, a \$60-billion capital plan over 10 years, we are working very closely with the Ministry of Public Infrastructure Renewal to develop a comprehensive capital plan for the post-secondary sector, including universities.

We will be asking them to submit to us all the information they have on their deferred maintenance challenges in general, on existing projects they have on the books and on future projects that they may be considering so we can build up a comprehensive inventory of capital needs, both for deferred maintenance and also for issues like growth and research.

That will, I think, give us the ability, in an engagement with the Ministry of Public Infrastructure Renewal, to put together an integrated capital plan for the sector as a whole. It's a plan which, then, we will be able to test against the priorities that governments establish. So, that's the further information we will be seeking.

We've had a meeting. Minister Milloy brought Minister Caplan to a meeting of COU presidents, just last week I believe it was, to outline the general process. This is something new in this sector.

**Mrs. Liz Sandals:** So this will be different from the first PIR capital plan that we did a few years ago, in that this time the universities will be participants in that long-term plan.

**Dr. Philip Steenkamp:** The universities and the colleges, yes.

**Mr. Phil McNeely:** Just something we're doing and looking at now: I was reading an article about what a group of universities in the States have done, looking at zero footprint increase. They have to find reductions in

energy use within the operation if you're going to expand. Even if you have a leased building, still 70% of the energy use is going to be there. So that utilization has to be extremely important, and distance learning is one of the issues that's coming up in some areas. Maybe the facilities don't have to grow in the future and the number of students that can be reached can increase, but better use of the facilities and distance learning can make up for that. That's where we have to go, because we're looking to not only hold our greenhouse gases in our buildings, but 30% of the reductions we have to reach are in buildings.

What are universities doing now to look into the future and accept the challenge that there is a climate change plan in place and the contribution that you're going to have to make to it—and utilization of space, of course—is a huge one?

**Dr. Paul Genest:** I'd be glad to answer that question. I think it's an extremely important point that you make. Frankly, I would say that the investments that have been made recently on deferred maintenance have put a priority on energy use and the impact on the environment, along with the health and safety preoccupations.

I would say most of our universities, as they look at their challenges around new building construction as well as retrofit, are putting really at the top of their list their energy use. It's a cost issue but it's also, quite frankly, a moral and social responsibility issue. I'll leave it to some of my colleagues to talk about some of the things that they're doing.

I will cite, though—we don't have anyone here from Lakehead, but they're realizing, for instance, in a retrofit that they have done, a 30% saving on the energy use.

You mention distance learning, and, indeed, this is particularly important. Again, we talk about the north and what that can save on travel costs in terms of lower impact. As the auditor pointed out, optimal use of our space is really important. Frankly, this is about good administration and more disciplined focus on pooling resources, not having them locked away in a sort of private purview of one part of the university. We really need to get our act on the cutting edge as to those administrative practices.

That said, at the end of the day, the growth we are expecting in our system—we work with the ministry very closely on estimates, but in some estimates we have it as high as a one-third increase over the coming 10 to 12 years. That would be another 120,000 students to be added. At the end of the day, there will need to be more space, but our commitment is to ensuring that new space is done to the very best standards. I am aware that there is the Clinton challenge, down in the United States, which many universities and colleges have signed on to. Zero footprint is the concept. We're intending to put that before our university presidents as a kind of stretch goal to think through and work on an appropriate Ontario response.

Thanks for the question. Greater efficiency: absolutely, but there's going to be some notable growth that's going to happen. Let's just make sure that we do it right.

I'll cede the floor to my colleagues from the—

**Mr. Phil McNeely:** I'd just like to have a response from the deputy minister.

**Dr. Paul Genest:** Surely.

**Mr. Phil McNeely:** What PIR is doing and the direction they're going in—that maintenance management, that whole inventory of properties, of energy uses etc.—is going to be available to your ministry and other ministries, so that a common approach from all users, all the MUSH sector—is that part of what you see as one of the directions you're going in? I think this auditor's report is pointing well in that direction.

**Dr. Philip Steenkamp:** Yes, it is absolutely part of the process for us. Members may know, I had the privilege of serving as the Deputy Minister of Education for a year as well. That ministry has made huge strides when looking at new school builds, for instance, and looking at sustainability and lead certification in issues like that.

I took advantage of that experience—because I think they were ahead of where we were in TCU—to import some of those principles. I have been working with my colleague Carol Layton, the Deputy Minister of Public Infrastructure Renewal, and also with Gail Beggs, who's the Deputy Minister of the Environment, to make sure that we are beginning to develop a consistent approach to the build, both in areas where we have more direct control, but in the broader sector as well. While the universities have considerable autonomy, I think the ministry plays a very important role in helping broker discussions and facilitating the sharing of best practices, as we mentioned earlier. So we are very attuned to those issues.

The issue you raised around distance education, too—and I think Dr. Genest spoke to that. All of the institutions, I know, are actively looking at enhancing their offerings to students through less traditional means, and distance is one of those. We have a particular challenge, of course, in the north. We have a very well-developed network called Contact North, which provides access to post-secondary education and training throughout the north.

We have just started introducing pilots in the south now. It's a Contact South concept, because we have discovered that access can be as much of a challenge in some parts of southern Ontario as it is in northern Ontario. So instead of thinking that every time there's a demand somewhere you have to respond with bricks and mortar, you can actually look at distance education and other kinds of vehicles for providing students with access. So I would say that we have some way to go on that, but I think the consciousness is there that we should be looking at common and integrated approaches and learning from each other as we proceed.

**The Chair (Mr. Norman W. Sterling):** Thank you. Mr. Marchese next.

**Mr. Rosario Marchese:** If you don't mind.

**Mr. Ernie Hardeman:** No, no.

**Mr. Rosario Marchese:** I do have a few questions I want to raise with all of you. I, too, am happy that the auditor has had the oversight in some of these matters. I'm happy that most universities are happy with that as well. I think it's good for all of us.

I'm not terribly pleased that we are last in per-capita funding in the country still. I think universities agree with me that that's a serious problem which needs to be addressed on a regular basis. I'm assuming you all agree that the \$26.7 million that you get annually for capital renewal projects is inadequate. If you disagree with me, you can say so. Otherwise, I'll assume you agree.

The Auditor General's report says the backlog is close to \$1.8 billion, although I read \$1.6 billion somewhere else.

**Mr. Jim McCarter:** I think we said \$1.6 billion as of 2006.

**Mr. Rosario Marchese:** In 2006?

**Mr. Jim McCarter:** In 2006.

**Mr. Rosario Marchese:** In your report on page 322, I saw \$1.8 billion; top of the page, left hand. It doesn't really matter; let's not quibble—\$200 million, good God, it's such small matters. But it's a serious problem. It's grown over the years, it continues to grow, and I'm happy, like you, that we have a serious announcement of money this year which attempts to deal with the problem.

**1320**  
A few questions: In 2005, \$133 million went to universities and \$65 million to colleges for renewal projects. Does the deputy know how much of that money actually went for facility renewal to the university sector? Do you have that figure? Do you know? Is it written anywhere? Do you expect that?

**Dr. Philip Steenkamp:** I don't have the figure with me, but we do require report-backs from each of the institutions about how the money was spent, so it is a figure we could calculate.

**Mr. Rosario Marchese:** It's available.

**Dr. Philip Steenkamp:** Yes.

**Mr. Rosario Marchese:** In 2006, \$210 million was given, and the same question applies. Do we know how much money went for facility renewal? What you're saying, Deputy, is that the information is available.

**Dr. Philip Steenkamp:** The information is available because we require report-backs on expenditures.

**Mr. Rosario Marchese:** Colleges and universities would have to give you the details.

**Dr. Philip Steenkamp:** Colleges and universities, yes.

**Mr. Rosario Marchese:** In 2007, \$464 million in total, which Dr. Genest talked about. It seems to me that if a whole lot of money went into facility renewal, you would think that that \$1.6 billion or \$1.8 billion would be seriously reduced, and so I'm wondering how much of that money that has been given in 2005 through 2007 is actually being directed at the facility renewal problem. What is that figure? Is it still \$1.6 billion? Is it that? Is it less? Does anybody know?

**Mr. Duncan Watt:** I can speak to the issue of why the problem continues to grow even though these rather large sums have been invested. In the Ontario university system, there's about \$15-billion worth of assets, and if they had a life expectancy of 50 years, they would deteriorate at a rate of 2% a year. That would be a deterioration of about \$300 million a year that you would expect to be added to the deferred maintenance bill each year, just in round numbers.

**Mr. Rosario Marchese:** It continues to grow.

**Mr. Duncan Watt:** It continues to grow, so you could invest \$200 million in improving it and still have an increase in the global amount of deferred maintenance from year to year.

**Mr. Rosario Marchese:** What kinds of pressure do you—universities—put on the government in alerting them of this? Obviously, at this point it seems to me that they know. But what kind of pressure do you put on them? The word "pressure" is too political. What kind of things do you do?

**Dr. Paul Genest:** Thank you for the question. In tandem with the auditor doing his work, we were recognizing that perhaps we ourselves had not been putting enough focus in our advocacy work on this issue of deferred maintenance. The issue there of it not having the same excitement and glamour—I'm not saying that's just on the political side. You get a similar dynamic, I think; it's human—something new, big, bright, delicious, cutting-edge research is much more interesting.

We realized collectively that the problem had gone on for too long. It had languished. We put it at the top of our list, and part of my job is to, frankly, make the rounds at Queen's Park and speak to the decision-makers and say that despite the lack of glamour around this, we just have to do it. I didn't know how it would go over, but they responded. Quite frankly, I think the fact that there was public attention and scrutiny by the auditor really helped the case. So that's what we've been doing.

**Mr. Rosario Marchese:** So your work is working.

**Dr. Paul Genest:** You ride a wave sometimes, but we feel very fortunate that the government did respond to this.

**Mr. Rosario Marchese:** By the way, there's conflict around the whole issue of philanthropy and/or the private sector deciding to help you out in some ways. I've always been one whose view it is that no money is given without strings. Many of us are concerned about to what extent the private sector is able to come and give philanthropy as if there were no strings attached. I'm not one of the view that says we should look to the private sector to give us money to fix those buildings, but you're quite right; it's not coming that easily anyway, which is another problem in and of itself.

The auditor talks about periodically testing a sample of buildings. On page 322 of his report there was one particular study where the database showed a roof in good condition with more than 10 years of useful life remaining, while the detailed inspection just two years later found that 87% of the roof needed replacement.

Clearly, the auditor is saying that you've got to do a periodic review. I'm assuming, Mr. Watt, that you're doing your periodic investigation of your buildings. So, as far as you're concerned, that is happening and you trust that particular work, but others may not be doing it as regularly. Is that the point?

**Dr. Paul Genest:** That's correct. What we've recognized is that that inventory of deferred maintenance must be kept up to date. You can't lose sight of these projects. Frankly, if you let a roof go too long, the same as with a house, the expenses are going to be much, much greater than if you act in a timely fashion.

**Mr. Rosario Marchese:** So you're in agreement with the recommendations?

**Dr. Paul Genest:** We are. We accept that advice. We're making it a priority to maintain those inventories, in terms of sharing best practices around the system.

**Mr. Rosario Marchese:** In terms of the utilization of facilities, were some of you surprised by the result that the auditor has given to you in his report? Anyone can answer.

**Ms. Nancy Sullivan:** Perhaps I'll just start off on behalf of the University of Guelph. No, we were not totally surprised. As you might appreciate—and it was alluded to earlier—assigning utilization of space on a university campus is very complex. I think we were fairly satisfied that we were doing a very good job, in terms of the utilization of space, in our larger teaching facilities, particularly those which are in good condition.

One of the real challenges, of course, for any university—I'm sure my colleagues will understand this as well—is that some of the teaching facilities no longer suit the style of teaching. The heating and ventilation may be such that it's not a perfect learning environment.

We had already identified a need—and it was reinforced by the Auditor General's report—to pay more attention to assuring ourselves and others that we were making the best use of the space available. So we have, in fact, just created and filled a position for a manager for space and capital planning. This individual's responsibility—and it goes to an earlier question—will be to work with the registrar and our planning office in order to make sure that we are appropriately allocating, utilizing and auditing the use of that space.

We accept the recommendation. We were perhaps surprised a little, but not really.

**Mr. Rosario Marchese:** Auditor General, are you satisfied that the ministry does track where the money goes by way of capital renewal or facility renewal?

**Mr. Jim McCarter:** I have to be honest. We would expect that the ministry would track and have those report-backs, but we would need to go in and do an audit of the ministry program, because this is recent money. We would need to go in, say, a year from now, and actually say, "We'd like to have a look to make sure that you have actually got the information, that you are tracking it and you actually know that the money was spent on deferred maintenance and not something else."

**Mr. Rosario Marchese:** We look forward to that study.

**Mr. Jim McCarter:** I'll add it to Mr. Mishchenko's list.

**Mr. Rosario Marchese:** Deputy, with respect to the environmental impact, universities are generally looked upon as places where innovative conservation, energy saving, environmentally sound approaches to facilities management, are looking to be explored. We're all looking at that. To what extent do we build into the renewal and/or new buildings how we build buildings according to environmentally sound practices? Is that something you built into this?

**Dr. Philip Steenkamp:** Of the additional capital funding provided in 2007, this is in addition to the regular amounts for deferred maintenance and the capital, for instance, we've got going into the graduate expansion and the medical school expansion. Of the \$600 million in additional capital funding that the government provided in 2007, fully \$334 million was for deferred maintenance. Of the first chunk of that, which was \$135 million, we asked for projects in specific areas. One of those was energy efficiency, for instance. So we did get projects in. We didn't require the institutions to have a third of their projects in energy efficiency because we wanted to give them the flexibility, given their own needs. But we do have a sense of how much money was spent in relative areas, including things like energy efficiency.

**1330**

On the broader environmental question, I would say that this is somewhere we have further work to do. We do know that the universities—as you say, they're sort of centres of innovation—in some instances are far ahead of perhaps some other parts of the public sector. I've seen some remarkable facilities around the province which are platinum standard etc.

I think we need to turn our minds, as a ministry, working with COU, to how we can play a role in terms of facilitating best practice and sharing best practice. Universities, as you know, have the autonomy to make decisions around capital and the design. We are not in that business, as we are, for instance, on the K-to-12 side, where we have much more control. I do think it's a different kind of role that we could play.

**Mr. Rosario Marchese:** Of course, but you control the purse strings. Although they are independent, you could decide, "Environment is such a big thing for us that unless you do this, you don't have the money."

**Dr. Philip Steenkamp:** We do review business cases, and it is a good point you raise. We could choose to, in the review of those business cases, require a consideration of sustainability of—

**Mr. Rosario Marchese:** It would seem to me.

Class sizes are a big deal for me. We have the highest class sizes in the country in terms of the ratio between professors and students. That's not a record that I think we can be proud of. To what extent are we reducing those class sizes between professors and students, and

what have we achieved in the last five or six years? Do you track that? How much money has been going to that specifically in terms of alleviating that problem, which I think affects quality of education for students and professors? Do we have any figures on that?

**Dr. Philip Steenkamp:** Again, I would point to the fact that over and above the capital monies targeted for post-secondary, in 2007 the government added \$600 million in additional funding. Of that amount, \$264 million was dedicated to 21 specific capital projects. One of the criteria for those was classrooms and classroom spaces and expansion, so on each of those business cases we did ask the institutions to identify how much additional space that would generate and how many students they could accommodate. We don't have the figures tabulated on that. Across the system, what we are doing, as part of our multi-year accountability agreements with the institutions, is tracking student-faculty ratios, which isn't quite the same issue as classrooms, but we are tracking student-faculty ratios.

Ontario actually has the challenge of its success, the challenge of the success of the Reaching Higher plan. We've had many more students actually enter the system than either COU or the ministry anticipated. Over the four-year period we anticipated an increase of 50,000; we actually got 86,000 students. Our participation rates still remain very high. Of course, our post-secondary attainment rates are the highest in the country and one of the highest in the OECD.

While we've made significant new investments, we haven't made the improvements we might have seen on the quality agenda because of the numbers. That is our challenge, quite frankly, right now, to see whether we can continue to make quality improvements and address the additional capacity that's coming into the system. The University of Western Ontario I know has produced figures on an improvement in student-faculty ratios, improvement in terms of classroom size. So institution by institution, we can actually build a picture of what's happening; some are challenged and some are less challenged.

**Mr. Rosario Marchese:** Whatever information you've got that is tabulated, I would appreciate that, on the issues that you've talked about. Clearly, we had expected or we've known about this increase for the last two or three years, so you would think that the government would have, in anticipation of that, given more resources to deal with that larger student body. I'm assuming that's an issue you'll be tackling in the near future perhaps.

**Dr. Philip Steenkamp:** We certainly are aware of that issue. We are pleased that we have been able to respond each and every year to the additional demand with additional operating funding, including this last year, when we were able to fully fund every student who came in. However, as Dr. Genest has pointed out, depending on what assumptions you use, we're looking at somewhere between 60,000 to, on the most dramatic assumptions, 120,000 additional students. That will certainly pose a

challenge, but I think it's a challenge we should embrace and look forward to.

**Mr. Rosario Marchese:** Thanks very much.

**The Chair (Mr. Norman W. Sterling):** Mr. Hardeman.

**Mr. Ernie Hardeman:** Thank you very much for coming. It's nice to see someone coming in who, the auditor tells us, has gone a long way already to meet the challenges that the auditor pointed out.

I have one very quick question, and it's nothing to do with the auditor's report. I notice that in your presentation you talked about looking forward to the expansion of the student population in post-secondary education. I'm a little concerned as to—I just came from question period, and two thirds of question period was about how we're having a declining enrolment in education, from the bottom. A demographer told me once that the best way to figure out how many children will enter grade nine this year is to look at how many children entered junior kindergarten nine years ago. If that's the case, then as we're seeing that declining enrolment getting to grade 12, why are we still planning to see a dramatic increase in enrolment going into the first year of university? I don't understand that.

**Dr. Paul Genest:** It's an excellent question, and that would be one's natural assumption. We've heard a lot about the shrinking of the labour force and the baby boom generation having fewer kids. What appears to be happening is that immigration into Ontario—we have a very high participation rate of that population, a strong desire to get higher education. That is one aspect of why the growth in the higher education sector is outpacing what is actually happening in the K-to-12 sector.

Another aspect is higher participation rates generally, and I think parents and students and people as well who want to upgrade their education, continuing education, are recognizing that the jobs that are coming on stream in what we call the knowledge economy require higher levels of training. So that is a dimension that's also happening. This is certainly a challenge that we've got to wrestle with, but quite frankly, stepping away from our sector, it's a good problem, as it were, for Ontario to have, because as our economy evolves, as we see the challenges in some of our manufacturing sector, we realize that the key to sustainable prosperity is investing in people and having one of the most highly educated populations in the world. To your point, those are the factors that seem to be affecting that seeming disconnect.

**Mr. Ernie Hardeman:** In the process, is there not some place where you've reached that plateau? I agree; the more students stay into post-secondary education the better, but isn't there some point in time—and we're seeing it somewhat now in our labour force—where we can't get skilled trades because we have everybody in post-secondary education as opposed to an apprenticeship? We're seeing a dramatic increase in apprenticeship because we have that group of people for whom that's the lifestyle choice or the occupation choice, as opposed to going to post-secondary education. At some

point isn't there a saw-off, that the percentage of our students that are going to go to university is going to stay at that percentage of our population?

And the immigration one, I guess I'll just throw that in—I'm an immigrant, but the families that immigrate tend to have children who don't start in post-secondary education. They're part of that declining enrolment in our school system. We're seeing that immigration, we've seen our population shifting, but the families that come—when I came, I started in grade one in Canada, and I think that's still true today. It's young families, it's single people who come already educated. I don't see that as people coming to start post-secondary education—to change the numbers from grade 12 into university. Am I wrong?

1340

**Dr. Philip Steenkamp:** If I could respond: I think the member raises a very excellent point, and that is, we need to be very prudent that we don't overbuild. We work closely with the Ministry of Finance, looking at the different modelling. In fact, the same people who do the modelling on K to 12 do the modelling on post-secondary, and it does seem counterintuitive right now. But, because of the factors Dr. Genest has mentioned, it's not only immigration, but participation rates are increasing, and not only for students coming out of high school but people actually going back into post-secondary education too. We've seen a significant increase in participation rates. The combination of that means that, notwithstanding declining enrolment in K to 12, we actually see a significant growth in post-secondary participation probably to about 2014, 2015. Then we see a plateau and then see an increase again.

But the last point you raised I think is a very good one, and it's one we're still doing analysis on. What's the participation going to look like? Of the 86,000 additional students we've seen over the last few years, fully 80,000 went into the university system. I think we could have a discussion about whether that was the right proportion. I know that on the ministry side we think we need to get more people into applied learning, into colleges and into the trades, and we are working on that, and the universities even recognize that challenge moving ahead.

I would like to give the assurance, though, that we work very closely with the Ministry of Finance on models. I think we need to continue to interrogate the models all the time so we don't become complacent and come up with policy responses which may result in our building too much infrastructure or building the wrong kinds of infrastructure. So it is something we are very alert to.

**Mr. Ernie Hardeman:** Thank you. I very much appreciate that because I think it does relate to the utilization of the space, and that was another part that I had a bit of a concern with in the auditor's report: that it would take the Auditor General to go into a university to point out that we're not fully utilizing our space. In my house, I know every room that's occupied, which one is waste and which one is waiting for someone to come and sleep

there. I thought maybe that would have been true. I'm not finding fault. I'm just saying that the system hasn't done a very good job of figuring that out.

It leads me to the other question: You mentioned that, since changing the auditing rules, this was the first time that the Auditor General has done this value-for-money audit. Is that also suggesting that the universities themselves have never done anything like this to see whether they're being efficient and effective?

**Dr. Paul Genest:** If I could, universities are constantly working on ways in which they can improve the way they administer, but there's nothing like getting a second set of eyes, professionally well trained, that have looked at many different sectors. Universities are institutions of higher learning. We can continue to learn and get better. Really, this is part of a process of continuous quality improvement. So we welcome it, we embrace it and we're going to make sure that these insights are disseminated right across the system.

**Mr. Ernie Hardeman:** Thank you. Like I say, it was an honest question. I really wondered whether—

**Dr. Paul Genest:** It was a fair question.

**Mr. Ernie Hardeman:** —we were doing that on a regular basis.

**Dr. Paul Genest:** We can get better. You know, it's not an ivory tower.

**Mr. Ernie Hardeman:** If the Auditor General realized that there was not enough to find to re-audit or revisit it, that we can be sure the universities are going to follow through to find the efficiencies that are available.

**Dr. Paul Genest:** As I say, it's a good thing that the light is brought over. These are public funds, and it's a good thing that the auditor, as it were, follows the money and makes sure that, at the end of the day, citizens are getting the absolute best value for that, and we really do appreciate that.

**Mr. Ernie Hardeman:** Going to deferred maintenance that the auditor's report is actually about, we talked about, and my colleague questioned, why there was not a decline in the total unfunded liability, shall we say, in the total deferred maintenance, why that wasn't declining as the money was going in. The suggestion was that it's actually growing faster than the money is going in. But of the regular budget, is there not a part of that that's to maintain the infrastructure for the university?

**Dr. Paul Genest:** On your first observation, if I could just clarify: There's a bit of a time lag in terms of when the auditor issued his report and the subsequent investments made by the government. So the auditor's number does not actually reflect those new investments. We'll have to do a recalibration to see how much growth there has been, but our expectation is that there has been a very significant dent that will be made in the \$1.6 billion; \$335 million is not just loose change. We expect that we're going to be able to do significant things with that. As noted, we need to put this on a long-term, sustainable funding that reflects what the industry standards are here.

**Mr. Ernie Hardeman:** We had some discussions with the Auditor General this morning about the account-

ability for that money, and it was related to some of the questions here too, whether that money is actually going to deferred maintenance or some of it is being put on the edge of deferred maintenance. The deputy said that the ministry would ask for an accounting of the money going out: “So what did you do with the money when it was done?” If the auditor comes back next year, does the same three universities and sees the money that came in, would he be able to reconcile that with the report that you presently have of what the deferred maintenance is, which projects you fixed and see that fluctuation in the deferred maintenance cost?

**Dr. Paul Genest:** Yes. We fully intend to respond—

**Mr. Ernie Hardeman:** They would fit right together? So at any point in time that the Auditor General does the audit in the future, he should be able to say whether the university—

**Dr. Paul Genest:** If he’s not able, we expect him to point that out and to suggest we do a better job on keeping our inventories. But I would just say in general, when the ministry earmarks funds for a certain purpose, it’s our expectation and intention—their expectation as well—that we give a full accounting of what we did with that. That’s absolutely what we intend to in regard to the \$335 million.

**Dr. Philip Steenkamp:** If I could just add to that point: We obviously have these formal report-back processes, but I can tell you that every time I visit Carleton University, the only thing they show me is the 40-year-old boiler, so next time I go I want to see a new boiler down there. I will go and personally verify that this money has been spent.

**Mr. Ernie Hardeman:** There are two reasons I’m staying on that topic. One is that I think the people of Ontario have a right to know where their dollars are going. So if one body doesn’t have the actual responsibility for spending it but provides the money on behalf of the people, they have to make sure that the people can find out where it went and how it was being spent.

The second reason that I think this is so important is to deal with the same topic next year, when more money is needed. Maybe next year there won’t be a surplus, and then there is no last-minute funding. Then I don’t want to see the universities falling apart because they’re not part of a way of spending what’s left over; they need to be part of the original budget purpose. You can’t get in that lineup, shall we say, unless you have the documentation of the need and the benefits that you’re going to get from it. So I think it’s so important that you can follow the dollar going in so we can tell the funders, when that is needed, that it can’t just be done when it works out for the government as opposed to when it’s needed for the universities. I think that’s really the important part, to have that accountability and the ability to justify what’s needed.

Lastly, I just want to touch quickly again on the utilization of space. I’d like to see what more could be done to make sure the space that’s there is being utilized to the fullest, rather than looking at new space or even

upgrading spaces. If the facility is there, we should use it to the full extent. I think we shouldn’t let it sit there until somebody says, “That’s not very good productivity you’re getting out of that large building.” So I encourage—

**Dr. Paul Genest:** Given that the growth is coming and we know that it’s coming, with the ministry we’re of course working on what the case is and what funding will be required, but I think it’s on our shoulders an expectation that we have got ourselves in the best possible condition in terms of maximal use of the facilities we’ve already got before we’re there saying, “All right, we need to augment that by such-and-such an amount.”

1350

**Mr. Ernie Hardeman:** I appreciate that. Last, I just want to say that you are, as a group, somewhat unique. You were unhappy that the auditor was coming and you were happy that the auditor left. That’s never happened to me.

**The Chair (Mr. Norman W. Sterling):** Just before turning it over to Mr. Zimmer, could I ask a couple of questions, somewhat on behalf of the committee? You three universities have had a focus on these particular issues because you were the hosts to the Auditor General. How can the committee be assured that the other 15 universities are having the same focus on these recommendations that the minister has, and what can the committee do to assist the other 15 universities to have that focus?

**Dr. Paul Genest:** Thank you for posing that question, Mr. Chair. I think the three were chosen to be, as it were, bellwethers for the system. All knew that the audit was occurring. There was, accompanying the on-site audit of the three, a quite extensive questionnaire for the other 15, which they were expected to respond to.

I want to assure you that the vice-presidents of finance and administration—we have a number of affiliates at COU, and we provide convening and secretariat support for this committee of those vice-presidents. They have met, they have spoken about this, they have analyzed the report in detail, and they have put together an inventory of best practices out of it.

We know that we are in this new era of deepened transparency and following the money, as it were. The turn of any of them could come next. We want to be prepared and be in the best possible shape. We expect that this will be a process of continuous learning, but, as the deputy mentioned, it’s a shared responsibility that we have to make sure that there’s follow-up.

In terms of what the committee can do, it’s not unhelpful, if I may—well, a follow-up letter is not unhelpful in terms of flagging some of the issues that the committee sees as important. That’s something that I can take in hand to the presidents, the executive heads of the universities, to say, “The committee has paid close attention to this. They understand our issues. They seem to be supportive on certain points, but they’re expecting that we’re going to grow, learn and get better, particularly

when we're expecting and hopeful that deeper investment is going to come from the government."

**The Chair (Mr. Norman W. Sterling):** The only thing I can say is that the committee, in dealing with, for instance, school boards in the past, has taken a direct role in writing to directors and chairs of those boards with regard to a particular management practice and has asked those boards to post on their website their particular policies regarding that management practice. I open it to you to give us suggestions if there's any kind of help we can provide in that regard, so that a buy-in can be achieved at the university level, because I know that universities are large and wide, and control resides in different pockets of the university. But there are some things which we may help with. You had a consensus with regard to going forward and having a more accountable and transparent process.

Can I ask, in terms of the funding which you are receiving from the provincial government with regard to renewal and maintenance: Is there much pressure on the universities to spend that money elsewhere? You said yourself, Dr. Genest, that this isn't a sexy topic, and therefore, often it might sink to the bottom of the pile in terms of priorities. But there's a long-term interest in us continuing to address this. Can you assure us that when the province gives a dollar for this, it's not 99 cents or 80 cents that are going to be spent for the purpose; it's the full dollar?

**Dr. Paul Genest:** Though temptation always exists in this world, it's our commitment to you that the funds earmarked for deferred maintenance will indeed be spent on deferred maintenance. As I say, it's something that they have collectively realized—that we need to get busy. We can't simply just allow that backlog to build and build. So it's a commitment across the system to do something about it and to make sure that those funds are properly allocated to that, and we commit to reporting back to you on that fact.

**The Chair (Mr. Norman W. Sterling):** One last question. Before this recent generosity with regard to maintenance and renewal, the overall budget of the ministry seemed to be stuck at around \$26 million or \$27 million for these purposes. Were the universities spending more than that, in a combined sense, for this particular area?

**Dr. Paul Genest:** It varied from university to university. Some executive heads have insisted that every year they put in more, and they find that from operating and other ways, and some have done less well. But I would say that, in virtually every case, universities have not been able to keep up with the backlog.

The industry standard is that one ought to be spending 1% to 1.5% of CRV per year to maintain a building in proper order. As the auditor pointed out, we're getting about a tenth of that amount right now. So that's why our wish is to put it on a sustainable footing and make sure our buildings are in tip-top shape.

**Mr. David Zimmer:** If I can just follow up with a very pointed question or practical question on this de-

ferred maintenance issue, I understand that the university sector in the last six months has received, I think, \$335 million for facilities renewal. Just to give me and the committee a sense of what that means in terms of Carleton, Guelph and McMaster, what have your respective universities done with your share of that \$335 million? I just want to get a feel for what it actually means when it translates into bricks and mortar.

**Ms. Karen Belaire:** At McMaster University we will receive roughly \$22 million of that amount. I can tell you that it is going into things like boilers, like emergency power upgrades. It's going into some of our energy programs, everything from rainwater harvesting to energy retrofits. It's going into enhanced security items on campus, such as emergency communication. So it's a wide and varied list of items. It does deal with roofs as well, but there are large, major projects.

**Mr. David Zimmer:** As a percentage, what dent does that make in your deferred problem?

**Ms. Karen Belaire:** Our deferred maintenance number right now is hovering around \$160 million.

**Mr. David Zimmer:** I might ask the other universities the same question.

**Ms. Karen Sullivan:** Certainly. At Guelph as well—I think I would like to assure the committee that if funds are sent to the university for deferred maintenance, they are indeed used for deferred maintenance. The extent of our problem was so great that our board actually approved borrowing against addressing critical deferred maintenance projects, so these new funds are most welcome. Just to give a couple of examples, and they're not dissimilar—

**Mr. David Zimmer:** I'm sorry, your share?

**Ms. Karen Sullivan:** The University of Guelph will receive \$20 million over those two-year periods.

The types of projects we're now able to undertake—and I think if you compare \$20 million to \$1.6 million, you can imagine we're able to plan and address some more significant projects. We have an absolutely fabulous building on campus called the Macdonald Institute, which was one of our founding buildings. We are undertaking a very significant major renovation and restoration of the exterior of that building. You might think that's simply a beautification project. In fact, we're talking very serious structural issues, where the portico was about to crumble and fall, and that is clearly a very big liability issue.

We are retrofitting our McLaughlin Library. We're doing a complete lighting retrofit. There was a time when the judgment of those who designed buildings was that you should have one switch so that you can easily turn the lights on and off. That is such a building. It was built in the early 1970s. We are now retrofitting it so that we control lighting to task lighting when we need the lighting. We can actually turn them off so we don't have a beacon on campus 24 hours a day, which is a current problem.

We are undertaking a number of retrofits involving—it's very basic, but conserving water in washrooms

through retrofits because, for the city of Guelph, water conservation is a very major concern. We were able to partner with the city, and we have actually got some funding from Guelph Hydro so that you can piggyback on funding that has become available.

**1400**

So those are the types of projects—

**Mr. David Zimmer:** And that money as a percentage of your deferred maintenance?

**Ms. Nancy Sullivan:** Our deferred maintenance figure would be slightly bigger than McMaster's, but we're in the \$200-million figure.

**Mr. Duncan Watt:** At Carleton, our share of the new money is \$23 million. Our deferred maintenance is currently at just over \$60 million. The bulk of this money will be spent on deferred maintenance items. At the end of this cycle, our deferred maintenance will probably be reduced to something like \$45 million.

The most interesting project that we're doing is we are retrofitting chemistry labs in our Stacey buildings that are 50 years old. They have the same technology they had 50 years ago. They'll be brought up to modern state-of-the-art, which will improve space utilization, improve the student experience and improve energy consumption as well.

**Mr. Phil McNeely:** A question relating to what we've been discussing all along, and it may not be to the audit function, but today in Ottawa we're looking at choosing option 4 for the light rail: \$4 billion. Four billion dollars, but in the last eight years, the city has increased their maintenance requirements on their roads. It's a \$10-million deficiency by year, but because you don't do it, it's about a quarter of a billion dollars.

I think that's the way we look at things. Even though the dollars for maintenance have been increased in the last three or four years—I think that's in the report, that they've been increased significantly—what I'm hearing today is, they're not sufficient yet. We know that. They're not sufficient in Canada. We didn't get a buy-in from the federal government on protecting our infrastructure. Part of the solution might be that—and I think it's coming down to the whole climate change thing: that we can't afford even a great building as an expansion. It's just not acceptable. We have to lower our greenhouse gases.

I wonder if you have to get into the thinking. If it was my community, I know what my reaction would be: take the capital money and have a moratorium on new capital and put it into maintenance. What would be the reaction back? Then, maybe we could mandate ribbon-cuttings on boilers. This might solve it, but I'd like to hear from you on that.

**Dr. Paul Genest:** I think it's one of those situations where we need to walk and chew gum at the same time. We've accepted, as noted, all of the Auditor General's recommendations about how we improve what we do, and there are ways. One gets enormous efficiencies by putting a new boiler in, as compared to a 40-year-old

boiler. There's just no comparison. We need to do all of those things.

But I would point out that with things like platinum-standard buildings, where you're using renewable energy, where you are doing proper sealing, thermal heating, there are techniques that are being developed. Frankly, as the deputy pointed out, it's our universities that are leading on the cutting edge on some of these things, both to help how we do and what we manage, but also, these represent opportunities for new businesses because every part of the globe has to wrestle with this problem.

I would, with great respect, not say that the university would be prepared to commit to put all their eggs in the basket of just fixing what we've got. We've got to get ready for that growth and the new students who ultimately are going to be coming our way.

**The Chair (Mr. Norman W. Sterling):** Ms. Sandals.

**Mrs. Liz Sandals:** Yes. We were discussing utilization rates earlier, and I know the auditor noted that there seemed to be underutilization, particularly on Friday afternoons. As somebody who used to be a university lecturer, I have great sympathy with underutilization on Friday afternoons. There's really not much point in talking after 2 o'clock on a Friday afternoon because it will be underutilized no matter whether you schedule it or not.

Having said that, utilization is a serious issue. There are some rooms that, as you get more students, you will eventually fill up, even if they're less desirable.

When we get into labs, the issues change significantly. The language lab isn't interchangeable with the physics lab, which isn't interchangeable with the large animal anatomy lab. Are the systems that we're using for tracking utilization sophisticated enough to pick up on utilization of purpose-built clusters so that we can identify those clusters that are either under- or over-utilized—so that we've got good data, first of all, at local universities, and then across the system about where we have pockets of under- and overutilization in terms of labs? Labs are really expensive spaces, typically, and you want to make sure that if you are moving to new capital, you're moving to new capital that is required in terms of what is required for teaching programs.

**Mr. Duncan Watt:** I can maybe answer part of your question. I think most of the information in the Auditor General's report about space is about Carleton University. We recognized six or seven years ago that we weren't making as good a use of our space as we should have, so we've started to focus on this as a priority. We do.

In the report, it says that we had, when the Auditor General came, 58% utilization of our classrooms. We received a report last week that we're now up to 69%, and we will get to 80%. What we do is we take those classrooms, as we can, out of the classroom pool and use them for other purposes. We have excellent data today on all of our classroom utilization.

To Mr. Zimmer's question: About the only space we would allow our deans to control today would be laboratory spaces that are dedicated to that particular faculty. We also track the utilization of that space.

If you have a laboratory that was built 20, 30, 40 years ago, they mainly were purpose-built spaces. An example I gave a few minutes ago about our new chemistry labs we're putting in place: The reason that we are able to have improved utilization is that they do multi-purpose chemistry activity within one space because of the new design. They take these old laboratories that were built to be, I don't know, a structures lab in the civil engineering department and have it multi-purpose.

It's a fairly expensive proposition to do as a retrofit, but I think all universities are aware that, going forward, we need to be aware of this as we're designing new spaces.

**Mrs. Liz Sandals:** Comments from others?

**Ms. Karen Belaire:** I can just speak to another element of utilization. You've raised the complexity issue. In the Auditor General's report there was reference to a UK report that said that when you charge people for the use of space, they utilize it better. At McMaster University, right now we are currently exploring a model that would charge for the use of space. I'll let you know a year from now if that's had any impact on the utilization.

**Mrs. Liz Sandals:** Or whether you start a faculty war. Good luck.

**Mr. Rosario Marchese:** Sorry, you're charging who?

**Ms. Karen Belaire:** The users of the space. So when the faculty of engineering wants to build new space or wants to dedicate space for a laboratory, they are going to be charged an occupancy cost on a square-footage basis for that space.

As it is right now, space is free, so there's no disincentive. We need to make sure that we utilize the space appropriately. One way is to charge them when they use it.

**The Chair (Mr. Norman W. Sterling):** Could I ask a supplementary question to the deputy? Is there any reporting to you of the utilization of space by universities, particularly the other 15 that were not audited?

**Dr. Philip Steenkamp:** There isn't any regular reporting coming out of this review. We will be seeking reports through COU on utilization. From time to time, we do request information from them on utilization.

I can tell you that every time we are in front of the treasury arguing for money for a new capital build, the question of utilization comes up. So as part of the long-term capital planning process, what we are going to do is make sure that we have regular reports and regular progress on utilization, because I think it's going to become an increasingly important consideration and variable when we're making the case for capital monies. Periodically, from time to time, we do get reports from them, but we will systematize that moving forward.

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**The Chair (Mr. Norman W. Sterling):** Do they have to have a policy relating to the utilization of space? Do

they have to have a reporting system, or do they have those kinds of things? I'm not necessarily saying they have to have or don't have to have, but I guess my question is, should the committee write to each university and say, "What are you doing about utilization of your existing space? We would like to ask you what your policy is, what you're planning for the future." I don't think we want to dictate necessarily to the universities what they should or shouldn't do, but we want them to be concerned about this and take positive action.

**Dr. Philip Steenkamp:** I'll start off and I'll ask Dr. Genest if he'd like to add a comment. On the issue of space standards, not utilization, we do have an established methodology, and we can track space standards across all the institutions. That's regularly updated, and that does help form our capital planning.

On the issue of utilization, we are taking out of this report the recommendation that we should be sharing with all universities the best practices that have been identified, and a number were identified by the Auditor General. The assistant deputy minister of the post-secondary education division did send a memo out to the sector on May 15 laying out the findings of the report and the recommendations. Then we will do work, and we've made a commitment as a ministry, to work on sharing best practices across the system.

To your particular question, perhaps, I could ask Dr. Genest whether he thinks that would be a helpful recommendation.

**Dr. Paul Genest:** Certainly. I guess I would repeat my original suggestion. It would be helpful, frankly, if the committee were to put down in a letter to the COU, to myself and to my chair, Dr. Peter George at McMaster, the high points that you have flagged from the Auditor General and express your interest in them. I will say that as a result of the auditor's work, we're in the process of developing policies and improving our practices. Innovative steps, I think, are being taken in exactly that vein. I think this is one of the salutary effects of the follow-the-money policy, as it were.

**Mrs. Liz Sandals:** I don't know whether the University of Guelph wanted to respond, and then I've got some follow-up questions for Dr. Steenkamp and Dr. Genest.

**Ms. Nancy Sullivan:** I was just going to go back to the space utilization question. I think we would recognize, out of the work that the Auditor General did, that Carleton is best practice, and that is what we will try to emulate. I think we have a very good handle on the usage of large teaching classrooms on the campus. Where we have less control and less certainty around the usage is perhaps with labs and computer labs, which, as someone observed earlier—Mr. Zimmer, I think—tend to be controlled more at a local level. So we're trying to make sure we apply the same procedures and policies to varying types of space.

**Mrs. Liz Sandals:** As a follow-up, when we were looking at the facility condition reports, we were looking at a standard piece of software with fairly similar standards. Is there anything, if we're getting into looking at

collecting utilization data, that would have some sort of relatively similar format in which universities would be measuring utilization, allowing for the complexity, though, that when you move out into labs, it isn't just simply a matter of, is it empty or not; it's appropriate use. So I guess that would be the question, and then I had one more.

**Dr. Paul Genest:** Sure. This is one of the areas where we're taking on board best practices. One of the roles—my job and that of my staff at COU—is to make sure that there is learning across the system. Your question is a really good one in regard to having a sophisticated mode of assessing labs, for instance. That a lab is not occupied with a class may mean that the lab is being set up for a certain type of activity or a certain type of experiment in a given discipline. That's going to be a different process and procedure and a different lab set-up. One will need to take account of that kind of thing, as I think you appreciate.

**Mrs. Liz Sandals:** The other sort of bookkeeping question is, would it be appropriate for the committee to get a copy of the letter that the ADM sent? I don't want us to be working, as a committee, at cross-purposes. If the ADM has said to the universities, "Here are the issues," we don't want to be saying to the universities something that is contradictory. That's just confusing.

**Mr. Rosario Marchese:** We could.

**Mrs. Liz Sandals:** So it would be perhaps helpful if we knew what was already being said, if that would be okay.

**Dr. Philip Steenkamp:** I've just had an update, and the letter sent by the ADM was very high-level, just alerting folks to the report. So I think there's a lot of scope for the committee to make particular recommendations.

**Mrs. Liz Sandals:** Okay. So basically it just said, "Here's what the auditor said." We already know what the auditor said, so it isn't like we're going to be creating some sort of contradictory messaging. That is what I hear you saying.

**Dr. Philip Steenkamp:** No.

**Mr. Rosario Marchese:** We wouldn't want to do that.

**Mrs. Liz Sandals:** We wouldn't want to do that. There's enough confusion.

**Mr. Rosario Marchese:** On both sides.

**Mrs. Liz Sandals:** Why create more? Okay, thank you.

**Dr. Philip Steenkamp:** But there is a commitment. This is just the first communication. There's a commitment to work with COU on the sharing of best practices, and certainly take the committee's suggestion to see whether we can't get to a place where we're using a common enough standard that we've got comparables. As I mentioned before, this is obviously very helpful for us. Every time we're in front of the treasury, they're always asking questions about special utilization, so it's an important tool for us as well.

**Ms. Nancy Sullivan:** Perhaps I could just make an observation. I think, in response to the question, "Are we

using the same system in terms of space utilization tracking?" the answer is, "Absolutely not." I might ask the committee to consider, as the deputy suggested, recommending a common standard. I'm not sure that suggesting that every university use the same system is going to be the best use of pretty scarce resources now. It was relatively costly to bring in the standard system for tracking our facilities' condition index that was paid for by the institutions. I think we all have different systems that probably work quite well, but setting a common standard would be very helpful.

**Mrs. Liz Sandals:** Yes, and having at one point in my life done some administration program at a university which is near and dear to you, I know how difficult it was to get a common standard amongst colleges, let alone across all the institutions, which is why I keep asking these questions. Thank you.

**The Chair (Mr. Norman W. Sterling):** Is there any formal process for sharing best practices amongst universities?

**Dr. Paul Genest:** Yes, indeed there is. I should mention that at the Council of Ontario Universities we have over 20 of what we call affiliates. One of our key roles is to be the convenor of the vice-presidents of research, for instance, the vice-presidents of finance and administration, the vice-presidents of operations. This is a key role that we play, and that is really the venue where they come together and they look at common issues. We all have to work closely with the ministry as individual institutions, but collectively there are common things, and there is learning happening on a constant basis.

**Ms. Nancy Sullivan:** Maybe I could just add, in terms of the outcomes of the provincial Auditor General's report, Duncan, myself and a couple of other of our colleagues will be making a presentation this summer at the Canadian Association of University Business Officers conference, so the practices, recommendations, are going to be shared with our university colleagues across the country.

**The Chair (Mr. Norman W. Sterling):** I believe, Mr. McCarter, you wanted to have a few words.

**Mr. Jim McCarter:** I just wanted to put on the public record what I said in camera this morning. Again, it was the first time we were out at universities doing audit work, and I'd have to say that the three universities, Carleton, McMaster and Guelph, were very co-operative. We found that our audit work was very fruitful for us, so I would like to thank you for the co-operation.

**The Chair (Mr. Norman W. Sterling):** On behalf of the committee, and particularly to my alma mater, Carleton University, I'm glad to see you're leading in this particular area. Thank you all for coming to the committee. We've enjoyed your presentations and the information you've given the committee.

We will go into camera in about three or four minutes, just to instruct our researcher with regard to our report-writing. Thank you again.

*The committee continued in closed session at 1422.*





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