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**Standing Committee on
Public Accounts**

Committee business

**Comité permanent des
comptes publics**

Travaux du comité

2nd Session
41st Parliament

Wednesday 27 September 2017

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41^e législature

Mercredi 27 septembre 2017

Chair: Ernie Hardeman
Clerk: Katch Koch

Président : Ernie Hardeman
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
PUBLIC ACCOUNTSCOMITÉ PERMANENT DES
COMPTES PUBLICS

Wednesday 27 September 2017

Mercredi 27 septembre 2017

The committee met at 0902 in room 151.

COMMITTEE BUSINESS

The Chair (Mr. Ernie Hardeman): We'll call the Standing Committee on Public Accounts to order for the meeting for Wednesday, September 27—that would be today.

Before we go into closed session to discuss report-writing for physicians' billing, at the last meeting we had a motion filed that is to be debated this morning, standing in the name of Lisa MacLeod. If you'd like to present the motion?

Ms. Lisa MacLeod: I move, in accordance with section 17 of the Auditor General Act, that the Standing Committee on Public Accounts request that the Auditor General conduct a value-for-money audit on the proposed Metrolinx GO stations at Kirby and Lawrence East.

The Chair (Mr. Ernie Hardeman): Okay. Everyone has a copy of the motion? Any discussion?

Mr. John Fraser: Chair, I won't be supporting the motion. Simply, this is the reason: The Auditor General is autonomous, an officer of the Legislature. She works with this committee. I don't believe that we need to direct her in that way. She can make those decisions as to what she would like to audit.

I know that it is an issue that she is aware of, and that members opposite have made her aware of, so I'm comfortable with the Auditor General making those decisions. It's a tool that I think should be rarely used. Quite simply, the majority on the committee could give direction every week if they wanted to.

I know that the Auditor General has the full understanding of the scope that she wants, of the scope of the work that the Auditor General's office is undertaking right now, so as for the scope, the nature and the timing of the work, I am comfortable with the Auditor General making that decision. I won't be supporting the motion for that reason.

The Chair (Mr. Ernie Hardeman): Further discussion? Mr. Harris.

Mr. Michael Harris: Maybe the auditor will chime in; I don't know. I think this is a unique situation, clearly. Obviously your work is devoted to investigating levels of service, relative cost-effectiveness of service—typically on the back end of things, post-work, ensuring that processes were in place and followed.

I think that this is a unique request in that this hasn't been constructed yet. These particular two stations have not been constructed. Of course, Metrolinx analysis obviously recommended against the approval of these two stations, due to the lack of value for money anticipated through its development. So I think it's vital, frankly, and because of the uniqueness of this situation, that this committee ask the auditor to look at this, or agree to this motion that will allow her, and give her the tools that she needs, to fulfill our request.

I guess I'm asking you, Auditor: The government is now saying or suggesting that they won't support this motion as is. It's pretty clear, what we're asking for: to conduct a value-for-money audit on these two particular stations. Is there a different way we would reword this, perhaps, to ensure that we're capturing what I think we want to do here? Is there any comment? Can you help guide us, perhaps, or explain to us that—your work, I guess, is more following up on projects and not on the front end. I don't know if you can speak to that.

The Chair (Mr. Ernie Hardeman): Auditor?

Ms. Bonnie Lysyk: We do look at things similar to this. We do our planning for audits in the upcoming year in usually June/July each year. We actually had a planning session, and a review of Metrolinx and the way they handled the regional expansion plan and the construction of some of the projects under way, is already identified as a project that we will be working on. My audit team will be starting to look at this probably around November and will conduct the work from November until about May or June. Then we plan to issue a report next November/December.

This is something that we had identified to look at in terms of how the regional plan is being put together, so that causes us then to look at business cases that support the content of the regional plan. In the case of Kirby and Lawrence East, we would be looking at that. We're also planning to look at Eglinton—other projects as well.

I had already communicated to Metrolinx and to the Ministry of Transportation that we were planning to do this in the next round of audits. We will be covering this and reporting on it next year.

Mr. Michael Harris: The timing of this request now would make more sense if this committee agreed to this, albeit that you've decided to look at this for next year. This is obviously a motion that would allow you to move forward with that in a more aggressive time frame versus

next year. I think that's perhaps the biggest distinguishing factor between the motion we have here today and the work you're already going to undertake—

Ms. Bonnie Lysyk: Your motion is narrower than the audit that we would plan to do. I'll leave it up to the committee to decide on whether or not you want something tighter and quicker on this particular issue. But right now, I can just add that we have included it in our review in the upcoming year.

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

Mr. John Fraser: To my point that the discretion of the auditor in this situation and in all situations, in terms of the timing and the scope of the audit—obviously, this work is going to be undertaken. Given the kind of work—we're almost in October right now, and your report is coming when? Your next Auditor General's report is coming the second week of December or the first week?

Ms. Bonnie Lysyk: We have a special coming out, and then we have our follow-up report coming out after that. Then we have our annual report, which will be at the end of November, beginning of December.

Mr. John Fraser: Just to reiterate, I'm comfortable with not supporting this motion, and with the auditor's discretion and autonomy.

The Chair (Mr. Ernie Hardeman): Okay. Mr. Hillier?

Mr. Randy Hillier: I just want to speak to the member from Ottawa South's comments that this is a rarely used tool.

When I take all his arguments and comments, they're all thoughtful and well thought out. But because the tool is rarely used, it doesn't mean that it should never be used. It's just used judiciously.

0910

I think we do find ourselves in a bit of a unique situation here because we have an arm's-length agency, Metrolinx, which was designed and crafted and created to get the politics out of the decision-making and to move forward in an efficient and effective manner to plan and implement transportation in the GTA.

To then see this agency, with its purpose to be arm's length, have the Minister of Transportation intercede and insert themselves directly in the process is a very unique situation. From all appearances and from all the conversation and the evidence that I've heard, this was a decision by the minister, contrary to the proposals and the recommendations and the decisions of Metrolinx—for the minister to insert himself and say, "This is where these stations need to go." I'll put that on the record for the Auditor General, as well, when you're doing your audit of the processes, that I think that element needs to be captured and fully examined, just what happened here when the process was abrogated by the very ministry that created its purpose and its objectives.

I don't think I'm saying anything that cannot be substantiated in the legislation. Its purpose is to take the politics out of the decision-making, and it looks like a very clear example of politics being the decision-maker

in these stations. Maybe, Bonnie, that would be part of your view of an audit on Metrolinx, as well?

Ms. Bonnie Lysyk: We would look at the supporting business case and the decision-making and the process leading up to the selection of those two stations being part of the regional expansion plan going forward, so we wouldn't look at it from the political side, but we would look at whether or not the business case—ridership etc.—supports the decision-making that went into it. That's how we would approach it, like any of the audits we do.

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

Mr. John Fraser: I appreciate the member opposite's comments. I still feel the same way. I am comfortable with the auditor's discretion in deciding the scope and the nature and the timing of the things that she wants to do. She is aware of it, and identified it, actually, before this committee identified it. I don't know if there are any other comments. At the end of the day, I think we need to call the question, but there may be other speakers. I'd like to call the question.

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

Ms. Lisa MacLeod: I think that it's entirely within the mandate of this committee to offer direction to the Auditor General, and it's not uncommon, particularly in a minority government, for us to do so. With respect, I disagree that it's not our role. I very much think it is our role, when we see matters that may be politicized or where there may be government waste or inefficiencies, for us to offer our advice and direction to the Auditor General, and in this case, asking for a value-for-money audit on the proposed Metrolinx GO stations in those particular areas, I think, is well within the mandate of our committee.

We can have this conversation and, eventually, if the government isn't prepared to support this motion, I think the auditor will still have some inkling of understanding of where we're concerned in this particular issue.

I'd also like to say and point out while I've got the floor that our critic, Michael Harris, has been very diligent on ensuring that Metrolinx is accountable to the public, that their operations are transparent and that we have a good understanding of where our money goes.

I used this line yesterday in the estimates committee—some of us had the opportunity to go to New Brunswick—but I'll use it again: Public money knows no party so this committee should know no party. We should look for the best way forward and, in this particular case, I think there are concerns that have been outlined not only in the public but I think here in this committee as well.

I'll support this motion. Although it's mine, it really was designed by my colleague Michael Harris, who is not a permanent member of this committee. Therefore, I was happy as the Vice-Chair but also as the Conservative lead on the committee to put this forward.

I would urge my colleagues opposite to consider supporting this motion and understand that it is completely within our mandate in order for us to put forward something like this.

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

Mr. Percy Hatfield: I have been listening with interest to this debate. I've been following the media reports on the controversy. Allow me to say that I have respect for the minister—I believe he is a man of integrity—but I also see a cloud out there over a government that promised to be open and transparent.

When an issue like this comes up and that cloud is raised, I would think the government would want to do everything in its power to get to the bottom of whatever stirred up the controversy.

I came this morning to listen and I was prepared to support the motion. Then I heard the Auditor General say that it's in the works. It's something she has already been working and we'll get part of that eventually. Then I heard the spokesman for the majority caucus say that they wouldn't support it. They see no need for it.

I believe Metrolinx should be held to account. I've heard the minister say that nothing is going to happen there because the Metrolinx board is reviewing it.

On first appearance, I think to be fair, to be held accountable and to show transparency, I will support the motion even though I know it's not going to pass and I know the Auditor General is going to delve into it at some point in the future. She has already made that decision as part of an overall audit of Metrolinx.

So just to go on the record as saying I support the motion, I do respect the minister and I do believe the minister is a man of integrity, but there is that cloud out there and we should do everything we can to be open and transparent.

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

Mr. John Fraser: Ten-minute recess, please.

The Chair (Mr. Ernie Hardeman): Yes. We'll recess until you get back—within the 20-minute period.

The committee recessed from 0919 to 0929.

The Chair (Mr. Ernie Hardeman): I call the meeting back to order. Mr. Fraser?

Mr. John Fraser: Chair, I had some discussions with my colleagues and took a look at the motion. Percy was so eloquent, as were the rest of you.

I heard from the Auditor General. The Auditor General's office will be looking at Metrolinx. I looked at the motion. I don't think the concerns that I raised in terms of her discretion are greatly affected by the motion in the nature of what it is right now. So I think that we can pass that motion and, to her discretion, she will do what she feels is appropriate, which is, I think, actually what the section includes.

So I will support it, and I know a number of my colleagues will.

The Chair (Mr. Ernie Hardeman): Any further discussion on the motion?

Ms. Bonnie Lysyk: In terms of the motion and whether you have a time frame or not, that would be up to you, because we're already including it in our work. Our normal reporting is in November/December next year. So I just need a sense of the timing, because we either do this for you separately or we do it as part of the

audit in the report next year. That's my only question to the committee.

Mr. John Fraser: I'm fine with the motion as is. I think, to your discretion, what you feel in terms of your office is—I'm fine with that.

Ms. Bonnie Lysyk: My only concern around this is, I know there is a political connotation around this, and I want to protect my office, in the sense that we don't get involved in political disputes.

If the committee requests my office to do this work, we will do this work and we will focus it on Kirby and Lawrence East. But I believe I do need direction in terms of the timeline, and if that timeline is different from my annual report, you need to tell me. Otherwise, I will be reporting on this next November.

The Chair (Mr. Ernie Hardeman): Yes, Mr. Potts?

Mr. Arthur Potts: I think it's a very important part of our discussion that we heard from the auditor that she was already doing this. The sense that these motions are directing her and taking away from her independence in a non-partisan committee is a very important principle. It is on that basis that we have heard from her very clearly that this motion is actually somewhat redundant because it's already part of her scope of review. We would leave it as is.

Thank you.

The Chair (Mr. Ernie Hardeman): Any further discussion? Mr. Hillier?

Mr. Randy Hillier: Well, it certainly appears that quite clearly the Auditor General would appreciate some direction from the committee on this. Maybe this would be a good time for the members of the committee to say just what it is that we would like to see. Does the committee want to see this done as part of the annual report and be reported back next—that's not a bad direction. Or, if we want to expedite the audit, we are not infringing on the Auditor General's independence when we are complying with her wishes. That would be a strange infringement on independence by any objective measure. She has asked for direction from the committee, and we ought to provide it.

I think as the details of these decisions in this are not fully known and publicly ventilated—there are still some unknowns out there—it would be reasonable to give direction to the Auditor General to do this as quickly as is practical without impeding or infringing on any other work that is already underway by her office. I don't know if that would be a suitable sort of direction.

Ms. Bonnie Lysyk: Yes, I do want to get a sense from the committee whether you want a report on this particular issue as soon as possible or whether we continue to incorporate it as part of our value-for-money audit.

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

Ms. Lisa MacLeod: In terms of the timing, Auditor, is it too late in the year to conduct a value-for-money audit for your report in December?

Ms. Bonnie Lysyk: Yes, I think it is.

Ms. Lisa MacLeod: So how much time would it take to conduct such an audit: 60, 120 days?

Ms. Bonnie Lysyk: I would think that probably by March we should be able to do it.

Ms. Lisa MacLeod: Okay, so March would be a timeline that would be sufficient? Why don't we put March, or however many days it is from today until March, in this? It's not uncommon for us to do this. I've been here a long time. It's not uncommon for us to ask for something in February or March as a special audit. It is absolutely common for all of us to assign to ministries a certain timeframe to turn something around. My suggestion, then, on my motion is that we ask for the auditor to come back in March on these Metrolinx GO stations, specifically at Kirby and Lawrence East.

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

Mr. Bob Delaney: Chair, is the mover of the motion proposing an amendment to the motion?

The Chair (Mr. Ernie Hardeman): We haven't got there yet. We'll have the debate. I'll run the meeting. Thank you.

Mr. Hatfield?

Mr. Percy Hatfield: Thank you, Chair. Those of us who went to the public accounts conference this summer heard repeatedly about the need to protect the Auditor General from appearing to be partisan in her—his or her; I mean, in our case, her—for our Auditor General to remain non-partisan.

This is a non-partisan committee. We've heard the Auditor General. She's getting cautionary here, talking about a political connotation to the motion. I, for one, do not want to ensnarl her in any way in a partisan motion on a non-partisan committee.

What I see is that in the motion, the PCs have won a victory. The headline will be that this committee has directed the Auditor General to do a value-for-money audit on the decision made at Metrolinx involving a station in the minister's riding or in the mayor's plan. They have their victory. They don't need anything else.

If we, as a committee, put a timeline on the Auditor General, telling her to put all the other important stuff that we do as a committee aside to get this value-for-money audit done in time to make it an election issue, then I think we have impacted her in a partisan way, when she is up here above politics. We should not be asking her to do our dirty work, if you will.

The victory is there. You have a victory already. The headline is there, that she's going to look into it. That's the win. I think if we go on by pushing a deadline for a partisan purpose prior to an election, we impale her integrity, and that is something I don't want to do.

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

Mr. John Fraser: Chair, as I said at the beginning, we're going to support the motion. I can support the Auditor General's approach, which she gave at the beginning of this meeting, that she had already identified this as something they needed to look into and that there was likely a larger scope to it which this would be included as part of. I'm entirely comfortable with that.

I agree with my colleague opposite in what he just had to say. I would like for us to vote on the motion and move forward with this, to let the Auditor General move forward with her work. Then we can get on to the business of report-writing later on this afternoon, or at some point.

The Chair (Mr. Ernie Hardeman): Mr. Hillier.

Mr. Randy Hillier: Again, I think the direction from the committee to the Auditor General should be that you do this in as timely a fashion as is practical, without impeding or interfering with any of your other ongoing audits. I think I've gotten recognition from the Auditor General that that would be an appropriate direction. I don't want to speak on your behalf, but if that is an appropriate direction, it doesn't have to be incorporated into the motion; it would just be a part of the record.

The Chair (Mr. Ernie Hardeman): I would just ask here to stop for a moment. We're debating the motion. If someone wants to change the motion before the vote, it would require an amendment to do that. If we hear no amendment, we'll have a vote on the motion.

Yes, Mr. Harris.

Mr. Michael Harris: We appreciate the government's perhaps change of heart on this one.

To my colleague from the NDP: It was only after the fact that the auditor did say that this would perhaps be included in the scope of next year's audit. Had she not, this motion would be even more relevant, to ask the auditor and her team to look specifically into this.

This is about taxpayers getting transparency and utilizing the resources at the auditor's discretion to do just what we're asking for here. That's what we're asking. Obviously the auditor has asked for a bit of a time frame. I think that's fair.

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

Mr. John Fraser: Call the question.

The Chair (Mr. Ernie Hardeman): Is everybody prepared to call the question?

Ms. Lisa MacLeod: Yes, we're super excited.

Mr. Randy Hillier: Recorded vote.

The Chair (Mr. Ernie Hardeman): Okay.

Ayes

Fraser, Hatfield, Hillier, Kiwala, MacLeod.

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

Ms. Bonnie Lysyk: Could I just say something?

The Chair (Mr. Ernie Hardeman): Yes. The auditor wants to make a comment on the record.

Ms. Bonnie Lysyk: My interpretation of that is that we will include these two stations as part of our value-for-money report, with the intent of including it in our annual report next year.

Interjection: Correct.

The Chair (Mr. Ernie Hardeman): Okay. No further discussion?

One of the committee members wanted to make a request.

Mr. Randy Hillier: Thank you, Chair, for the opportunity. This question is more to the Auditor General for some clarification in my understanding.

When we have other agencies that are funded, in large part, by the provincial government—and I'll give you the example of the TTC. We know that significant provincial monies go there, but they're not connected up with the provincial government. Does your office have any role in determining proper expenditures of that provincial funding that goes to an agency like the TTC?

Ms. Bonnie Lysyk: We're able to look at the money that's provided. If it's contractual from the province and there are conditions for the use of the money, then we have the ability to look at whether those conditions for the use of the money have been met.

We also have the special request section, which is either a special request to a minister, to this committee. If there is a request to audit an entity that has some type of provincial jurisdiction, if a motion was passed or we received a request to do that under our act, then that would give us jurisdiction as well.

Mr. Randy Hillier: I'll have to do a follow-up question on this because I don't know if where I'm going has a contractual element to it or not.

There's evidence that there is a significant amount of fraudulent health care claims going on at the TTC and that a preponderance of monies have been spent on these fraudulent claims and, indeed, that there are also some criminal investigations going on about these health care claims. Would those health care claims, or the money that is being used to fund those, have any involvement or connection with the Auditor General's office?

Ms. Bonnie Lysyk: Right now I'm not clear about the specifics around this, but there is a city auditor general, and the city auditor general would likely have jurisdiction over the TTC.

The Chair (Mr. Ernie Hardeman): Anything else before we go into report-writing? Mr. Fraser.

Mr. John Fraser: Can we take five after we go in camera?

The Chair (Mr. Ernie Hardeman): Five minutes has been requested. We'll be back in five minutes to go into closed session.

We will return at 12:30 this afternoon to finish writing this report. There will be lunch in this room starting at 12 o'clock.

The committee recessed at 0945 and later continued in closed session.

STANDING COMMITTEE ON PUBLIC ACCOUNTS

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Ms. Sophie Kiwala (Kingston and the Islands / Kingston et les Îles L)

Mr. Arthur Potts (Beaches–East York L)

Mr. Lou Rinaldi (Northumberland–Quinte West L)

Also taking part / Autres participants et participantes

Ms. Bonnie Lysyk, Auditor General

Clerk / Greffier

Mr. Katch Koch

Staff / Personnel

Mr. Ian Morris, research officer,
Research Services