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Auditor General:

Ministry of Transportation

Metrolinx

1st Session
42nd Parliament

Wednesday 26 February 2020

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Metrolinx

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Mercredi 26 février 2020

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

**STANDING COMMITTEE ON
PUBLIC ACCOUNTS**

**COMITÉ PERMANENT DES
COMPTES PUBLICS**

Wednesday 26 February 2020

Mercredi 26 février 2020

The committee met at 1230 in room 151, following a closed session.

2018 ANNUAL REPORT,
AUDITOR GENERAL
MINISTRY OF TRANSPORTATION
METROLINX

Consideration of section 3.06, Metrolinx—GO station selection.

The Chair (Ms. Catherine Fife): Good afternoon, everyone. I'd like to call this meeting of the Standing Committee on Public Accounts to order. We are here to begin consideration of Metrolinx—GO station selection, section 3.06 from the 2018 AR of the OAGO.

Joining us today are officials from Metrolinx and the Ministry of Transportation. Thank you for being here to answer the committee's questions. You will have 20 minutes collectively for an opening presentation to the committee. We will then move into the question and answer portion of the meeting, where we will rotate back and forth between the government and official opposition caucuses in 20-minute intervals. When the independent member does show up, they will receive three minutes in the rotation.

I would like to invite each of you to please introduce yourselves for Hansard before you begin speaking. You may begin when you are ready.

Ms. Shelley Tapp: Good afternoon. My name is Shelley Tapp and I'm the Deputy Minister of Transportation. Today I'm joined by Phil Verster, president and CEO of Metrolinx; Stephen Rhodes, who previously served as the Deputy Minister of Transportation; and Bruce McCuaig, who previously was the president and CEO of Metrolinx.

I want to thank the Auditor General and her team for the 2018 report regarding Metrolinx—GO station selection. We respect your recommendations and take them very seriously. We are pleased to be here today to speak to the progress made both by the ministry and Metrolinx toward implementing these recommendations. Specifically, I look forward to sharing with you the details of how the ministry addressed the two recommendations directed to it. My colleague Phil Verster will be speaking to the remaining recommendations on behalf of Metrolinx.

The ministry is focused on ensuring that people and goods can move easily across the province. Making transit a convenient choice for commuters is an important part of this. In June 2016, the Metrolinx board approved the inclusion of up to 12 new GO stations across the GO rail network. In her 2018 Auditor General report, the Auditor General reviewed the selection of two specific stations, Kirby and Lawrence East, and recommended the ministry independently look at whether those two stations should proceed and whether these stations should benefit from the regional transportation network.

Metrolinx, along with the ministry, has continued to review all 12 stations through the business case process, to confirm whether they should proceed or not. At the same time, the government was conducting a review of all investments to ensure that they provide value for taxpayers. It was also considering the potential of transit-oriented development for GO stations. As a result of the ongoing work, Kirby and Lawrence East continue to be considered based on the merits of their business cases. No final decisions on these stations have been made at this time.

The Auditor General also recommended that the government of the day review the Metrolinx Act and determine whether greater clarity regarding Metrolinx's roles and responsibilities in the planning of regional transportation systems would benefit Ontarians. As such, the ministry undertook this review and identified that some clarification would be beneficial.

As a result of that review, in fall 2018, amendments to the Metrolinx Act were introduced and approved. With these amendments to the act, it makes very clear that Metrolinx is to focus its planning efforts on regional transit delivery and integration of transit with other modes. The ministry remains responsible for multi-modal transportation planning overall, including transit, highways and other components. Any regional transportation plan developed by Metrolinx is now subject to Minister of Transportation approval. To make sure that planning efforts complement and support each other, Metrolinx's transit planning area has been extended to the greater Golden Horseshoe area, to align with the geography of provincial plans for the region.

The ministry feels it has addressed both recommendations directed to it and looks forward to the continuing work with Metrolinx to advance the government's transit and transportation agenda. Thanks for this opportunity,

and I will now turn the floor over to my colleague Phil Verster.

Mr. Phil Verster: Good afternoon, Madam Chair, Auditor General and members of the standing committee. It's really a pleasure to be here to discuss some of the things we're doing at Metrolinx, but also to discuss this particular report by the Auditor General. We have huge respect for what this committee does and take the advice we get and questions we get on a day like today away with us and take it very seriously.

For us to talk to representatives is a really important part of our relationship with communities, and sharing with you what it is we do and being available to answer questions. Some of you may know, but we do this all of the time. We're out in the communities. We do what we call Ask Metrolinx sessions in public where we take questions from the public and respond to questions, and do that every six or eight weeks throughout the year.

There has been a significant amount of work that we have done at Metrolinx throughout the last year. It includes a huge number of things, from new fares, new services, new project-related business cases, continual development of infrastructure and delivering of infrastructure. I'd like to share some of that with you today, because quite a lot of the business case work that the Auditor General has done on this pertains to those projects and pertains to the work we've done.

It's important to understand that business cases are really crucial to the decision-making within our organization. When you see everything from what we do with regard to, for example, a fare change—we do a business case methodology that goes with that, so that we understand the benefits and the costs of whatever big decisions we make.

A very important part of our drive in Metrolinx is not to wait for a couple of projects to be completed before we expand our services. The communities that we serve need services to be expanded urgently. So in the last two and half years since I've been with Metrolinx, we have expanded our services by 34%. If you think of a typical organization, the growth rate per year would be 2%, 3% and the like. We have increased services significantly, and this year, we're on the cusp of making further service increases.

Let me give you a sense of what they are. We've nearly doubled the services on the Barrie line, with the opening of weekend services and services during the day. We've had a 43% increase in services on the Kitchener line. We now run, to and from Kitchener, double as many trains as we did two years ago. But all along the Kitchener line, to places like Bramalea, Mount Pleasant and Georgetown—all of those locations have gotten more services.

If you look at the Brampton area specifically, we now have services throughout late evenings. Where previously it was sort of a commuter-based service, people can now, for the first time, go out at 5 o'clock and still catch a train back after a Leafs or a Raptors game in the evening.

Why this is important is we're developing a business which has a footprint of more than just peak services,

which deals with other service purposes, such as off-peak leisure services, tourism and the like. A good example of the tourism service offer that we've developed is when you look at our Lakeshore West line, we've increased our services on Lakeshore West by 27%, and one of those is the Niagara service, which we now run throughout the year, every day of the year. Just as a matter of interest, that service was originally pencilled in to open in 2023. By opening it in 2019, we are basically four years early with the introduction of that service.

Then, on the Stouffville line, we've increased services by 38%. Just this week, I was up with the mayor of the city of Markham to deal with whistle cessation, and the huge increase in services that we're seeing there, especially over weekends, is, again, generating a new market segment for off-peak travel.

In the last year, we've added 84 new trains per week and we've extended the services of 65 existing train trips. All of that is really positive.

Perhaps it's useful to also mention that the increases on Lakeshore West included the doubling of the service to West Harbour. I don't think it's a huge secret, but we're doing a lot of work on the West Harbour-Niagara section. We're very excited, in the near future, to be working on more services to that part of the region.

At the same time, when you increase capacity, what we are looking at very carefully—which underpins the business case for the service expansion—is how we build stations that go with that, and how we also increase ridership. Ridership does not just increase because you run the service, because the capacity is there; our ridership increases because of campaigns that we conduct, how we market the product, how we price the product and how we position the product.

If I can share with this committee, therefore, in 2016 and 2017, our average growth of ridership on GO was 1.95% and 1.97%, respectively. In 2018 and 2019, with a change in how we market products and how we develop products, our growth has been above 5%. In 2018 it was 5.8%, and this year to date—because 2019 is not fully completed yet; 2019 basically completes in March for us—we are around 5.3% of growth.

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I think it's really important to see the impact that that has on the overall business case. We are therefore in the range now of increasing ongoing ridership by significant amounts. That is a cumulative year-by-year total. If I compare December 2019 to December 2018, then our ridership is 8.3% higher. You can see that, even though it's a 5% average per year, the growth trajectory, in a month-by-month comparison, year-on-year, is at 8.3% growth.

This is achieved because of lots of things we do. You will be aware of our campaigns like Kids GO Free. Kids under 12 travel for free. By the way, on the ridership growth numbers, kids have been taken out of that number. We're only counting fare-paying customers. If you count kids on top of that, the growth is actually even more. But that was deliberate because if kids go free, we get families

travelling more. If families travel more, they travel in off-peak periods, during weekends. That's the type of market we're stimulating, to provide a service that's more than just a commuter service on day-to-day travelling into Toronto and out of Toronto business.

So our goal for 2021 is to break the 80-million ridership number. We expect, by the end of 2021, to be at 81 million riders, and we're very confident we'll get there.

But the sense I'd like to leave with you is that quite a lot of our investment on GO infrastructure, which this particular Auditor General's report was about, is about the off-peak services and how we grow and develop off-peak services on a continuous basis.

If I can discuss two other techniques that we've used to cultivate ridership that are very friendly towards the communities in the greater Toronto area—the government announced a year ago that the base fare will be reduced from \$4.70 to \$3.70. That reduction in the base fare means that quite a lot of short-distance journeys are now significantly less expensive. What I can share with you on that is that this has accelerated ridership growth during the week, and overall, by 13.2% from those stations that are very close to Toronto. So stations in Toronto itself—Rouge Hill to Union, Mimico into Union, Exhibition—these stations are seeing lots of growth. What's most exciting for us is that the weekend growth from these stations are at 24.8% growth. Over weekends, now, we have literally—25% more people travel, from our weekends, which is very, very useful.

Another sense of another campaign, which also fits into the business case methodology that you must have seen from the Auditor General's report—because this is all where the revenue side of the business case comes in—is we've done what we call Sunday Fundays. This is where for \$10 you can travel anywhere on a Sunday—anywhere on our network—which is basically half-price or even better depending on how far you're travelling. I think there's a very real, important combination here of growing capacity, from being more efficient in terms of our utilization of equipment in these campaigns to help us make the products more friendly.

Over the last year, all of our capital investment proposals have had business cases such as the one the Auditor General referred to in her report. To give you, again, a sense of progress, the capital investment over the last year will be just below \$4 billion. In this year, up to March, we will have put \$4 billion of investment into transit in the greater Golden Horseshoe area.

That involves many things. On many of our lines, we've done bridge announcements. On Lakeshore West, there were about seven bridges that were 100-plus years old which we replaced last year. These aren't hugely eye-catching, extravagantly exciting types of capital infrastructure. They're not. But the capital infrastructure is hugely important, and fundamental to us being able to run extended services.

We currently have 10 major GO stations that are being built across the network that are really important. We have Bloomington, which is nearly complete, and Rutherford

on the Barrie line, in which we see a huge improvement. Bramalea is getting changed dramatically; Cooksville is a very exciting change, on the Milton line, and then we've got Confederation as well. So those are five, at least, of the big ones, and then there are a couple of other ones we are busy with.

There are two in this particular order that are not on that list of 10, and we can discuss that as the questions progress.

But then more: On 29 further stations, we've got modifications and improvements that are being made to the standards and the safety conditions at those. We have several level crossings which we have upgraded. With Markham, for example, we have 13 level crossings we made safer for the public—again, very important infrastructure, but small and not eye-catching.

Then bigger infrastructure changes, very big infrastructure changes, which again are not that eye-catching, are that we're double-tracking the Stouffville line and we're double-tracking the Barrie line. Those two double-track projects, by the way—it's lots of civil works, lots of track works. They provide the early works on which we're going to do the GO expansion in the years to come.

The Union Station Bus Terminal is very exciting. It's close to opening. That will be open this year, and that brings a lot of really exciting stuff with it. We're still working really closely with the city and the city's existing contract, which has had some challenges to get the Bay Concourse at Union complete.

You'll be aware of the work we're doing to get stations built by transit-oriented development-type parties. At Woodbine and Mimico, we've got exciting stations like that. We've got the Finch West LRT, which is starting to ramp up in terms of the design work.

Then we've got the Eglinton Crosstown LRT. As we've shared, we have found issues, such as a defect under the TTC box that has added to the time to complete this project. I have to say to this committee that the Eglinton project is within budget. Yes, there is time that will be added on to the completion of the project, but this is a transformative project.

The organizations that are involved in the building of this project are working exceptionally hard. They are four of the biggest companies in Canada. I 100% empathize with the communities up there, that we're not going to be as complete as we want to be in time for September 2021. We are working really hard with these four companies in this consortium to get to the best possible opening date for that project.

I've got to hold back, but I want to say it. I want to say that that Eglinton Crosstown project is going to be fantastic for Toronto. It's going to be transformative. We're doing everything possible to get it out in time.

The Chair (Ms. Catherine Fife): There are two minutes left, Mr. Verster.

Mr. Phil Verster: Understanding where those capital projects are from and how it fits, I'd like to refer to a few aspects in the business case report that the Auditor General has done.

What's really important is that we have taken action since mid-2018. We've put a lot of things in place, including republishing the guiding principles for business cases in April 2019. We've increased the transparency, including clear, publicly posted business case criteria, stage-gate process, the use of advisory panels and the like.

When you go through the auditor's recommendations, what I can tell you is—and I say this very publicly and very often—we have huge respect for the Office of the Auditor General, and the work she and her team do. They are fantastic to help us to see stuff that we don't always see when we're in the thick of it. On all of the recommendations, we have implementations, which we will discuss with the Auditor General's office in the months to come.

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We have implemented so much around this, and when you ask your questions, I will gladly give you clarity on how we have a four-stage business case process, we've reviewed the variables that are internal to the business case, we've added the sensitivity analysis, which the Auditor General asked us about, we've identified the external factors that affect how decision-makers evaluate our business cases and we've implemented an internal investment panel in Metrolinx to judge whether business cases are at the right level of maturity and also to make sure that we publish these documents on time.

In early 2020, as well as in 2017, our board has given us guidance on how to publish business cases—

The Chair (Ms. Catherine Fife): Mr. Verster, that's the 20-minute introduction. I'm sure you're going to get a chance to expand on some of those thoughts.

I do want to mention though, for committee members, that this meeting is specifically addressing the motion that was brought forward by the public accounts committee in 2016. It pertains to the Metrolinx GO station selection report that you have before you—fortunately, members did get a briefing this morning—and it pertains to the GO stations at Kirby and Lawrence East, although obviously Mr. Verster has moved into other areas of transit in the province of Ontario.

With that said, we are going to move to the government side for 20 minutes. I would like to welcome MPP Thanigasalam to move forward.

Mr. Vijay Thanigasalam: Thank you to Deputy Minister Shelley Tapp and Metrolinx president and CEO Phil Verster. Thank you for your introduction. Thank you for being here.

I want to start off with a question in terms of the relationship between Metrolinx and MTO. Can you please explain the relationship between Metrolinx and MTO, the high-level organization chart, so that we can understand it before we dive into the questions?

Ms. Shelley Tapp: The Ministry of Transportation is responsible for Metrolinx as the agency. Metrolinx is covered by the Metrolinx Act and has a chair and a board of directors. The chair reports to the minister. Phil Verster, as the CEO, reports to the board of directors. Is that the level of information that you need?

Within the ministry, we have an organization of myself as the deputy minister, a number of assistant deputy ministers and an associate deputy minister, who are responsible for working closely with Metrolinx at all levels, as well.

Mr. Vijay Thanigasalam: Thank you, Deputy Minister. On page 296 of the auditor's report, she writes that, "The minister," who was Steven Del Duca, "did not use the legislated channels available to him to direct Metrolinx's regional transportation planning work..."

What are the other legislative channels that Steven Del Duca should have used?

Ms. Shelley Tapp: I can't speak to what happened at that time, but in terms of the processes and procedures that we have in place now, as Mr. Verster said, we have a business case process. Metrolinx brings forward recommendations to the ministry and the government. Technical and policy input is provided from the ministry, decisions are brought up to the minister for approval, and then ultimately for things requiring procurement or funding, policy goes to the government's cabinet committees, Treasury Board and cabinet for ultimate approval.

The Chair (Ms. Catherine Fife): Ms. Tapp, is there someone here who could answer the MPP's question? You mentioned that you were not there at that time, so therefore you could not answer it. Is there someone in the room who could answer the question?

Ms. Shelley Tapp: Deputy Rhodes?

The Chair (Ms. Catherine Fife): Please come up to the table, Mr. Rhodes, and introduce yourself to the committee, please.

Mr. Stephen Rhodes: Hi, everybody. I'm Stephen Rhodes, currently the Deputy Minister of Energy, Northern Development and Mines, but for the period from late February 2016 to late June 2018, I was the Deputy Minister of Transportation.

Shelley covered off a good part of the governance structure to do with Metrolinx. I think she covered off, certainly, that once the ministry receives materials from Metrolinx, it has usually been through their board and approved. It comes into the ministry. The ministry's interaction is often to try and go get particular approvals at Treasury Board or cabinet or that sort of thing. I would think, as of late, there has been more of a use of letters of direction issued from the minister to Metrolinx to clarify what the expectations are.

Mr. Vijay Thanigasalam: Thank you, Mr. Rhodes. The auditor notes that there is a response to this direction from Steven Del Duca: Metrolinx made "the Kirby and Lawrence East evaluation results look better." Specifically, Metrolinx changed the evaluation of these stations from not recommended to low performing. What led to this particular re-evaluation?

Mr. Stephen Rhodes: I can speak to a part of that, but I think the previous CEO of Metrolinx will probably need to speak to a part of it.

As the auditor helpfully provided in a bit of a chronology on page 297, I think it is, of her report, there were briefings—pretty standard-issue briefings—of the minister and his team in early June in terms of where the

business cases at that particular time stood, and there were follow-up questions at that particular briefing about certain stations that had not got to a certain level. I think the minister and his team were trying to discern whether all the information that they were aware of was actually taken into account in the business cases, because they may have had a little bit more information about a particular mayor, a particular objective of growth that they have—so a range of questions. But beyond that, I'm not sure I'm in a position to answer the rest of your question.

Mr. Vijay Thanigasalam: Okay. Thank you, Mr. Rhodes. I have a—

The Chair (Ms. Catherine Fife): One moment, please. Mr. Rhodes, you referenced that the former CEO of Metrolinx is here, Mr. McCuaig.

Mr. Stephen Rhodes: That's right.

The Chair (Ms. Catherine Fife): Are you amenable to coming up and answering some questions?

Interjection.

The Chair (Ms. Catherine Fife): Please come up and take a seat beside Mr. Verster, and please introduce yourself for the Hansard. MPP Thanigasalam, you can re-put your question.

Mr. Vijay Thanigasalam: Yes, of course. Thank you, Chair. I just want to restate the question. The auditor notes that in response to this direction from Steven Del Duca, Metrolinx made “the Kirby and Lawrence East evaluation results look better.” Specifically, Metrolinx changed the evaluation of these stations from not recommended to low performing. I just want to know what led to this re-evaluation.

Mr. Bruce McCuaig: Thank you very much. First of all, my name is Bruce McCuaig, formerly the president and CEO of Metrolinx, now a private citizen. I left Metrolinx in 2017 after approximately seven years. I can speak to events that occurred during my tenure. I cannot speak for things that have occurred at Metrolinx in the time since I left the organization. Please recognize that I'm relying on my memory. I'm not a member of the public service at this point in time and I do not have access to information, so I'm relying on my recollections.

I can say that over the course of the development of the initial business cases for the various new stations, we spoke to a number of organizations, including the Ministry of Transportation. We received input from the minister as well as from the city of Vaughan. In the case of Toronto stations, we heard from the municipality. Through that input, we went through the process of trying to refine and adjust the methodology that was used.

The relationship that we had with the Ministry of Transportation at the time was that, as was indicated earlier, the chair and the board reported through the minister. I reported to the board of directors. We did have regular conversations with the ministry and with the minister. The chair and the minister would meet on a monthly basis to go through a range of issues, and there would be topic-specific briefings on a regular basis in terms of the kinds of deliberations that were occurring at Metrolinx at that point in time.

Mr. Vijay Thanigasalam: All right, thank you so much. Thanks for the answer.

1300

The Chair (Ms. Catherine Fife): Next MPP? MPP Parsa.

Mr. Michael Parsa: Thank you, Deputy Ministers. Mr. Verster and Mr. McCuaig, thank you very much for being here and answering our questions.

I want to follow up on the question of my colleague. You mentioned the low-performing versus non-recommended stations. I just want to know if there are any criteria for a low-performing station versus a non-recommended station?

Mr. Bruce McCuaig: First of all, we need to recognize, in the context, that a business case process was first brought into the Metrolinx environment in about 2008 to 2010, and it was not at that time a mature process. At the time, we created a customized approach to evaluate new station locations. It looked at a number of factors, including ridership that would be attracted by the new station. It looked at the number of riders who would have a slower trip because the stock would cause a delay in what they currently experienced. We looked at land use, an official plan and future growth information and a variety of other factors. All of that went into a process to come up with what would be high-performing and low-performing station locations, and that was the result of the process.

It was an analytical process, and I would say, on reflection, that one of the challenges that we had was that the business case was all part of an overall decision-making process. It also considered public input and technical analysis, and it considered input from municipalities and other sources, but became perceived as a binary yes/no decision—that if it passed a certain level, then it was something that would proceed, and if it didn't, it would not proceed.

I'm sure you're all aware that in a decision-making process there are a number of inputs that go into it, and of course the business case is one really important input, but is one of many inputs.

Mr. Michael Parsa: I want to ask this question of the deputy first and then of Mr. Verster. What kind of steps has the Ministry of Transportation taken to implement the Auditor General's recommendation from 2018?

Ms. Shelley Tapp: There were two recommendations pertaining to the ministry specifically. The first was about the business case analysis to determine if the stations were a priority or not—I'm paraphrasing—the work that has been done at Metrolinx to mature the business case process. As Mr. Phil Verster mentioned, they have a more rigorous stage-gate process in terms of transparency and consistency between how the business cases are applied to all of the stations. On top of that, the government, in the 2019 budget, announced a focus on transit-oriented development approaches to GO station development. So the stations that we're discussing right now, as well as other ones, are on hold pending the outcomes of the analysis work that Metrolinx does with the municipalities and developers in terms of what's available for transit-oriented development.

The other recommendation for the ministry was looking at the Metrolinx Act. There are a number of very clear recommendations coming out of the Metrolinx Act, focusing the role of the ministry and Metrolinx in terms of transportation planning versus transit planning. There was a clarity of roles and responsibilities—but also in terms of regional transportation plans, the minister is now required to approve Metrolinx’s RTPs. There are tighter controls in terms of oversight, in terms of financial accountabilities and reporting back to the ministry. Metrolinx review needs to be revised every five years. It was in the timeline anyway, so we will be doing that again in five years. There was an accommodation made to have a member from either the minister’s office or the official side to sit on the board of directors.

So there were a number of things that were recommended and implemented. That was in 2018, and we’re fully working with Metrolinx on those amendments.

Mr. Michael Parsa: If you don’t mind, just from the Metrolinx standpoint as well?

Mr. Phil Verster: Unreservedly, everything that the Auditor General has recommended, we’ve implemented. We will go with the Auditor General through that process to look at whether the implementation meets the expectations of the report.

Let me pick up on a few very important things immediately. As Mr. McCuaig was saying, at the stage when Metrolinx implemented business cases then, it was like one business case is the answer. In other jurisdictions, what you typically do is you have four business cases, because information becomes visible over a period of a project. You have the initial business case, you’ll have a pre-delivery or a design-level business case, then you have a full business case, and after you’ve implemented, you have a final follow-up business case. All of it looks at different levels of information. When you get to the preliminary design business case—which is number two, before you go into procurement and into the market. Very often, when you do the initial business case, which I would argue these were at, you have very little information, really. You’re making cost estimates which are based on rough indicators of what’s in the market.

We implemented the four-stage business case methodology, as in other jurisdictions. Every business case has, itself, four parts to it, which is a strategic case, an economic case, a financial case and an operational case. I think the point of this is—and the Auditor General’s report has given impetus to this. Obviously, at the time when I arrived, we thought that this is the type of focus on business cases that we needed to bring to enable us to advise government as best as possible on the choices we make.

But I want to pick up on other things as well. The Auditor General makes a strong point about business cases having a sensitivity analysis, sort of a “what if” scenario. We now add that to business cases. So yes, the answer of the benefit-cost ratio is 1.4, but what if costs are 2% higher? How does the benefit-cost ratio change? That is an important addition.

The Auditor General also said, “Look, there are factors that are considered by government outside of the business case. What are those factors?” I think this is where Mr. McCuaig made a really important point. The business case methodology at the time when this issue presented itself felt like, in hindsight—I wasn’t here, but it looks like a binary choice between yes or no. Where we are now is, we give advice to the minister, and that would be transportation benefits; but transportation benefits are not all of the economic benefits. So the minister has a much wider brief than what we do a business case for. Therefore, “We give advice and the minister makes decisions” is the right policy. That’s how our mandate describes our role.

We’ve put an expert panel in place to review some of the variables. The Auditor General picked up on a couple of—we get all of these economists in a room. They say, “What is the value of time? What’s the growth rate of the value of time?” And the Auditor General said, “Look, you must declare what those are very clearly and you must review what they are very carefully.” We’ve put an expert panel in place to review that.

I’ll pick up on one more. When we work with municipalities and with other parties on where the business cases apply or not, we have a regional round table where the regions and the big municipalities sit. The CAOs or the key decision-makers in those organizations participate. Sometimes we include the president and the CEO of the TTC in that meeting as well. We discuss these business cases and we create alignment and create working groups to review how these business cases go so that we do get what the Auditor General refers to in her report as alignment between the objectives.

Those are five, but if you look through all of the recommendations, we’ve got implementations for all of them.

Mr. Michael Parsa: Okay. You brought up the business cases. Do we still have time, Madam Chair?

The Chair (Ms. Catherine Fife): There are two minutes, and the auditor has a comment. Would you like to hear from the auditor?

Mr. Michael Parsa: Very quickly, I’ll ask, if you don’t mind. You brought up the business development. I want to know about the process in 2016. You brought up development now, but what was it like in 2016?

Mr. Bruce McCuaig: Perhaps I can speak to that. I would suggest that in 2016, we were still learning about how to do business cases at Metrolinx. Business cases in the transportation sector have been around in other jurisdictions since the early 2000s. We’ve gradually been adopting them and refining them and making them more mature as they come into this environment.

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We did have a concept of a multiple-gate business case, and what we’re talking about now is what would be called the initial business case. We did have an external advisory panel that would provide input into the methodology that was taken, and there was a process to have input from the municipalities and other key stakeholders. But there is no question that the comments and advice from the Auditor

General are very well taken, that it could be improved. I think some of the comments that Mr. Verster has talked about have actually moved to bring some of those enhancements to the table.

Mr. Michael Parsa: Thank you, Mr. McCuaig. I apologize to cut you off. I wanted to hear from the Auditor General.

The Chair (Ms. Catherine Fife): You have one minute left. Would you—

Mr. Michael Parsa: Yes, please.

The Chair (Ms. Catherine Fife): Auditor?

Ms. Bonnie Lysyk: I just wanted to highlight what has been said as appropriate. But a key issue to this whole thing is transparency. Whether it was, something is a Metrolinx, as an agency, decision, or whether it is a minister decision, or whether it is a government policy decision, I think around this case in point in this report, what we saw is a decision of an agency being influenced without a ministerial directive being issued. So, publicly, the impression would be that Metrolinx was making a decision on Kirby and Lawrence East being included, versus it being a minister's desire or a government's desire.

I think a key is the business case is one part of this report, and the quality of the business case is important. But I think for us, too, the lesson learned from this is that when an agency of the province makes a recommendation but it's not maybe necessarily in line with a minister's or a government's idea about something, that, to be clear, the Metrolinx Act does allow for a minister to provide a directive to an agency—in this case, Metrolinx—to override the decision of the agency. The thing about that is we felt in this report it needed to be more transparent that that was the way it was versus Metrolinx feeling, as an agency, that they needed to modify their business case process to support what, in this case, a minister wanted. I'll leave it at that.

The Chair (Ms. Catherine Fife): That concludes your 20 minutes. Now we'll move to the official opposition for 20 minutes, and then the independent member for three minutes. MPP Bell.

Ms. Jessica Bell: Yes. Thank you very much for coming to the public accounts committee today. It's nice to see you again. I do recall the last time we had a meeting together, and it was about the Union Pearson Express and the cost of riding the Union Pearson Express. I don't know if you remember that.

Ms. Shelley Tapp: Yes.

Mr. Phil Verster: Yes.

Ms. Jessica Bell: Good, I do too.

I have some questions around the timeline and the process around how Metrolinx decided that Lawrence East and Kirby were stations that were going to be moved up the priority ladder. Just to loosely summarize, Metrolinx came up with its recommendations based on some kind of evidence-based decision-making process, and then former Transportation Minister Del Duca quietly contacted Metrolinx and asked for a station, one of which was going to be built in his own riding, to move from being not

recommended to essentially being recommended. Do you think this is an appropriate decision-making process?

Mr. Bruce McCuaig: Thank you very much for the question. First of all, I would reflect upon the reality that the relationship between Metrolinx and the government, as the single shareholder, is a very close relationship. There is always a dialogue going back and forth.

During my tenure, in terms of the deliberations that were occurring, you used the phrase that the minister "quietly contacted" Metrolinx. In reality, my recollection is that, as we did on most topics, we had a briefing that we scheduled with the ministry and the minister—

Ms. Jessica Bell: So let's just be clear: The dialogue that happened was not public.

Mr. Bruce McCuaig: Correct, it was a briefing of the minister and ministry as to the draft of the initial business cases.

Ms. Jessica Bell: Right, and it wasn't a formal directive in any way.

Mr. Bruce McCuaig: That's correct. The minister provided input about his belief that the results of the business case did not reflect the local community aspirations for those areas. We subsequently went and spoke to those communities to get further input. There were discussions with the city of Toronto and the city of Vaughan to get additional information as to what their expectations for growth were. We had an additional review of that data into the model that was used to complete the analytical framework, and we looked at different ways of asking the question to see if we were coming up with the best answer.

Was a letter of direction used in the end? No, it was not. I would say during my tenure, there was very rare use of the letter of direction provision in the legislation. I think it's something that has, over the last couple of years, been used more frequently, but Mr. Verster could speak to that. Of course, that does increase transparency because it's very clear when the government or the minister is providing a policy direction to the agency.

Ms. Jessica Bell: Okay. Just to clarify, yes, the Auditor General did a fairly reasonable job, a good job, of explaining—I enjoyed reading the report—how Metrolinx staff did alter the assumptions and alter the categories in order to reprioritize those two stations. When I was reading the report, it seemed to me that that process seemed a little bit arbitrary and not based on evidence. Certainly you weren't necessarily using the same—you were trying to get a result that you wanted, I would say.

Do you think that is appropriate or not, for a former minister to say, "I want a station essentially built in my own riding," when the evidence didn't support it? Do you think that's appropriate?

Mr. Bruce McCuaig: I think it's entirely appropriate for any elected representative to provide input to decision-making—

Ms. Jessica Bell: In secret?

Mr. Bruce McCuaig: Sorry?

Ms. Jessica Bell: In secret, to do it in secret?

Mr. Bruce McCuaig: There are many meetings that occur between mayors, councillors, MPPs, ministers, in

my experience, and agencies to talk about the issues and topics of the day with any particular agency.

Ms. Jessica Bell: Okay. The Auditor General seems to have a lot of concerns about it, and I've got to say the public and myself think it's pretty concerning when a minister quietly calls up an agency that should be using evidence-based decision-making, and says, "I kind of want a station in my own riding," and behind closed doors, Metrolinx makes that happen. That seems pretty concerning to me.

Mr. Bruce McCuaig: As I said earlier on, I believe there are lots of improvements that we could make to the system, and one of those is clearly improving the level of transparency of the decision-making process.

I think the advice of the Auditor General in terms of pointing out the use of things like the letter of direction is an entirely appropriate comment from the Auditor General, and it's something that the agency should be considering on a go-forward basis, as should government.

Ms. Jessica Bell: Thank you.

Hearing news reports, it seemed to me that the Metrolinx board was concerned about the decision to move Lawrence East and Kirby stations up the priority ladder. Would you like to give a summary of what the Metrolinx board felt when they heard about these changes?

Mr. Bruce McCuaig: Well, I don't think I'm in a position to speak in great detail about the conversation—I'm still going by memory—but yes, there was a strong and lively discussion, in my memory, about how the overall framework was applied and what the results were.

Ms. Jessica Bell: How did you personally feel?

Mr. Bruce McCuaig: My approach when I was CEO of Metrolinx was to take a very collaborative approach with our partners, which included the municipalities. I took it very seriously that places like Vaughan and Toronto had aspirations set out in their approved official plans. They had aspirations that were set out, in the case of Toronto, with the Smart Growth proposal at the time, and we needed to find ways to see if it would be appropriate and possible to reflect those aspirations in the work that we do.

One thing I learned over my seven years at Metrolinx is that transit and transportation are very complicated topics in the Toronto marketplace. Taking that collaborative approach was really critical to be able to move and advance the projects forward.

Ms. Jessica Bell: With the collaboration, I guess you could say that some people had a lot more influence over everyone else. That would be an important way to summarize it, maybe.

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Mr. Bruce McCuaig: No, I wouldn't suggest that. Yes, clearly people would have strong positions, whether that was at the municipal level or the provincial level, or from the public. All those positions were important to be considered in the decision-making process.

Ms. Jessica Bell: Thank you.

Mr. Taras Natyshak: Chair?

The Chair (Ms. Catherine Fife): MPP Natyshak.

Mr. Taras Natyshak: Thank you to all of you for being here today. I suspect you've all testified before a committee before, so you understand the game here. I may be blunt. Please don't take offence if I cut you off because we are time-limited.

I got to read the Auditor General's report this morning. We were briefed on it. It was disturbing. I think if anybody in the public were to see and to learn about how such an essential component of our government and the structure of that can be overridden, essentially vetoed, by a minister for his own political gain, it would be shocking. I can only imagine the pressure that you felt when that happened.

If you look at the timeline, as well, we're talking within a matter of under two weeks where Metrolinx's report was altered to include the Kirby and Lawrence East stations. Do you think that that degrades the work that you had put in as an entity, as Metrolinx: the effort, the engineering, the consultation with the three consulting firms that provided the business case analysis for you? Does that completely throw that work out the window when you have a minister coming in, essentially saying, "But I want my GO station"?

Mr. Bruce McCuaig: You do do a lot of work to advance a project forward, an analysis forward. When you get input from communities, from mayors, from ministers, from MPPs, yes, it means you have to go back and take another look at the evaluation framework, and yes, for those involved in the process, that can be a very difficult thing to do.

Mr. Taras Natyshak: But when all of the evidence and all of the data suggests that these two GO stations that were presented as important components by the minister, when all of the data suggests that they don't support the overall plan, does that not create an abdication of your fiduciary responsibility as an organization to make sure that the value for money is built into the plan? Did you feel that you were somehow, because the minister told you to, abandoning good practice, common sense?

Mr. Bruce McCuaig: Well, I'm going to go back to a comment I made in my opening remarks, which is that, unfortunately, the discussion around the business case became a binary one about, "If it's a positive number, yes; if it's a negative number, no." I'm of the belief that the business case is an input—it's a really important input, but it's not the only input. I think it was important for Metrolinx at the staff level, at the board level, to consider things like the municipal concerns.

I'll give you one example: The analysis as it existed at that point in time gave great weight to the value of time for people coming longer distances. In essence, that framework can mean that closer-in stations become non-economic from the business case perspective and they're always going to impact more users.

Mr. Taras Natyshak: So it doesn't sound like a fiduciary responsibility is inherent in the decision-making process.

Mr. Bruce McCuaig: No, I wouldn't say that at all. I would say that the objective is to get to the best overall choice for the projects.

Mr. Taras Natyshak: If you review the timeline, there's a point in time—I suppose it was the briefing—where you were given the mindset of the Minister of Transportation at the time, Steven Del Duca, where he presented that he wanted these two GO stations. It seems there was a couple of days where you'd said, "No, sorry, we can't do this," and then he somehow got the message back to you that you had to do this.

Did you provide any tangible pushback on the data that existed? Did you at any point say, "Look, this is not what we should do at all"? Or did you acquiesce to what the minister said at the time and left it at the discretion of his powers?

Mr. Bruce McCuaig: Over that period of time, we consulted with the municipalities. We went back and re-evaluated the numbers that were used as an input to the model. We adjusted some of the parameters to see if different choices or different outcomes would occur if you put weighting on different factors. So there's a lot of analysis that went on in that two- to three-week period. It was a very challenging time for staff to complete that work.

Mr. Taras Natyshak: Do you feel comfortable that that three-week analysis on these two additional stations was adequate enough to make a conclusive case to add these to the overall plan? Three weeks of analysis?

Mr. Bruce McCuaig: The analysis that was submitted to the board for a subsequent decision was based on the best available data that we had at that point in time. It was based on the framework that existed. And yes, there were adjustments made to the analysis to reflect the input that we received municipally and provincially.

Mr. Taras Natyshak: Did Minister Del Duca, when he did have these conversations with you, present any conclusive data of his own, or did he just tell you that we need the Kirby GO station?

Mr. Bruce McCuaig: The input we received was that understanding of the growth aspirations of this community—

Mr. Taras Natyshak: Was it data-driven or was it anecdotal on his part?

Mr. Bruce McCuaig: It was really focused on, "Have we spoken with those communities? We should speak more with those communities, get more data for those communities."

Mr. Taras Natyshak: So there was no data presented on the part of Minister Del Duca at the time. It seems as though he took the Field of Dreams approach to bringing these two stations online: "If you build it," they "will come." Of course, the evidence that was given to you was, "Not only will they not come, you will lose revenue." The Kirby GO station was estimated to be an \$18-million loss in fare revenue and a net present value loss of \$478 million. The Lawrence East was a \$33-million loss in revenue and a net value loss of \$376 million. How can those glaring numbers not scream, "Don't do this," for the entire organization? At what point does someone stand up to a minister who has admitted that he would do it again and he did it for his own purposes? Where is the failure in

the system? Is it within Metrolinx or is it within the fact that the Minister of Transportation at that time could have that undue influence on an organization like yours?

Mr. Bruce McCuaig: Again, I think I'll go back to—I believe the decision of the board, in the end, was, yes, related to the business case, but they were also considering the communities that were impacted, the impact on current and future riders and the attraction of riders. They felt, on balance, that they were coming up with the best overall choice.

Mr. Taras Natyshak: The changes that you've offered, that have been made subsequent to what we're reviewing today, are those as a result of this? Did the AG's report point to some glaring inconsistencies in how we bring about transit in the GTHA?

Mr. Phil Verster: So if I could respond, I would say that the AG's report has made a huge contribution to change how we do things.

Mr. Taras Natyshak: It's informed the holes that exist.

Mr. Phil Verster: Most definitely. And if I could respond to—

Mr. Taras Natyshak: Can I ask you one follow-up question on that?

Mr. Phil Verster: Please.

Mr. Taras Natyshak: Can we be assured, as the public, that the current minister or future Ministers of Transportation cannot influence or veto the decisions made by Metrolinx today just on a whim? Are you certain that you will require—

Mr. Phil Verster: I'm willing to say that unreservedly. I'll explain why I say that unreservedly: A minister cannot influence what we advise.

Mr. Taras Natyshak: That's what we thought existed, because under the Metrolinx Act, the minister was supposed to provide, in writing, their rationale to make any alterations to the plan. We can't find, nor did the Auditor General find, any conclusive evidence of the minister—

Mr. Phil Verster: That's in that case.

Mr. Taras Natyshak:—presenting a transparent case.

Mr. Phil Verster: Yes. That's in that case. If I could respond and just explain. Organizations and people learn. One of the things that I've learned in other jurisdictions is one of the first things I do with any new minister—and I've done it with every minister that has joined this portfolio—is, in the first conversation, I ask for clarity on the mandate. My mandate is to provide the minister with advice. My mandate is not to make decisions that range on policy. I'll give an example—

Mr. Taras Natyshak: But your mandate also has to follow the act—

Mr. Phil Verster: Can I follow through? This is the act. So when I am asked and my organization now is asked, "What is the right thing to invest in?", we come up with business cases based on transportation benefits.

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If I just use my hands to graphically demonstrate this, transportation benefits look like this, and the wider economic benefits look like that. So someone can make a

decision on why the economic benefits exceed the realm of the specific transportation benefits.

The Chair (Ms. Catherine Fife): There are two minutes left.

Mr. Phil Verster: Just very specifically, on your letter of direction: Since August 2017, we've received 12 letters of direction, and I—

Mr. Taras Natyshak: From the Minister of Transportation?

Mr. Phil Verster: From the different Ministers of Transportation.

Mr. Taras Natyshak: Since August 2017?

Mr. Phil Verster: Yes, 2017. And before that I think for a period of—

Mr. Taras Natyshak: Unfortunately—I have to cut you off, and I warned you that that was going to happen—you didn't get any direction from this minister. So you've set a precedent that you've accepted—

Mr. Phil Verster: I wasn't here at the time.

Mr. Taras Natyshak: Sorry, you as an entity; I'm lumping you in.

That was not appropriate. That was a circumvention of the process, and it is why we are here today.

I'm going to hand it off to my colleague.

The Chair (Ms. Catherine Fife): You have one minute and 20 seconds.

Ms. Jessica Bell: Could you get us a copy of the—was it 12—12 ministerial orders that you have received?

Mr. Phil Verster: I think there are formal processes whereby this committee can ask for stuff and then it's outside—

Ms. Jessica Bell: Sure. So I'd like to make a request, maybe later—or now—that this public accounts committee ask for those 12 ministerial directives to Metrolinx.

Was there a ministerial directive to cancel the Hamilton LRT? Yes or no? It's very simple. It would have gone to you.

Ms. Shelley Tapp: There has not been a letter of direction on the Hamilton LRT.

Mr. Vijay Thanigasalam: Point of order, Chair.

The Chair (Ms. Catherine Fife): Are you done?

Ms. Jessica Bell: I am done, I guess.

The Chair (Ms. Catherine Fife): Do you have a point of order?

Mr. Vijay Thanigasalam: Yes, Madam Chair. The Auditor General has been reviewing the Hamilton LRT issue within the 2020 report, so I would say we should wait for the Auditor General's report to discuss that.

The Chair (Ms. Catherine Fife): I respect that. That is not a point of order, unfortunately.

This section of the questions has ended for this portion for the official opposition. We'll now move to Mr. Fraser for three minutes.

Mr. John Fraser: Thank you very much for being here. I appreciate your testimony. I'll try to keep it brief, which is not always easy for me.

You're making a 60-year business case. When I look around this room, I'm not sure there will be many people around when that business case ends. And when I look at

that first business case, what I see is that it includes 2031 population and employment forecasts. That leaves 51 years out of the 60 the same. If I were a minister, my first question is, does this make sense? Can you answer that question?

Mr. Phil Verster: Yes, I'll have a go. The reason we pick a 60-year timeline for the planning horizon is we have to pick a timeline—

Mr. John Fraser: I'll interrupt because I've only got three minutes. The question is the 2031—

Mr. Phil Verster: No, but here's the thing: We use whatever is available, whatever is acknowledged by government, whatever is acknowledged by communities as the growth plans and the forward forecast, and there's a degree of extrapolation. You're absolutely right: To forecast ridership in year 59 is not an easy thing to do and is not an accurate thing to do. But the reason why you have to pick a norm against which you assess all of the business cases is so that it makes sense to compare two or three business cases with each other.

Mr. John Fraser: Thank you very much. My colleague said something very interesting to all of us: If you build it, they will come. There's always this tension in transit: Do you build to add capacity on existing, or are you building where you're going to get capacity in order for development? This is the rub of the thing with municipalities.

The other interesting thing is, we have the Ontario Line, for which it would appear, as somebody at one point said, they got out their Magic Marker—could be blue—and they drew a line on the map of Toronto, and we have a new subway. I guess the question is, the business cases for the Ontario Line—are they forthcoming? Were they there before the line was drawn?

Mr. Phil Verster: The business case for the Ontario Line is published, sir, so it's in the public domain.

Mr. John Fraser: Before they drew the line?

Mr. Phil Verster: Let's go step by step. When you have a concept—take the downtown relief line south. I don't want to be facetious, but I just want to put this in context. The downtown relief line south, from what I can see, has been discussed for more than 30 years.

So, what we did—in a period of time since I've joined, I was involved in a multi-organization in the steering of the downtown relief line south studies. We saw that there were weaknesses in the downtown relief line south plan, weaknesses that are no one's fault. But 30 years later, what was a good idea 30 years ago, with a network having developed—especially with GO expansion as it is now, requires—

The Chair (Ms. Catherine Fife): Thank you very much, Mr. Verster. That is the three minutes, but you can continue on.

I also want to say to the independent member that if other folks don't use their time, then you can actually get that time as well.

Now I'm moving to the government side. MPP Crawford.

Mr. Stephen Crawford: Do you mind just continuing on with your discussion there? And then I have a few questions.

Mr. Phil Verster: Very good. You know, as transit networks develop, they take on different shapes and forms. The GO network now, with what we shared in the introductory comments, is radically different to what it was 50 years ago. In the last two years alone, we've grown the services by 34%, and this year we'll grow it again.

Here's the thing: When you look at the downtown relief line south, and the great work done by great people on it, it didn't connect to Lakeshore West and it didn't connect to Eglinton and the Eglinton Crosstown. So, there's a huge amount of network effect, where people want to travel in different directions for different purposes. That was the reason why we very rapidly progressed the Ontario Line design into an initial assessment of the key benefits and the key costs that are associated with that.

We used a huge amount of the information provided by the TTC—the TTC are fantastic colleagues; they've done great work on it—and then we produced a business case, which is published, which is available and which we discussed with communities in all of our consultations.

Mr. Stephen Crawford: Thank you. My question is to the previous CEO, Mr. McCuaig. I'm just wondering, who initiated the wording when it went from not recommended to low performing in terms of the categorization of the stations?

Mr. Bruce McCuaig: It was within Metrolinx that that conversation occurred, between staff involved in the analysis. I was involved in some of those conversations. I don't recall exactly where the origin of the language came from, but it was within the Metrolinx team.

Mr. Stephen Crawford: It was within Metrolinx. How long had that been in discussion for? I mean, that's a major change in terms of how you're viewing stations. Was that in discussion for a year, two years, a month?

Mr. Bruce McCuaig: I believe that the work on the initial business cases occurred over a four-to-six-month process, and that the period of time that we're talking about is probably about a two-to-four-week period at the end of that process.

Mr. Stephen Crawford: Okay. Would there be an extensive paper trail on this?

Mr. Bruce McCuaig: Sorry, I cannot recall. I think that the Auditor General reviewed all the documentation that Metrolinx would have gone through at that point in time, and that was part of the foundation of a report and the foundation of her recommendations.

Mr. Stephen Crawford: Okay. So the timing of the changing of the wording was coincidental, then, with the approval of the Kirby and Lawrence East GO stations?

Mr. Bruce McCuaig: Yes, my recollection is that we were moving towards a final report to bring forward to the board. That was the time when we were making adjustments to the language in the report.

Mr. Stephen Crawford: Okay, thank you.

The Chair (Ms. Catherine Fife): MPP Ghamari.

Ms. Goldie Ghamari: I'd like to talk about the Auditor General's recommendation number 2, if we can explore that a little bit.

Thank you very much for your testimonies so far.

We're actually really lucky. We have a very smart, very thorough and very detailed Auditor General, and she does prep us very much so. One of the things that is in her report and one of the things I think that as a government we'd like to look at is how much of her report we've taken into consideration, her recommendations and all that.

To that effect, the Auditor General recommended that MTO assess the Kirby and Lawrence East stations and whether or not they should proceed and how they will benefit the regional transportation network. Has MTO done this analysis, and what is the status of those stations today?

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Ms. Shelley Tapp: Thank you for that question. This recommendation is the only one out of the nine or 10, I guess, that are in process.

As I mentioned earlier, with the government's budget announcement in 2019 to look at stations for transit-oriented development opportunities, we're evaluating all of the stations.

Having said that, in relation to what Phil has been speaking to about the business case analysis that is being undertaken on all of the various stations, Metrolinx has definitely improved their processes—to the auditor's comment about transparency—in terms of making decisions—the four levels of business case analysis that are being applied. That is part of this recommendation, to look at all of the GO stations and the benefits management process at Metrolinx as instituted, as well.

Ms. Goldie Ghamari: Thank you. With respect to the Auditor General's recommendations 3(a) and 3(b), is Metrolinx currently using the most up-to-date inputs and assumptions in its business case analysis?

Mr. Phil Verster: Yes. I'll give you an example. The refresh rates for business case inputs and assumptions is a report that we approved on January 7 of this year. We have an expert panel that reviews the use of the variables that we've got. This was approved on February 7, 2019 for us to use that first set, and we reviewed that in January of this year again.

So we'll stay with that, and we'll have that methodology to make sure that we use the most up-to-date inputs and assumptions that are required. So that's exactly what we do.

Ms. Goldie Ghamari: Thank you. Just to follow up with that, one of the things that the Auditor General recommended is that Metrolinx periodically review the assumptions and inputs in its business case analysis for "relevance and reliability." So I guess my question to you is, what sorts of inputs and assumptions are used in the business cases now, to ensure relevance and reliability, versus what was done in the past with the previous government?

Mr. Phil Verster: Some of the variables are very particular to the economics of transportation, and for

those, we work with the government of Ontario. MTO has a group of economists that look at those economic variables. We test those, I think, as we test with the Treasury Board and the Ministry of Finance. But any of the variables we use in the business cases, we review this on an annual basis. The way we keep track of what happens in other jurisdictions, to see how relevant it is, is we have an expert panel that just does a contribution to the evaluation as well.

Ms. Goldie Ghamari: Thank you. Again, just to follow up with her recommendations, how often will these reviews be taking place?

Mr. Phil Verster: Annually.

Ms. Goldie Ghamari: Annually? Is that like a year-end thing?

Mr. Phil Verster: Somewhere in the year.

Ms. Goldie Ghamari: Sorry, just to clarify: How long have you been CEO of Metrolinx?

Mr. Phil Verster: Two and a half years.

Ms. Goldie Ghamari: Just one final question here, and this, again, is with respect to the Auditor General's recommendations. This is with respect to recommendation 1. I know that there was a little bit of conversation about it, but I'd just like to explore it a little bit more, because I think this is something that's very important for all levels of government.

She talks about Metrolinx having to better address situations for stakeholders, such as the province of Ontario and the city of Toronto, where their objectives were "not in alignment with Metrolinx's business cases, plans and decisions."

I guess that was an issue in the past. Is that resolved? If yes, how does Metrolinx take into account provincial and municipal objectives that may not be in alignment with its business cases or recommendations?

Mr. Phil Verster: Against the backdrop that the Auditor General considered—what happened with those previous business cases—I could see from the Auditor General's report that she was probing what questions the organizations have to ask each other in terms of getting these decisions between them to work better and smoother.

Probably the best case of how we do this is working with the city of Toronto, as well as the TTC, over the last probably 15 months, it's fair to say, on the business case and the pending Ontario Line, as the question referred to earlier. We formed three different working groups, two levels of government, that reviewed technical facts, technical assumptions, regional assumptions, local assumptions, specific to a particular geography assumptions. We worked through a common understanding of what the key drivers are in that business case.

Again, I just have to say this: People from the city of Toronto, people from the TTC—fantastic people—want to move transit forward as much as we do. We are fully aligned. It is important, though, that the organizations share views. When you put planning people in a room, stuff emerges, such as: What is your model for ridership five or 10 years from now? Our model makes these assumptions. Which factors are we using? What are fare increases going to be? There's a whole raft of factual detail

issues that determine as to what extent the business case says blue or says light yellow.

The best way to do this—and the Ontario Line is for us an example. We worked very closely with all of the planners. We got people to sit in rooms together, figure out use models, run preliminary scenarios, run options and go through the detail of what the different assumptions are depending on the business case. As I think this committee would be aware, the city, the TTC and the province agreed on the viability of the Ontario Line and the contribution it would make, as well as on the key variables, such as the fact that the Ontario Line will move double as many people as the downtown relief line south and the journey-time savings would be—in some cases, Liberty Village to Bay Street, it would halve peoples' journey time. Those are critical variables in a business case.

So then, one last part to the answer to your question would be, in order to make sure that across the region everyone understands what Metrolinx does in a transparent way, we've set up what's called a regional round table. At the regional round table, we have the chief administration officers, or CAOs, we have some presidents, MDs and CEOs of companies such as the TTC. We meet three times a year and sometimes meet more often. We discuss everything that has a regional impact. We discuss the regional priorities for development. We've agreed on a priority matrix, which the MTO supports, and our priorities for transportation support the MTO plan for the greater Golden Horseshoe. We've agreed, with that table of all of the region, what the different priorities for the projects are. So it's a pretty aligned process currently.

Ms. Goldie Ghamari: Thank you. With respect to recommendation number 5, the Auditor General said, "To help Metrolinx effectively carry out its duties as a regional transportation planner, we recommend that the government of the day review the Metrolinx Act, 2006, and determine whether greater clarity regarding Metrolinx's roles and responsibilities in the planning of the regional transportation system would benefit Ontarians."

I'd like to speak about these amendments to the Metrolinx Act, which was part of recommendation 5. What kind of recommendations were made to the act, and can you speak to them in detail?

Ms. Shelley Tapp: There were a number of recommendations made. As I mentioned earlier, every five years the act is to be reviewed regardless. I would say one of the primary recommendations coming out of there was the clarification in terms of roles of planning between the ministry and Metrolinx. I think Metrolinx, as an organization, has grown over the years, so there was a need to look at who's responsible for which parts of planning. Part of that clarity was to confirm that the ministry was responsible for more of the broader transportation planning—multi-modal cycling, HOV lanes, inter-community buses, those kinds of things; and Metrolinx's lane—no pun intended—was with respect to transit planning and station access.

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We are working on a greater Golden Horseshoe transportation plan, and Metrolinx is providing inputs to

that through their round table, as Phil has said, and other work that they're doing. So that is a partnership.

We also used the opportunity with the act to strengthen the accountabilities and mechanisms for government to provide direction on the agency's work, which is very specifically referencing the letters of direction. As Phil mentioned, we do have a total of 12 letters of direction that we've issued. This part of the Metrolinx Act review was just to reinforce that, so there are areas where the minister will provide that kind of direction. Also, part of that act was to make sure that the RTP and any amendments were subject to minister approval; also to enable a ministerial directive to review or amend the RTP; to clarify the ministry's authority to request timely and accurate reporting; and finally, to allow, in terms of agency oversight, to have a member of either the government, or often the officials, to sit on the board of directors.

Ms. Goldie Ghamari: Thank you so much for that. Just to follow up, how do these amendments to the Metrolinx Act address the issues that were faced during the previous station selection process?

Ms. Shelley Tapp: I would say that it's with respect to the second recommendation and this recommendation in terms of the Metrolinx Act in combination, of strengthening the business case planning process and how decisions are made. I would say that—and I think Phil had mentioned that—there have been 12 letters of direction issued since 2017. The numbers are a little bit off, but there is a total of 12. Nine of those have been since 2018—sorry, 10, so two were previous to 2017.

I think part of rigour of the act has really been to strengthen the role of the minister in terms of that more formal approach in terms of the letters of direction.

Mr. Phil Verster: If I can perhaps just add to that: For me and for our organization, there were changes made in the act which were subtle but very, very definitive. The mandate was changed from a transportation mandate to a transit mandate. Now, that just sounds like words, but it's not. It's massive. Transportation is, you look at everything. Transit narrows the scope down to what we are deciding upon, what we are delivering. From an agency perspective, I really like that. Be specific about what you expect from me and my organization and that is what we'll focus on.

The point I made earlier is, one of the things that we do with every minister is, in the first conversation, we clarify with the minister what our mandate is and what is expected from us. I always ask the question and make sure: "We are here to provide advice, but because we look at this part of the picture and you, Minister, look at that part of the picture, Minister, you can take our advice and then add whatever other decisions you want to make. You can reject our advice or adopt our advice, depending on what your policy reasons are." We don't make policy; we just give advice.

So the situation is really very different now to the circumstances of the Auditor General's report. But the lessons from that situation, I think, have been incorporated in how we work.

Ms. Goldie Ghamari: Thank you so much for that.

The Chair (Ms. Catherine Fife): Last minute.

Ms. Goldie Ghamari: Thank you. Our government, in December 2018, actually, made those amendments to the Metrolinx Act through Bill 57. Just to confirm, then: What you're saying is, after those changes, it has given you guidance, more clarity, more direction—

Mr. Phil Verster: Significantly so.

Ms. Goldie Ghamari: Thank you.

One final thing: When I first started on public accounts when I got elected a year and a half ago, whenever we were getting summary status tables from the Auditor General about all of the previous ministries and how things were run, very few of them ever said "fully implemented." It was always "no work done" or "in review" or "in progress" or something. So I just want to thank you for taking her recommendations seriously. It's a breath of fresh air to see that everything is either "fully implemented"—very few "in progress"—so thank you for your hard work in all of that—

The Chair (Ms. Catherine Fife): Thank you very much. That concludes the time for the government.

Moving, now, over to the official opposition: MPP Natyshak.

Mr. Taras Natyshak: Look, we are in this room today because the Auditor General provided us with a report in relation to the actions taken by a former Minister of Transportation, Steven Del Duca, where he clearly and unequivocally influenced the decision of Metrolinx, an arm's-length organization that is charged with providing transportation to the GTHA.

In your report, Madam Auditor, you state that the minister, Steven Del Duca, "did not use the legislated channels available to him to direct Metrolinx's regional transportation planning work; instead, he and the city of Toronto influenced Metrolinx to override its own GO station planning process."

My question is, do you believe that Minister Del Duca, the former minister, broke the law in those actions?

Ms. Bonnie Lysyk: I'll stick to the wording that we have in the report, in that there was an option to use ministerial direction to ask Metrolinx to change their recommendations and make it very clear to the board and to the public that it was a ministerial directive that led to the final recommendations coming out of the board meeting and the press releases.

I think the way it was handled—when a person heads a crown corporation agency in the province, they have a responsibility to fulfill their mandate. When they do it the best they can at the time by presenting a business case, that information needs to be respected and looked at. It is a minister's prerogative to change if the act allows it. In this case, the Metrolinx Act was there to allow a minister to issue a directive so that the entity, in Metrolinx's case, didn't have to modify their business case to then present a position that agreed with what was asked of them.

Mr. Taras Natyshak: But he chose not to present a directive, which would have been a—

Ms. Bonnie Lysyk: When we did the audit, there was no formal ministerial directive given to Metrolinx. Metrolinx, I think, was in a position where they modified the documents and the recommendations to accommodate.

Mr. Taras Natyshak: The only reason I can surmise that a minister would do that would be to shield himself or his actions from transparency and to put an opaque lens on what those actions were so that people didn't know that that pressure was coming from the minister's office, and use Metrolinx as cover—political cover, in fact—to get the ultimate decision that he was looking for and had briefed them on.

My question is to any one of you, and I'm sure all of you can answer: Does Metrolinx have an infinite amount of money, resources, available to it to provide for the capital costs, the capital and operational requirements that you have in your plans?

Mr. Phil Verster: So I will—

Mr. Taras Natyshak: It is a yes-or-no question: Do you have an infinite pool of money?

Mr. Phil Verster: Well, it's a question that doesn't allow for just this. The answer is, no, there's never an infinite amount of money. That's why there's process, and that's why we've explained to you and this committee what process we've put in place to avoid a repeat of the situation—

Mr. Taras Natyshak: I didn't ask about process; I asked about how much money you had, and the availability—

Mr. Phil Verster: I just want to say that there is a process to avoid a repeat of the situation in this report.

Mr. Taras Natyshak: I appreciate that.

The Kirby and Lawrence East GO stations: Can you tell me approximately how much those two stations added to the overall plan?

Mr. Phil Verster: I can easily do that. Both of those stations are not part of our expenditure profile going forward.

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Mr. Taras Natyshak: They don't cost anything?

Mr. Phil Verster: Well, we've got this drive, and you would have seen in the public domain that at Woodbine we're building a station with a developer, and the developer funds it.

Mr. Taras Natyshak: You're saying these two additional stations do not cost a dollar?

Mr. Phil Verster: Can I just please complete—

Mr. Taras Natyshak: I know. I warned you I was going to—

Mr. Phil Verster: I can't answer your question if you don't let me answer the question.

Mr. Taras Natyshak: If you're not going to answer the question, I'm going to move along because I can't—I apologize.

The Chair (Ms. Catherine Fife): Mr. Verster, when a question is put to the delegation it would be helpful if you answered it. And, Mr. Natyshak, it would be helpful if you would put a specific question—

Mr. Taras Natyshak: I just asked how much they cost.

The Chair (Ms. Catherine Fife): I'm speaking. Put the specific question, please.

Mr. Phil Verster: It costs us nothing if we get a developer to build it. We get developers to build in locations where it makes sense from the business case to have the station. A clear example is Woodbine, where a station will be built and it will be our station, but we won't fund it. Exactly the same policy is the policy we follow on those two stations.

Mr. Taras Natyshak: Had the minister, Minister Del Duca at the time, not intervened and not briefed you on his desire to have the Kirby and the Lawrence East stations added to the plan, would they have been built, given that you're getting two free stations, as your business case that you just laid out alludes to? Would they have been built had Minister Del Duca not intervened?

Mr. Phil Verster: The transit-oriented development strategy is a strategy whereby we get local parties that want to build stations to fund them. It's a totally different strategy, a totally different world order, to one where government funds stations, which is—

Mr. Taras Natyshak: So you weren't aware that those two areas in Vaughan, in Minister Del Duca's riding, wanted to build one prior to his influence in eventually getting one built?

The Chair (Ms. Catherine Fife): Mr. McCuaig.

Mr. Bruce McCuaig: Over the time leading up to the decision-making, there had been conversations with local interests about contributions—

Mr. Taras Natyshak: So you were aware that they were ready and, despite that acknowledgement and your awareness of their willingness to participate in the plan, those two stations were still excluded from the original business case study?

Mr. Bruce McCuaig: The original business case study, as you said, the first draft of it, put them in the "not recommended" category, yes.

Mr. Taras Natyshak: That's right. Those are mine. Thank you.

The Chair (Ms. Catherine Fife): MPP Bell.

Ms. Jessica Bell: Thank you. I only have so much time. I do want to go back to these questions of ministerial directives. Was a ministerial directive given to Metrolinx to take out the Mississauga loop as part of the Hurontario LRT?

Mr. Vijay Thanigasalam: Madam Chair?

Mr. Phil Verster: Can I quickly check? The answer is yes.

The Chair (Ms. Catherine Fife): One moment, please. MPP Thanigasalam, you have a point of order?

Mr. Vijay Thanigasalam: Madam Chair, the Hamilton LRT is part of the 2020 report and the Auditor General is reviewing the report. I think, respectfully, we should wait for her report. Today we are speaking about these two particular stations. I just want to mention that.

The Chair (Ms. Catherine Fife): I appreciate that. The question had to do with the Hurontario line.

Ms. Jessica Bell: Correct. So—

The Chair (Ms. Catherine Fife): Wait. But also, Mr. Verster talked broadly about some transit issues, broadly

around Metrolinx, at the beginning of his opening statement, so I'm trying to find the balance here. I've indicated to the committee that we are here today to explore these two stations, but it's also about process. And so, I'm trying to find the balance between those two issues.

Mr. Verster has answered the question, yes?

Mr. Phil Verster: Can I just add to the answer?

The Chair (Ms. Catherine Fife): Of course.

Mr. Phil Verster: For the last year and a half, we've seen a distinct shift in the marketplace in terms of both costs and appetite for risk. This poses significant—

Ms. Jessica Bell: I asked a very specific question. I think this is my time and you get your—

The Chair (Ms. Catherine Fife): I'm trying to navigate some high emotions here. They did actually answer the question.

Ms. Jessica Bell: Yes, correct.

The Chair (Ms. Catherine Fife): Did you hear them say yes?

Ms. Jessica Bell: Yes, they said yes.

The Chair (Ms. Catherine Fife): Okay. So I think what we're trying to find here is—because time is limited, we want the answers to be as succinct as possible, please. Thank you.

Move ahead, MPP.

Ms. Jessica Bell: One of the recommendations from the Auditor General was to increase the transparency of decisions within Metrolinx, and there was a summary that Metrolinx wrote, outlining how you are looking at moving forward to increase the transparency. I have a few questions related to that. One is around the project evaluation advisory panel. Could you send us a copy of the names of the people who are on that advisory panel, if it's not already public—maybe it is—and how you decided who they would be and what their scope is?

Mr. Phil Verster: Again, there's an easy—

Ms. Jessica Bell: Is that public?

Mr. Phil Verster: No. You can request that information through the committee and we'll send it on.

Ms. Jessica Bell: Oh, okay; sure. When we're talking about transparency and the need for Metrolinx to be more transparent and respect the Auditor General's recommendations, it is concerning that the names of the project evaluation advisory panel are secret and we don't know who they are—unless, correct me if I'm wrong, maybe it's public—how you decided who they are and what their scope is.

Mr. Phil Verster: I wouldn't say it's worrying at all. There are some things that are in process that we publish very publicly. We publish now our business cases as part of the decision-making process, not necessarily before the board sits but as part of the public process to make a decision. Our business cases are published, and our guidance of how we do business cases is published.

Ms. Jessica Bell: All right. I'll make a request afterwards about the need for those names to be made public.

This is around the transparency piece. Recently, an article came out about how the Ontario Line came together, and I'll give my summary. A reporter received, after extensive freedom-of-information requests, 5,600 pages

of internal Metrolinx documents, and a large percentage of them, nearly 4,000 were redacted, and the general argument this reporter is making is that there was a relief line that was in place, evidence-based decision-making had clearly been used, and then a consultant came in, spoke to you—it was generally in line with their “subways, subways, subways are great” idea and then you pitched it to the Ford government, they said yes and then only after that had happened a business case was developed. Would that be an accurate summary of what happened?

Mr. Phil Verster: No, it wouldn't.

Ms. Jessica Bell: Okay. Would you call it transparent?

Mr. Phil Verster: So—

Ms. Jessica Bell: A simple yes or no: Would you call this process of how you chose the Ontario Line transparent?

Mr. Phil Verster: Yes, it is transparent because we do planning. We plan options and then we publish business cases, as we have done, and our business case methodology that we followed around the Ontario Line follows our guidance note, which we have published. So it's fully transparent.

Ms. Jessica Bell: So with the business case methodology, before you changed the lines, did you run this new Ontario Line through the business case methodology?

Mr. Phil Verster: Of course.

Ms. Jessica Bell: Okay. Can we get a copy of that, please?

Mr. Phil Verster: But let me explain it to you.

Ms. Goldie Ghamari: Point of order.

Mr. Phil Verster: Let me explain it to you.

Ms. Jessica Bell: Great. Good, and I'd like a copy of that, and we will be requesting it through—

The Chair (Ms. Catherine Fife): Point of order from MPP Ghamari.

Ms. Goldie Ghamari: We've all been very calm so far. I don't appreciate the tone of voice being taken by MPP Bell.

The Chair (Ms. Catherine Fife): MPP Ghamari, in previous delegations you have also been very passionate. So if you are asking for moderation—

Ms. Goldie Ghamari: I'm not arguing with witnesses. The requests being made—

The Chair (Ms. Catherine Fife): Also, it's not a point of order.

Ms. Goldie Ghamari: —have nothing to do with the Auditor General—

The Chair (Ms. Catherine Fife): MPP Bell is referencing the status report that's before all the MPPs around business cases, so it actually is in order. Please move ahead.

Just so you know, you have seven minutes left.

Mr. Phil Verster: Through the Chair: Can I answer the question that was posed?

The Chair (Ms. Catherine Fife): Yes, you can. Can you be succinct?

Mr. Phil Verster: I'll be succinct.

The Chair (Ms. Catherine Fife): That would be helpful.

Mr. Phil Verster: It's not a fair reflection to say an idea comes from one place only and then it was sort of developed into a solution. There was a process whereby, for nearly a year, we, together with the TTC, were managing through the design and engineering phases of the relief line south whereby there was a gradual development of the view that there's a better solution out there.

Then we formed the team that went to look at what that solution could look like. The ideas that came from that team were turned into options which went into the business case, and the business case that's now published reflects the full process, transparency of the decision, and it's in the public domain.

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Ms. Jessica Bell: I want to get to this issue that was brought up earlier around transit-oriented development. I find it telling that one of the first stations that is being built under transit-oriented development is a station that's being built in Doug Ford's backyard to service an entertainment consortium and a casino. It would be useful to receive the full assessment or the criteria and the business case that was used to justify that station, including the long-term impact on ridership and the length of time it takes to go from A to B. Would you be able to provide that business case and make it public?

Mr. Phil Verster: The business case for Woodbine, I think, is in the public domain already, but, yes, the answer is we'll give you visibility of the business case. It's in the public domain. I think it's published.

Ms. Jessica Bell: Okay, good. We'll make sure to do a formal request.

Did the Ontario government issue a ministerial directive for the Woodbine Entertainment Group station to be built?

Mr. Phil Verster: No.

Ms. Jessica Bell: So that's no?

Mr. Phil Verster: The Woodbine Entertainment Group approached Metrolinx with an idea to develop a station, and that was, going by my own memory, before the previous election.

Ms. Jessica Bell: Okay. So the answer is no.

Mr. Phil Verster: It had its roots many years ago.

Interjection.

Ms. Jessica Bell: Yes, Ms. Tapp?

Ms. Shelley Tapp: Just to clarify, yes, there was a letter of direction for—

Ms. Jessica Bell: There was a letter of direction for the Woodbine Entertainment Group?

Ms. Shelley Tapp: Woodbine station.

Ms. Jessica Bell: Woodbine station. I would like that letter of direction to be made public.

Just getting to this issue of transparency, because like the Auditor General in the report, I do have considerable concerns about the lack of transparency with how Metrolinx makes its decisions about what gets built first, second, third and so on, and that does relate to transit-oriented development. There is a genuine question around whether it is more important to build stations to increase ridership in heavily-populated areas—and then a different

approach is to build stations near developers' land in order to reduce the cost of building stations and to encourage development and service future ridership. There are different approaches there.

Could you make public the criteria that you are using to determine what stations are being built using the transit-oriented development approach?

Mr. Phil Verster: Yes, we can.

Ms. Jessica Bell: Thank you. One of the things that's very concerning about transit-oriented development—or also an opportunity—is that we have an affordable housing crisis in the GTHA. What criteria are given to ensure that any new development meets the affordable housing challenges that we are facing in our region? Is that included in the Mimico development, for instance?

Mr. Phil Verster: When we do a transit-oriented development, what kind of use that development has is still for the developer to resolve with the local municipality. We as Metrolinx don't—for example, in the Mimico example which you specified, we reached an agreement with the developer on value items, such as an over-build over our property, but we do not direct the developer in terms of policy or what type of use they have. That stays a matter for the developer to get approval from the local municipality on.

Ms. Jessica Bell: But you are also giving them land for, essentially, free in return for building the station, right? You do have some influence over this process.

Mr. Phil Verster: There is a value transaction; we're not giving it for free. We secure value, and the value we secure we assess through industry-accepted norms of how you value, for example, air rights. So there's a value transaction. But what that space gets used for is to be resolved—that's part of the building permit process, the approvals, with the local municipality. That's not part of our process.

Interjections.

The Chair (Ms. Catherine Fife): There's a minute and half left.

Mr. Taras Natyshak: Back to Kirby and Lawrence East: To what extent did their addition to the plan hinder plans downstream or down the track, such as enhanced all-day, two-way GO from Kitchener-Waterloo? Also, in Hamilton, a \$50-million GO station was built and until recently only had two trains a day, when all-day travel was promised.

Back to my original question as to whether you had an infinite amount of money to work with: How do these additions to a plan—they weren't included in the final draft. How do they hinder, or do they?

Mr. Phil Verster: When you think of Kirby and Lawrence East, Kirby and Lawrence East will only ever get built, I think, with the current policy that we have, if there's enough ridership that justifies the investment. Some of the numbers that you mentioned yourself, from the previous business case and that was in the report, those numbers were at a stage when the ridership and the footfall and the local density were not going to be sustainable for making this a viable station.

So we're not spending money on Kirby or on Lawrence East until a developer steps forward, or until someone in government says, "As a policy decision, we want you to build that station." So that doesn't hold us up at all.

The Chair (Ms. Catherine Fife): Mr. Fraser, you have three minutes. Just so committee members know, you'll have 10 minutes for questioning, and 10 minutes left and then three.

Mr. Phil Verster: For example, West Harbour—

The Chair (Ms. Catherine Fife): Please move ahead.

Mr. John Fraser: Quickly.

Mr. Phil Verster: West Harbour is well positioned for an extensive service increase somewhere in the future along the Niagara line.

Mr. John Fraser: Thank you very much. Again, I'll try to be brief; it's my challenge sometimes. Bill 57: I'm glad that you said it has given you some more clarity. But arguably, with some of the measures in the bill, like a person from the ministry, the minister, on the board, would it be fair to say that the minister has more influence now with the changes that are made in Bill 57—the minister, the ministry?

Ms. Shelley Tapp: I would say that there are clear roles and expectations and responsibilities. The structure has always been that the chair of the board reported to the minister. So I think, as the organization has grown, we've just put some more rigour around what the expectations are.

Mr. John Fraser: So if the chair reported to the minister, why would we need a ministry representative on the board?

Ms. Shelley Tapp: I think it's an idea that—as I mentioned, the organization has grown substantially over the years, and the ministry is responsible for oversight. There's a number of ways that the ministry does that. But being an integrated part of the board provides—it would be a non-voting member, but it would be part of the board.

Mr. John Fraser: And the minister ultimately holds the pen on these projects?

Ms. Shelley Tapp: Yes.

Mr. John Fraser: That's correct? Okay, great.

So, I want to get back to something I said earlier, and Mr. McCuaig might be familiar with this, and that's the development of transit and how we build it as a societal good. In Ottawa now, we've built east-west. There are some challenges with the implementation. Essentially, we replaced modes. We took buses off the street and put a train in. So we're increasing some capacity and changing the downtown a bit, and along that, there will be some development.

We had a north-south light rail. People may have said the same thing, which was, "You're just building it to nowhere." Well, actually, that "nowhere" is going to be "where."

Transit planning looks like it's iterative, but it's also a bit like economics, right? Like, what do you believe in? Would that be a fair assessment?

Mr. Phil Verster: The one thing that is really indisputable is, wherever we build infrastructure for transit in the

greater Golden Horseshoe, it's astonishing what it does to the communities around it. We now have one train running to and from Niagara in the morning. I have seen so many articles forwarded to me on how house prices and movements and people's behaviour have changed, and how the underlying economics in the region change.

It's our expectation to increase services to Hamilton significantly in the years to come. Our expectation is to increase services on the Milton line, and on several lines. It's transformative.

The Chair (Ms. Catherine Fife): Thank you very much. That is three minutes. Okay, moving to the government side: MPP Thanigasalam.

Mr. Vijay Thanigasalam: I want to explore more on the relation between station selection versus network planning. Can you explain how station selection differs from network planning? That's question one.

The follow-up is, what is the connection between these two? What's the difference between selection and network planning, and what's the connection between these two?

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Mr. Phil Verster: When you consider network planning, that is sometimes already a step too deep into the decision-making process. What you need to start off with is to look at your market segments and the reasons why people travel. We call it journey purposes and journey pairs. At the level of figuring out, firstly, what your network needs to look like, you need to start off by understanding why people travel. Say, for example, if the markets around Toronto were always only about commuter travel, we would never try and extend the rail service beyond the hours commuters travel to and from work.

We've made an assessment of the reasons why people travel. There's a huge requirement for off-peak services that serve communities across the greater Golden Horseshoe and, therefore, beyond just the GTHA. When you do that, then you start to understand what your network should look like. Then, once you understand what the network should look like, you need to think very carefully about where is the optimal place to put stations.

This was one of the reasons why we recommended an approach whereby we involve communities and also involve developers in the decision-making. Because developers are investing in those communities, there's no reason why they shouldn't invest in the stations' infrastructure that would serve those communities. That's where you, then, get to a point where you can make decisions on stations.

The really important point about stations, though, is we don't put stations in places where the transit business case doesn't work. For any development, even if it's funded by a third party, we'll only put it in a location where the basic transit business case works—therefore, where the number of people who are delayed by that stop does not override the benefits having that stop in the first place from the number of people who will join at that stop.

Mr. Vijay Thanigasalam: Thank you, Mr. Verster. My next question is, is there any optimum number of stations that you can have on a given GO line?

Mr. Phil Verster: Yes, there is. It's very difficult to say what that number is, actually, because it's all about journey time.

If I can give you a slightly different answer to the question: With our GO expansion, what we're doing on our GO expansion is we are incentivizing bidders to give us best possible journey times. Now that will mean that we'll have a mixture of ways that we stop at stations.

Let's just take an example: If we have a line with 15 stops on it, typically every stop takes between three and five minutes out of the journey time, as the train must slow down, stop, open doors and depart again. A good service pattern, therefore, would be to have fast trains and slow trains. Fast trains would typically not stop at every station but will stop at the key node stations. You typically run a fast train first to clear off as many of the ridership as possible, with a slow-stopping train following that.

Permutations of that type of service pattern would be part of how we decide how we can add stations to get more nodes but then also not delay the total journey time. But it gets to a point where it's not feasible to add more stations.

I think we see this in the GTHA. For very good reasons, Line 2, for example, on the subway—it's a great line; it has got many stops on it. Subways stop at every stop, as they should. When you look at end-to-end journey time, it's pretty long, and I know the TTC is working on that.

Mr. Vijay Thanigasalam: All right. Thank you, Mr. Verster. What are the factors that you look at when accessing a station? What are the main factors that you take a look at?

Mr. Phil Verster: Right. The two biggest factors are how many people are coming from upstream who, if they are delayed—say, there are 1,000 people on the train; that's 1,000 people who are delayed for three to five minutes.

Now, this is where the Auditor General's report was so important because the Auditor General said, "Look carefully at your variables about how you value time or the growth of time, the value of time, over the next couple of years."

Then you assign a value to how much economic value is lost because 1,000 people are now delayed for five minutes. But then there are 200 people who get on at the station, and they then have a journey time benefit to the new destination. If the second value is bigger than the first value, then the station becomes a good one.

That's the essence of what the business case is built around, and nearly 80% of the benefits in these business cases are all about journey time. Our business case is actually pretty simple in terms of what drives the business cases. If you get journey time down, it's a good business case.

Then there are other subtleties in terms of where you put the station. Do you put it where it mixes in well with bus nodes and bus stops? Is it at the corner where two main streets join or is it mid-block? Choices like that are all important.

Mr. Vijay Thanigasalam: Thank you, Mr. Verster. I want to explore more on the business case process. What

matters do you take into account throughout the business case process? Do different factors come into play at different stages?

Mr. Phil Verster: When you look at our structure of the business case, we have four different subsets of business cases. We've got a strategic case, we've got an economic case, we've got a financial case and an operational case. The factors that we include in the strategic case will range wider than just the economic benefits. One of the Auditor General's recommendations referred to that, and says, "Look, when you write down the external factors that will be considered, write it into the business case so it's clear." The strategic case would say, "Ridership in this location will look like this, but the longer-term growth plan looks like that, but this is the view that we've taken. This could have big socio-economic benefits in this particular location. However, we've not assessed that because we've assessed transit benefits only." So it can cover strategic considerations like that.

The economic case looks at, irrespective of where the funds come from, what would be the economics, plus or minus; what's the benefit-cost ratio? Are the economic benefits larger than the economic costs?

The financial case is the interesting one because that makes an opinion on who funds. Based on who funds the financial case, that shows what the financial impact is on the province itself.

Then the fourth part—and each of our business cases have these four parts—is the operational case. The operational case says, "If you're going to build a subway here and you're going to have that station over there, then that's going to operate like this, and if it operates like this, then you need less investment in GO, for example, because you can have a subway that's going to run down there and it's going to clear most of the people away. If you do it like that, you need to consider this in this type of operational method, and it goes more into the practicalities of the implementation itself. In the operational case you can even have points in there about how the actual construction is done and how the operation will work afterwards as well.

Mr. Vijay Thanigasalam: All right. Thank you, Mr. Verster.

The Chair (Ms. Catherine Fife): I just want to let you know that there's one minute and 30 seconds left and MPP Tangri has a question. Did you want to defer to MPP Tangri?

Mr. Vijay Thanigasalam: Yes, go ahead.

Mrs. Nina Tangri: Just very quickly, we all understand how important the report from the Auditor General is, but I just want to know prior to the amendments that were recommended what Metrolinx did to change the way business cases were made. What did you do on your own behalf rather than waiting for the AG report to come forward? What was done to make the business cases more important?

Mr. Phil Verster: I think the Auditor General can help me as well; she knows. When I joined, one of the first things I looked at was business case methodology. At the same time that this was going on, we started to make

changes and implemented what is done in other jurisdictions. The model I've just described to you is not very novel; it's very well-trying, very well-tested in many other jurisdictions and people like me have used that before. I think it's just the progression from where Metrolinx was to where we are now. So, right from the start, I think the Auditor General's report wasn't even completed on that yet when we had started to implement stuff, and as she did her report—I think a most fantastic report—I think we could show during the progression that we were starting to implement all of this and getting the organization ready for this.

Mrs. Nina Tangri: Thank you.

The Chair (Ms. Catherine Fife): Thank you very much. Moving over now for the last 10 minutes to the official opposition, MPP Shaw.

Ms. Sandy Shaw: Thank you very much for your presentation today. It has been said we're here because a former minister essentially meddled in transportation planning and we have recommendations before us that are helping to make sure that, moving forward, we have a good, transparent transportation planning process. The words that are used in the recommendation are "coordinated, accountable and transparent decision-making ... in the greater Toronto and Hamilton area."

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Further, in your response, Metrolinx says, "Metrolinx will seek formal direction from the Minister of Transportation and clear recommendations from municipalities, when major changes to business cases, plans and decisions are suggested, for more transparency and expeditious delivery."

My question to you is, can you explain to the people of Hamilton, who are trying to understand what happened to the LRT, how this recommendation applies, going forward, to the transportation planning around the LRT in the city of Hamilton?

Ms. Shelley Tapp: The business case for Hamilton was—the government has decided to stop that initiative. There is a task force right now looking at different alternatives. The work of that task force will be reporting back to the minister mid-March. The decision was that the project at the time was more expensive than government and the municipality could cover.

Ms. Sandy Shaw: Thank you. It does say in the recommendation that you would seek clear recommendations from the minister when major changes to business cases happen. Clearly, what we're hearing is that there was a major change to a business case. What the government is saying, if in fact their numbers are correct, because they have never made those public, where those figures came from—that's a material or a major change to a business case. So essentially, you would have had to have had, based on this recommendation, a formal recommendation. Did you receive a ministerial direction to stop construction on the Hamilton LRT?

Mr. Phil Verster: The decision to not proceed with Hamilton was made on the 16th of December. It was cancelled by the government. It was a decision made by

government based on a separate cost study that had been made. We are in the process now of working through what is the cost to bring this program to a close.

Ms. Sandy Shaw: So I guess, if I can be more precise and specific, did Metrolinx receive a letter of direction from the ministry, from the government, from the Minister of Transportation of the day, Caroline Mulroney?

Mr. Phil Verster: Not yet.

Ms. Sandy Shaw: So help me to understand this. I see that the recommendations that were put forward by the Auditor General, and that Metrolinx has agreed to accept, do not seem like they have been followed in the case of Hamilton's LRT. Am I missing something? Clearly it says that you will seek "formal direction," but we're saying that the project is cancelled and you have not received a letter of ministerial direction. Is that correct?

The Chair (Ms. Catherine Fife): I just want to say that this committee is specifically looking at these two stations. I understand that you are asking a process question.

Ms. Sandy Shaw: Yes.

The Chair (Ms. Catherine Fife): So if the Ministry of Transportation or the president of Metrolinx can speak to process, that is fine. But we are not delving into the hows and whys of the Hamilton LRT. The Auditor General is currently reviewing the Hamilton LRT. I've been trying to be respectful of process questions.

Are you able to answer this in a process way?

Ms. Shelley Tapp: Yes, I would say that the decision was an affordability decision made by government and it was not a business case decision.

Ms. Sandy Shaw: Thank you.

The Chair (Ms. Catherine Fife): Thank you. Any other MPPs on the—MPP Bell.

Ms. Jessica Bell: This goes back to the question of transparency and whether Metrolinx is implementing the recommendations for increased transparency in terms of how transit decisions are made. The FAO report recently came out and estimated that capital spending on transit will be reduced by 40% over five years. How is Metrolinx deciding what will and won't be built, and what criteria are you using?

Mr. Phil Verster: I cannot comment on that at this point in time at all.

Ms. Jessica Bell: How come?

The Chair (Ms. Catherine Fife): Excuse me. Because you're referencing the Financial Accountability Office's report. We are looking at the Auditor General's report, chapter 3. Perhaps you may ask the committee to follow up with a question, and that would give the deputations a chance to actually respond formally.

There are four and a half minutes left in this question set.

Ms. Jessica Bell: Okay. One of the recommendations in the Auditor General's report came out because, when decisions were being made about Lawrence East and Kirby stations, a lot of these decisions were being made quietly behind closed doors. What was disturbing is that the information that was being presented to the public was different from the information that was being discussed

within Metrolinx. So in some instances, documents weren't made public, and some documents were altered. There was a difference there. Do you think that that was appropriate?

Mr. Phil Verster: Is that question for myself?

Ms. Jessica Bell: That would be a question for Bruce McCuaig.

Mr. Bruce McCuaig: My recollection is that we worked very hard to try to make sure that the information presented to the board in the public session was the complete information. I'm sorry; I'm not sure I can specifically refer to differences.

It was a process where there was input coming in to the project throughout those last few weeks of decision-making, so it could be. I just can't recall the specifics, if there were any changes made from one week into the following week and what that meant in terms of what was presented.

In the end, I think the objective was to table the business cases as decided on by the board.

Ms. Jessica Bell: What steps are you taking, moving forward, to ensure that information that is presented to the public is an accurate reflection of the decisions that are being made behind closed doors?

Mr. Phil Verster: That's the reason why our business cases are published during the cycle of decision-making. We publish our data, our knowledge, about what the benefits and costs for a project would be, and that's the business case and we publish it publicly.

Ms. Jessica Bell: One of the recommendations from the Auditor General was to look at how Metrolinx is governed to ensure that there is increased transparency. What changes would you recommend to Metrolinx's governance model that would increase transparency?

This is a question to Phil.

Mr. Phil Verster: I think it's fine as it is.

The Chair (Ms. Catherine Fife): The Auditor General had a comment on that.

Ms. Bonnie Lysyk: Just in terms of the timing in terms of the board at Metrolinx, what was said was accurate with respect to the public meetings. But in figure 1 in the report, the timing of it was, there was an in camera board meeting of the Metrolinx board where they were asked to support 10 stations on June 15. On June 16, Metrolinx received an announcement, a news release from the ministry, announcing 14 stations. Then, during a special conference call four days later, the Metrolinx chair indicated that Lawrence East had been added and that Kirby was added. On June 22, the ministry published the news release announcing the building of Lawrence East, and on June 24, the Ministry of Transportation published the news release announcing Kirby. It wasn't until June 28, at a public board meeting, that Metrolinx staff submitted a report to the board recommending the addition of 12 stations, which at that time included Lawrence East and Kirby. The board then, in a public way, approved those 12 stations.

The Chair (Ms. Catherine Fife): Twenty seconds.

Ms. Jessica Bell: I want to get to this issue of ministerial directives. I think it's concerning that ministerial directives can be written in secret. Do you think it would be better if ministerial directives were made public?

This is a question to Mr. Verster.

Mr. Phil Verster: I can't comment on that. A ministerial directive is a directive to me and to my organization. It's within the legislation to direct me according to that. Then what we do, based on the ministerial direction, the letter of direction, we publish our business cases very transparently.

The Chair (Ms. Catherine Fife): Thank you very much. Mr. Fraser, you have the last three minutes.

Mr. John Fraser: Thank you very much, Chair. I will stick to your ruling on process. I'm going to ask a question about directives.

It's clear, we've answered, there has been no directive in the Hamilton LRT. Is that correct?

Mr. Phil Verster: Correct.

Mr. John Fraser: Minister's prerogative. Is that correct? Government's prerogative—

Ms. Shelley Tapp: It's the government's prerogative in terms of the affordability of the project.

Mr. John Fraser: Did Metrolinx provide advice to the government to advise them that Hamilton LRT should be cancelled, yes or no?

Ms. Shelley Tapp: No.

Mr. John Fraser: No, they did not?

Mr. Vijay Thanigasalam: Madam Chair—

Mr. John Fraser: Just from a process perspective—

The Chair (Ms. Catherine Fife): Mr. Fraser, you said you were going to be respectful of my process. You have two minutes left.

You don't have to answer that question, because he's asking specifically.

Please keep your questions with regard to the Auditor General's recommendations and process.

Mr. John Fraser: With respect to the Chair—and I'm sorry if you feel I crossed the line—what I'm trying to establish is that the Auditor General has said that there should be this process, the government says there's more transparency and there's more rigour, but now we have an example where a decision was made and neither of those two things happened. That's my point. I have no more questions.

The Chair (Ms. Catherine Fife): Okay. Thank you very much.

Seeing that the member has no further questions, this concludes the public session of the public accounts.

I want to thank Mr. McCuaig for coming to the front and answering questions. I want to thank Mr. Verster and Ms. Tapp and of course Mr. Rhodes, who stayed the entire time.

This meeting will now move into in camera. I would ask members of the public to please leave.

The committee continued in closed session at 1442.

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Also taking part / Autres participants et participantes

Ms. Sandy Shaw (Hamilton West–Ancaster–Dundas / Hamilton-Ouest–Ancaster–Dundas ND)

Ms. Bonnie Lysyk, Auditor General

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Mr. Christopher Tyrell

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Mr. Dmitry Granovsky, research officer,
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