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P-6

Standing Committee on Public Accounts

Special Report,
Auditor General:

Performance Audit:
Skills Development Fund Training
Stream

1st Session
44th Parliament

Monday 1 December 2025

Comité permanent des comptes publics

Rapport spécial,
vérificatrice générale :

Audit de performance :
Volet Formation du Fonds
pour le développement des
compétences

1^{re} session
44^e législature

Lundi 1^{er} décembre 2025

Chair: Tom Rakocevic
Clerk: Thushitha Kobikrishna

Président : Tom Rakocevic
Greffière : Thushitha Kobikrishna

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
PUBLIC ACCOUNTSCOMITÉ PERMANENT DES
COMPTES PUBLICS

Monday 1 December 2025

Lundi 1^{er} décembre 2025

The committee met at 1347 in room 151, following a closed session.

2025 SPECIAL REPORT, AUDITOR
GENERALMINISTRY OF LABOUR, IMMIGRATION,
TRAINING AND SKILLS DEVELOPMENT

Consideration of the Performance Audit: Skills Development Fund Training Stream.

The Chair (Mr. Tom Rakocevic): I would like to call this meeting of the Standing Committee on Public Accounts to order. We are here to begin consideration of the 2025 Performance Audit: Skills Development Fund Training Stream.

Joining us today are officials from the Ministry of Labour, Immigration, Training and Skills Development. 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, official opposition and the third party caucuses in 20-minute intervals.

Before you begin, the Clerk will administer the oath of witness or affirmation.

The Clerk of the Committee (Ms. Thushitha Kobikrishna): Jonathan Lebi, do you solemnly affirm that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth?

Mr. Jonathan Lebi: I do so affirm.

The Clerk of the Committee (Ms. Thushitha Kobikrishna): Ken Nakahara, do you solemnly affirm that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth?

Mr. Ken Nakahara: I do so affirm.

The Clerk of the Committee (Ms. Thushitha Kobikrishna): Annette Huton, do you solemnly affirm that the evidence you shall give to this committee touching the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth?

Ms. Annette Huton: I do so affirm.

The Clerk of the Committee (Ms. Thushitha Kobikrishna): Robert MacVicar, do you solemnly affirm that the evidence you shall give to this committee touching

the subject of the present inquiry shall be the truth, the whole truth and nothing but the truth?

Mr. Robert MacVicar: Yes, I affirm.

The Chair (Mr. Tom Rakocevic): Thank you. Before you begin, we ask that you each introduce yourselves for the first time to Hansard before you begin speaking. You may begin when ready.

Mr. Jonathan Lebi: My remarks or my introduction of who I am?

The Chair (Mr. Tom Rakocevic): Each time, for the first time you speak, if you could just give your name. That way, Hansard knows who you are. And you're only required to do it the first time.

Mr. Jonathan Lebi: Good afternoon. I'm Jonathan Lebi. I'm the deputy minister of the Ministry of Labour, Immigration, Training and Skills Development. I presume I can begin my remarks now.

Good afternoon, Chair, and members of the committee. As mentioned, my name is Jonathan Lebi. I am the Deputy Minister at MLITSD. I've been in this role since April 2025. I'm pleased to be here today to address the Standing Committee on Public Accounts to provide an update on our progress for implementing the recommendations of the auditor's report on the Skills Development Fund training stream, referred to as SDF. This includes taking the time we need, as we continue to work on round six of the program, to address changes that may be implemented immediately to enhance public trust.

Before I continue, I would like to introduce the colleagues I have here today with me: Ken Nakahara, assistant deputy minister of employment and training division, and Annette Huton, the former SDF program director.

I want to thank you for the opportunity to speak with you about our important role in administering the SDF, which is a key program that is supporting Ontario workers and employers during this critical time in the province.

I would like to thank the Auditor General for her special report on the SDF.

As you know, Ontario's economy is at a pivotal moment. US tariffs and trade uncertainty are putting pressure on Ontario businesses and consumers. At the same time, global competition for talent and investment has never been more intense. In Ontario, shifting demographics mean fewer workers entering the labour market just as job vacancies remain high across critical industries.

To stay competitive, Ontario businesses must drive productivity, and the role of the ministry is to ensure businesses have access to the skilled workers who can help

them achieve that. That's why MLITSD is focused on building a resilient labour force that helps workers get in-demand skills while allowing employers to fill important jobs quickly and effectively.

That brings me to the SDF, a critical program that helps train workers for in-demand careers across every corner of the province. SDF has evolved significantly and undergone continuous improvement since its launch in 2021 as part of Ontario's emergency COVID-19 response. At that time, economic recovery was central to the government's agenda, and addressing skills and workforce development shortages was critical in helping people return to work.

Since then, the program has evolved through six rounds of funding, with improvements introduced in every round to strengthen program objectives, streamline intake processes, enhance due diligence, refine evaluation and selection criteria, and improve reporting and performance measurement.

Program objectives have been updated regularly to reflect Ontario's changing economic landscape. As mentioned, round 1 focused on COVID-19 economic recovery. Rounds 2 through 4 expanded support for underrepresented groups such as youth, newcomers and Indigenous peoples, while strengthening pathways into skilled trades. Round 5 targeted health care, manufacturing, housing supply and skilled trades. Most recently, round 6 added a new objective to support sectors impacted by US tariffs.

The intake process has also become more efficient. What began as email submissions in round 1 transitioned to digital platforms like Transfer Payment Ontario, also known as TPN, and service provider connect. Each of these changes led to streamlining application, evaluation and agreement processes.

In round 5, we integrated the SDF training stream into an Employment Ontario case management system, called CaMS, Ontario's centralized employment data system, to track participant outcomes, reduce duplication and improve service coordination. This integration also enables us to obtain long-term outcomes for participants at the three-, six- and 12-month post-completion periods.

Due diligence and accountability have been enhanced through initiatives such as the implementation of the transfer payment recipient report process in round 5, which strengthens the assessment of recipient risks during the evaluation stage.

The evaluation process now includes cross-ministry reviews for projects over \$150,000 through the transfer payment recipient report and uses historical performance data to inform decisions. Round 6 further refined criteria based on an analysis of past project outcomes.

Finally, reporting and key performance indicators—KPIs—have been enhanced to enable long-term tracking of participant outcomes at, as mentioned, three-, six- and 12-month post-training intervals.

Looking ahead, and as recommended by Ontario's Auditor General, we will continue to refine evaluation criteria, strengthen program integrity and develop program-level KPIs to ensure alignment with Ontario's labour market needs. These improvements will maximize impact

and ensure the SDF continues to deliver meaningful workforce development opportunities for workers, employers and communities across the province. All of these enhancements have transformed the SDF from an emergency response tool into an impactful and innovative catalyst for building a strong, resilient workforce.

The SDF has had a positive impact on Ontario's training needs. Over the first five rounds of the SDF training stream, the government invested nearly \$1.3 billion and funded more than 1,000 projects, aiming to serve over 700,000 participants. These numbers represent real people gaining skills, finding jobs and building careers. It represents a commitment to ensuring that every worker, regardless of background or circumstance, has the opportunity to succeed in a rapidly changing economy.

And we're seeing results. The SDF training stream is helping train: 154,000 construction workers; 124,000 manufacturing workers, 52,000 PSWs and health care workers; 35,000 mining, quarrying, oil and gas extraction workers; 3,900 forestry workers; and 920 firefighters.

Across Ontario, we're tracking success stories that are emerging every day—stories of resilience, determination and transformation. Youth who are entering the trades are now thriving in apprenticeships, gaining confidence and independence. Newcomers are finding pathways into rewarding careers that allow them to contribute fully to their new communities. Women and Indigenous people are getting access to industries that have historically been out of reach, breaking down barriers and creating new possibilities.

We've seen the big picture through the numbers and overall trends and through many positive stories. As an example, I would like to share Lisa's story. Lisa had been an ODSP recipient for over 10 years. She was trying to get back into the workforce. Although she had been applying for many jobs, she struggled to get hired. She was 50 years old with low self-esteem and self-confidence. She strongly felt the odds were against her.

Her neighbour told her about Elevate Plus in Peterborough, an SDF-funded program that provides free training to help people gain the skills they need to find and land a job. She got into the program and attended classes.

Lisa was placed in a job with a local employer as a production associate. She has been with her employer full-time for over two years now, and in that time has won two company awards for her performance. She says it felt like everything fell into place for her after graduating from Elevate Plus. She enjoys having a life independent of ODSP, including having spending money and getting out.

Through Elevate Plus, she also learned how to take care of herself, and her health is much better. She often remarks now how confident she is and how much better her life is. In her words, she is "a different person now."

SDF is creating opportunities, breaking down barriers and building a stronger Ontario for everyone. While results are encouraging, we know that continuous improvement is essential. That's why we welcome the Auditor General's recent review of the SDF training stream. The special audit confirmed that the program is achieving its core objectives—helping workers access training and em-

ployers to fill critical labour gaps—but also identified areas where we can strengthen transparency and accountability.

These insights are invaluable because they allow us to build on what's working while addressing areas for improvement. We take these findings very seriously. They reflect our shared commitment to ensuring that public funds deliver maximum impact for Ontarians.

SDF is a cornerstone of Ontario's workforce strategy, and we are committed to ensuring it operates with the highest standards of fairness and integrity through clear processes, strong oversight and measurable outcomes that demonstrate real value for workers and employers alike. Our goal is to maintain the positive impact of the SDF while implementing changes that make the program even stronger, more transparent and more responsive to Ontario's economic needs, today and into the future. These enhancements ensure that our investment translates into opportunities for workers that strengthen Ontario's workforce and economy.

The Auditor General provided four clear recommendations, and we have accepted all of them. These recommendations represent an opportunity to strengthen the SDF training stream and ensure it continues to deliver exceptional value for Ontarians.

Here's how we're taking action on the Auditor's recommendations to make the program stronger, more transparent and accountable.

The first recommendation focuses on improving how we evaluate applications to ensure funding decisions are based on criteria that predict project success. We have completed a predictive analysis on the assessment and scoring criteria level for round 3, compiling scores for each question and evaluation criterion for funded projects. This foundational work allowed us to analyze which criteria are most predictive of project performance.

This analysis included most projects, and a second analysis—

The Chair (Mr. Tom Rakocovic): Ten minutes remaining.

Mr. Jonathan Lebi: Thank you—was performed that included projects that performed less than 100% on their KPIs, helping us identify patterns and areas for improvement.

To enhance future predictive analysis, we have onboarded the SDF onto our case management system, enabling more robust outcomes tracking. This was all implemented in spring 2025.

Using insights from rounds 3 and 4, a further predictive analysis will be completed, and evaluation criteria and weighting will be updated where appropriate to better reflect predictors of success.

We will also be instituting a process to review and adjust criteria after each round, where appropriate. Updated procedures will be documented for subsequent rounds.

These steps ensure that our evaluation process is evidence-based and aligned with program objectives, improving the likelihood of successful outcomes for funded projects. Full implementation is expected in Q1, 2026.

1400

The second recommendation addresses governance and transparency in funding decisions and emphasizes that se-

lections in future rounds should be made from the highest-scoring applications. What does that look like on the ministry's side? It starts with the ministry's role in evaluating proposals against defined criteria approved by Treasury Board. Once eligibility and scoring are confirmed, this information is provided to the minister along with a comprehensive briefing note that includes evaluation considerations, risks and identification of high-risk applications.

Beginning in round 3, rationales for decisions have been documented by the minister's office and shared with the ministry, and this practice will continue. Where inaccuracies are identified, the ministry raises these with the minister's office promptly. Additionally, feedback from the minister's office is incorporated into program design to ensure alignment with government priorities. As recommended by the auditor, all feedback will be incorporated into program design, and, in fact, continuous improvement is already a priority.

To enhance transparency, we are introducing measures to document whether applicants have engaged registered lobbyists. For round 6, ministry staff will contact applicants to confirm this information, and future application forms will include a mandatory question on the use of lobbyists. We will also continue cross-referencing applications against the lobbyist registry. These steps reinforce integrity and accountability in decision-making. Full implementation is expected by the end of the calendar year 2025.

The auditor's recommendations address how ministry staff approve transfer payment agreement expenditures in alignment with the ministry's delegation of financial management authority and the SDF round's application guidelines on eligible expenses. To give you the full picture, it's important to outline the role of the minister in this process. The role of the minister is to execute on the authorities assigned to him by cabinet, consistent with his legal authority and in accordance with government directives to make a final determination on selections. Since round 1, the minister has provided direction on approvals.

Once the final determination of award has been made by the minister, the role of deputy minister or delegate is to oversee the transfer payment agreement, or TPA, and to ensure that the funding recipient is carrying out services in accordance with that TPA. Only those expenditures consistent with the TPA that the minister has approved will be approved by the delegated authority of the ministry staff. Ministry staff approve TPA expenditures strictly in alignment with the ministry's delegation of financial management authority and program guidelines. Only expenditures consistent with the TPA approved by the minister are authorized.

The third recommendation focuses on tracking consultants involved in application development and assessing related risks. Here's what we are and will be doing to obtain and track details of consultants used to assist with SDF application submissions: For round 6, ministry staff will contact applicants to determine if consultants were involved in preparing submissions. The auditor recommends that ministry staff identify and document potential conflicts of interest during application reviews. The min-

istry will continue the process whereby if a conflict is identified, the application is reassigned to another staff member. Staff are routinely reminded of their obligations in this regard, and we will continue to ensure this recommendation is addressed. And, as I have mentioned, moving forward, disclosure will be required for projects involving lobbyists or consultants for transparency and integrity in decision-making. The ministry will assess and identify associated risks as part of the application evaluation process, and these measures will help maintain fairness and integrity in program delivery.

The fourth recommendation addresses performance measurement in public spending. Again, as I have mentioned, we have updated KPIs in the most recent application guide to align with the performance management framework developed by the Treasury Board. These updates were informed by past performance data and validation processes. Longer-term outcomes, such as client follow-ups at the three-, six- and 12-month stages, are being used to refine participant-level KPIs and improve program policy.

The onboarding of SDF into CaMS during round 5 has enhanced data collection and supports evidence-based decision-making. This data-driven approach will enable continuous improvement and alignment with broader workforce development goals. Ministry staff already take the data and assess performance against targets at the end of each round, and we can always do better. To enhance the performance measurement component, interim program-level KPIs will be developed to establish benchmarks for future evaluation.

But that's not all. We're working with Treasury Board, developing a program dashboard that will include KPIs tied to government priorities and value-for-money metrics. This dashboard will support transparency and public reporting. Full implementation is expected by summer 2026, prior to the launch of round 7.

Together, these measures will ensure that funding decisions are well documented, impartial and free from any perception of preferential treatment. We thank the auditor, and we are taking action on all four recommendations while committing to continuous improvement beyond the recommendations. Our purpose is clear: building Ontario's workforce. Everything we do, from program design to service delivery, flows from this mission.

My ministry supports people at every stage of employment, and because of this fundamental role, we have so many successes to highlight. I would like to highlight a few. From a person's first job to retirement, we provide support in five key areas.

First, worker health and safety: Safety is not negotiable. Last year, our inspectors conducted more than 69,000 inspections and investigations, issuing over 102,000 orders, including 6,500 stop-work orders. We're modernizing how we track occupational illness through the upcoming Occupational Exposure Registry. And through the recently passed Bill 30, Working for Workers 7, we'll support new protections like mandatory defibrillators on large construction sites, building on the success of our naloxone program, which has already saved lives.

Second, supporting ill and injured workers: We work together closely with the WSIB to ensure care, including firefighter presumptive legislation that removes age restrictions and reduces employer requirements before diagnosis.

Third, protecting worker rights: We enforce labour standards and have recovered \$18.4 million in owed wages last year alone. Working for Workers 7 will also require new protections like job-seeking leave during mass terminations and safeguards against fraudulent job postings.

Fourth, stable labour relations: Tools like the Labour Relations Gateway help employers and unions resolve disputes quickly and fairly.

Fifth, employment and skills development: Through Employment Ontario, settlement and language programs and initiatives like Better Jobs Ontario and the SDF, we help Ontarians prepare for the jobs of today and the careers of tomorrow.

In addition to these five key areas I just spoke about, the ministry is also responsible for the Ontario Immigrant Nominee Program—

The Chair (Mr. Tom Rakocovic): Under two minutes remaining.

Mr. Jonathan Lebi: Thank you—which, in conjunction with the government of Canada, recognizes and nominates people for permanent residence who have the skills and experience that the Ontario economy needs.

Before I conclude, I want to acknowledge the vital role of the Ontario public service and the trust placed in us by the people of this province. Public servants have a fundamental responsibility to serve Ontarians, their communities and the public interest under the direction of the duly elected government of the day. As part of this role, we strive to serve the government of the day with the utmost professionalism in a manner that upholds public trust. We support decision-makers by providing objective, non-partisan advice, options and recommendations while also identifying risks and benefits.

This responsibility is not just a job; it is a commitment to fairness, transparency and accountability. This is done in full accordance with the Public Service of Ontario Act, which sets out the principles that guide our conduct and ensure that our work reflects the highest standards of integrity. Every day, we strive to serve the people of Ontario and the government of the day with professionalism and integrity in a way that upholds public trust and strengthens confidence in the institutions that support our democracy.

In our role to serve the government, we provide our best, objective, non-partisan advice and options that identify both risks and benefits so that decision-makers have the best possible information. We do this within the framework of legislation, regulations, guidelines and directives. Our core purpose is to deliver essential services and programs while maintaining accountability, transparency, integrity, impartiality and excellence. This foundation allows us to deliver programs and policies that make a real difference in the lives of Ontarians, ensuring that services are accessible, equitable and responsive to the needs of a diverse population.

This commitment to accessible, equitable services is at the heart of everything we do, and it leads directly to our core mission: building Ontario's workforce.

The Chair (Mr. Tom Rakocevic): Thank you. You're at time.

Mr. Jonathan Lebi: Thank you so much.

The Chair (Mr. Tom Rakocevic): This week, again, we'll be proceeding in the following rotation: 20 minutes to the official opposition members, 20 minutes to the government members and 20 minutes to the third party members. We will follow this rotation for two rounds.

We begin with the official opposition. MPP Bell, you have the floor.

Ms. Jessica Bell: Thank you for coming today to speak to us about the Skills Development Fund.

Just to put this in perspective, the Skills Development Fund is a \$2.5-billion program. It has run from 2021 to 2025, and there will be future rounds, and the money went to companies, non-profits and unions to help unemployed workers find jobs, essentially. The evidence has come out in the Auditor General's report that the selection process for choosing applicants was defined as not transparent, accountable, or fair. That's going to be guiding some of the questions I'm asking today.

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From what you've mentioned so far, the process generally consists of ministry staff—public servants—ranking each applicant, giving them a number and then providing a briefing note to the political staff, who are then responsible for approving all applications.

Just to confirm, political staff approve all applications. Is that correct?

Mr. Jonathan Lebi: Thank you for the question, and thank you for the framing of the question, as well. I appreciate that.

Staff initially determine whether or not a project is eligible to be evaluated. That's the first and foremost role of the public service. Then our role, as you mentioned, is to evaluate projects against set, defined criteria, also identifying risks, considerations, benefits and documenting that in a note, and rolling that information out to put forward to the minister for his decision-making. Yes, the minister is the decision-maker here.

Ms. Jessica Bell: Okay, so the minister's office makes all decisions on who actually gets the funding. And just to confirm, they also decided how much funding each applicant received. Is that correct?

Mr. Jonathan Lebi: The minister is the decision-maker. I think you might have said minister's office—

Ms. Jessica Bell: So it's the minister?

Mr. Jonathan Lebi: The minister is the decision-maker. The public service provides objective guidance and advice to inform that decision. And then in terms of the funding amount provided, each applicant—and I'm going to turn to my colleague Ken in a minute to round it out, if you don't mind. Each applicant requests a certain amount of funding. As the staff evaluate that funding request, they determine what are eligible costs and not, and put forward that information as well, after which a decision is made.

There is a negotiation as part of our assessment of transfer payment negotiations to determine the right funding level.

Ken, can you round that out for me and provide any more information?

Ms. Jessica Bell: Just to be clear, what I'm asking for is, is it the minister's office or the minister that decides ultimately how much funding each applicant gets? Is that correct?

Mr. Ken Nakahara: I'm Ken Nakahara, assistant deputy minister, employment and training division at the Ministry of Labour, Immigration, Training and Skills Development.

Yes, that's correct. The minister, and through the minister's office, decides how much each applicant will get funded to. The only additional piece is that during the TPA negotiation phase, some costs may turn out to be ineligible as you're discussing them, and then the ceiling the minister has provided may drop because of that fact.

Ms. Jessica Bell: Thank you for that. How would you describe the minister's evaluation process?

Mr. Jonathan Lebi: I think I can speak clearly to the ministry evaluation process, because that's what we're responsible for and that's our accountability, and the accountability of my staff. So Ken will—

Ms. Jessica Bell: I'm just going to take that question back, then, if that's not something you feel comfortable answering.

What we've seen with what the Auditor General has said—her description is that it was not accountable, transparent, or fair. That, I'd say, is a pretty reasonable assessment from what we're hearing about in the news. It does seem that low-scoring applicants were given money, in some cases millions, while applicants with high-scoring applications were passed over. Low-scoring applicants on the whole received more money than high-scoring applicants. Low-scoring applications performed more poorly than high-scoring applicants, meaning they had less people attend training and fewer people got jobs. Many low-scoring applicants had direct ties with the Conservative Party, giving thousands of dollars in donations—in some cases, hiring Ford's former campaign manager as a lobbyist, and so on. So there did seem to be some linkages there, and this has come out.

This is not news to you. You've read the articles in the Trillium and other newspaper outlets, as well. That's a lot of information, and I'm sure some of it you might have seen as ministry staff. Did you notice any irregularities when you were going through these applications and then when you were receiving information from the minister's office about who was getting funded? Did you notice any irregularities?

Mr. Jonathan Lebi: I'll happily respond to that, pretty directly, and then turn to Ken to add to a broader history, since I've been in this position since April. I just want to caveat that before I turn it over. The Auditor General also did say, I will say, that the ministry has processes and systems in place to ensure the fair, transparent and accountable management of the SDF. That is also in the report.

We can speak to the evaluation process, as you've asked about, with respect to that. We look at the application

initially. We determine and deem eligibility per the program parameters—is it eligible for the SDF?—and then we undertake a significant and comprehensive review of the projects.

There are systems and processes in place—I think this is what you’re getting at—to ensure no preferential treatment is provided. Staff have opportunities to flag any concerns, and they do. Personally, I am the ministry’s ethics executive, and there are opportunities, should they have concerns, for them to flag anything that they deem fit. It’s our obligation to ensure that that evaluation of all the projects flags risks, but also that we have an impartial approach and neutral approach to those recommendations as we pass them forward.

In my time here, I haven’t had concerns or seen any indication of such, but I’ll pass it to my colleague to—

Ms. Jessica Bell: To be specific with my question, what we’ve seen is the Auditor General has been very clear about this. The process doesn’t seem fair. We’ve continued to see these correlations between low-scoring applicants getting a whole lot more money and then giving a whole lot of money to the Conservative Party and some of their MPPs. My question to you is, have you identified any irregularities in your work, and did you flag them with the minister’s office if you did?

Mr. Ken Nakahara: Thanks for the question. Maybe I’ll just expand on what the deputy was saying. Our role is to provide the information and advice—

Ms. Jessica Bell: I want to take my time back. I’m asking you a very specific question. Did you identify any irregularities in the applications, and did you flag them with the minister’s office?

Mr. Ken Nakahara: As the applications were moving up for consideration, there were opportunities to flag any strengths and weaknesses of the proposals. But after the selections were made, the minister’s office and the minister provided rationales for the selections, which were documented and were used to then move forward to the transfer payment execution stage.

So, the process is: We provide the information, the decisions are rendered and then we take that selection, along with the rationale, to enter into contracts with the chosen proponents.

Ms. Jessica Bell: Well, maybe I’ll go into some specifics. One example is Keel Digital Solutions. Keel Digital Solutions got \$7.5 million for training. That’s a lot of money. Before they received that funding, they received funding from the Ministry of Colleges and Universities in 2023. As a result of their work with that ministry, they were forensically audited, and then, in the end, that company was referred to the OPP for further investigation. And then Keel Digital Solutions got money from the Skills Development Fund.

In your assessment of Keel Digital Solutions, did you identify any of these issues when assessing risk?

Mr. Jonathan Lebi: As you know, there’s an investigation under way. I think you referred to that as part of your prelude to the question. Given that, and out of respect for the process, I don’t think it would be appropriate to answer any questions with respect to Keel.

Ms. Jessica Bell: You can answer questions even if it is under investigation by the OPP, so I’m going to repeat the question: When you did an assessment of Keel Digital Solutions, did you identify any flags when you were doing an assessment of risks?

Mr. Jonathan Lebi: I’m sorry to be rude and pedantic. I’m going to repeat back that I don’t think, out of respect for the process with Keel and the OPP investigation, it’s appropriate for staff to talk about past practices with respect to Keel specifically.

Ms. Jessica Bell: What score did Keel Digital Solutions get from public servants when you were evaluating its application?

Mr. Jonathan Lebi: I’m happy to talk about scores in general, if you want to come back to that question, or ask. But with respect to Keel, I’m going to repeat myself, and I’m happy to repeat myself around not thinking it’s appropriate to respond to those questions given the investigation under way.

Ms. Jessica Bell: Okay. So, it’s been reported that Keel Digital Solutions received a ranking of 59, which is low. As a result of that number, Keel Digital Solutions was not expected to deliver a good training. In your application that you sent to the minister’s office, did you recommend that Keel Digital Solutions receive funding?

Mr. Jonathan Lebi: I’m trying to respect your time and the questions that you’re asking, but as I’ve mentioned before, it would be inappropriate for me to comment on Keel in particular. I’d be happy to talk about other questions you have around scoring and process and how we advance those decisions to the minister.

Ms. Jessica Bell: I mean, we’ve got a lot of examples here. The next question that I have is around the \$10 million which was given to a non-profit called the Social Equality and Inclusion Centre, which is an adult entertainment facility that is run by Mr. Starkovski, who is host to many Conservative Party fundraisers.

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Your ministry staff—and it’s good that you’re doing this—have said that applicants are audited, there’s monthly reporting and there are spot checks. What did the Social Equality and Inclusion Centre do with its \$10 million?

Mr. Jonathan Lebi: I will turn to my colleague Ken in a second, who will have more specific details around that one project you’re highlighting.

I will say that all of the projects that were funded under the SDF that you’re going to list have all met the threshold of eligibility, as I’ve talked about, to ensure they meet in-demand needs for training needs across the province, regardless of sector. To date, as I’ve mentioned, as well, we’ve supported over 700,000 individuals across a variety of sectors—

Ms. Jessica Bell: I’m just going to take back my time here. I’m asking a very specific question. I do have questions about your overall evaluation process, which I’ll get to. But in this case, \$10 million is a lot of money. It’s a lot of money, and I think it’s reasonable to ask: What did this non-profit do with this money? By that I mean, who did they give jobs to? How many people did they train? Were

they permanent jobs? Were they part-time jobs? What kind of jobs were they? You've made it really clear that the assessment is happening, so I would like to know what the outcome of that assessment is.

The Chair (Mr. Tom Rakocevic): That's the halfway mark.

Mr. Jonathan Lebi: Ken, can you speak to—

Mr. Ken Nakahara: Sure. I'll try to find some numbers to back up—

Ms. Jessica Bell: Thank you. With this specific application.

Mr. Ken Nakahara: Yes. It's called the hospitality, employment and career empowerment initiative. It's a project that's been going on for a number of rounds now, funded to help underemployed individuals—particularly women, youth, newcomers, members of specific groups—to participate in the hospitality sector. The types of training that have been going on are to help people do things like event planning and catering. They run charity events, and they have a facility that they use to help people participate in this training initiative.

We have been doing spot monitoring, as you mentioned. For the most recent one in November, the team went on site and got a tour of the facility, talked to some of the participants, checked all the records. The work that's being funded through the Skills Development Fund fits within the guidelines and is generating good opportunities for the people to learn these skill sets in an in-demand sector.

Mr. Jonathan Lebi: Just to supplement, if you're interested: I understand that in the hospitality sector, in those areas that Ken highlighted, they exceeded the targets that they had planned. I believe upwards of 700 participants were trained.

Ms. Jessica Bell: Okay. That's good to know. I think that everyone in the committee would like to see the outcome of that evaluation in detail.

From what we have seen in the reporting, it does seem that some individuals were trained to be hostesses at the adult education club, and they were asked to wear outfits which were in keeping with them working in an adult education club. Is that something you found in your ministry's spot checks and audit of this applicant?

Mr. Ken Nakahara: No. It was clear this organization has, we'll call them, multiple business lines. The ones we were funding through the Skills Development Fund related to, as I mentioned, catering, event planning, charity events. Some of the occupations that they were being trained for were bartenders, food runners, assistant servers, cleaners, chefs, cooks etc., and so our ongoing participation of that project was among the lines that I've described.

Mr. Jonathan Lebi: We have an escalating monitoring/reporting system. Had we noticed concerns or heard concerns—we investigate and explore as part of Ken's routine. As he identified, those were normal monitoring processes and practices.

Ms. Jessica Bell: In your assessment of this non-profit, did you raise any flags or any irregularities as ministry staff?

Mr. Ken Nakahara: During the administration of the contract?

Ms. Jessica Bell: Yes, during the spot checks and the audit of the non-profit.

Mr. Ken Nakahara: No. The team has been reporting back positive performance, meeting their targets, and client surveys that indicate people are satisfied with their training. Overall, the project seems to be going well.

Ms. Jessica Bell: All right. I have another example that I would like to talk about, and that is FGF Brands. FGF Brands is an applicant that applied three times to the ministry, and each time, it was rejected and did not receive its money. And then, in 2025, the owner of FGF Brands and his sons and his family gave \$32,000 in funding to the Conservatives, and that very same year—2025—the applicant got accepted for the first time and got \$1 million in funding. So: rejected, rejected, rejected; gave a whole lot of money to the Conservatives; got \$1 million in funding.

What score did public servants give FGF Brands in their rounds of applications?

Mr. Jonathan Lebi: So let me start and then I'll turn to my colleague as is, I guess, our practice right now.

The role of the ministry, year over year, is to look at—as you talked about—projects that come in, on their merits, and to assess them against the criteria, and to also look at, over time, whether they've improved their proposals, year over year. So there are many projects that, for the first few rounds, don't actually qualify, aren't eligible or don't satisfy our thresholds and don't meet the requirements. But then they revise their proposals over and over in terms of successes.

Ken, do you want to speak to that specific one?

Mr. Ken Nakahara: I guess FGF Brands—I'm trying to think of how to help you understand that what we provided is analysis information for the government to evaluate decisions, but—

Ms. Jessica Bell: I'm under the impression, based on what you've said, that you also provide a specific score. So there's the comprehensive briefing and then there's the score that you provide each application to the minister's office, correct?

Mr. Ken Nakahara: Correct, yes.

Ms. Jessica Bell: What score did FGF Brands get in its rounds of applications?

Mr. Ken Nakahara: Yes, sorry. I was trying to provide the context for—the reason we don't disclose scores is because it's advice to government to help them in their decision-making process and that's why I wouldn't be able to share it here with you. We know it's an important factor—at least, we hope it's an important factor in the consideration, but we know there are other factors. For example, geographic distribution of projects is not something that we look into, but the government may very well want to select projects from a variety of parts of the province in order to make sure that different employers and workers are supported.

So, again, the scores are confidential advice to government, and I'm not able to disclose it here.

Ms. Jessica Bell: I think you can imagine that a lot of people would like to know the scores, given that we've got this situation where low-scoring applicants got more money overall than high-scoring applicants. High-scoring

applicants applied and got rejected, and then we have a lot of low-scoring applicants who gave money directly to Conservative MPPs and their riding associations at about the same time as they got funding. So you can imagine that a lot of people, including us, were wondering, “What are the scores?” And in addition, we’re wondering, “How well did these applicants do in terms of finding jobs for people, getting them properly trained?” You can imagine that these are reasonable questions, right?

The Chair (Mr. Tom Rakocevic): A minute and a half remaining.

Ms. Jessica Bell: So I’m just going to conclude with one question, and this is more around the overall Skills Development Fund and its performance. Moving forward, it seems that the Skills Development Fund is very focused on assessing individual applicants, but there hasn’t, at this point, been an overall assessment on whether the Skills Development Fund is actually helping Ontario’s economy and our labour force. So we’re putting money more into manufacturing, tech and construction and maybe a little bit less money into harness horse racing and adult entertainment, just for instance.

Is the ministry looking at assessing the overall performance of the Skills Development Fund in terms of its overall impact on the labour market?

Mr. Jonathan Lebi: Maybe I can say three things quickly in the time we have.

So I’d say, first and foremost, I think, in her report, the AG did comment that performance between rounds 1 and 4 has significantly improved overall those KPIs. I will say, we’ve already seen significant results and returns in terms of the number of people trained and those that have garnered employment. And then we have—and you may have heard in my remarks earlier—agreed with the recommendations from the AG to look at program-level KPI across to make sure we’re meeting those broader economic improvements and targets, as you asked about.

Ms. Jessica Bell: So you mentioned when you were talking about the Skills Development Fund and it moving forward, and what I didn’t hear was a commitment from the ministry or the minister’s office—

The Chair (Mr. Tom Rakocevic): Sorry, we’re at time.

We now move to 20 minutes for the government members, beginning with MPP Firin. You have the floor.

MPP Mohamed Firin: Thank you, Chair. Thank you, Deputy, and thank you to the assistant deputy ministers as well.

Deputy, could you walk the committee through the core governance structure for the Skills Development Fund, specifically who handles intake assessments, transfer payment agreements and ongoing monitoring?

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Mr. Jonathan Lebi: Thank you for the question. I appreciate the question. I will give a bit of a remark and then turn to Ken for some more details, and he’ll walk you through the specifics.

As we’ve talked about before, staff receive applications and assess those applications around threshold eligibility to make sure they meet the needs and the objectives of the

SDF, which is to improve training and rehiring opportunities for employees across the province and staff across the province. Once they’ve met those eligibility criteria and the purposes of the SDF, they are assessed in great detail against a set of criteria that includes the demonstration of innovation, a focus on objectives, whether they meet in-demand needs in sectors—performance and project needs and the like.

Once they are assessed, each of the staff roll up their information through a series of briefing notes. Each project gets a briefing note that assesses and covers considerations around benefits and opportunities as well as risks and considerations. That information, along with that roll-up spreadsheet, is provided to the minister for his consideration.

Ken, do you want to talk more about the front end, but also the important back-end pieces around, once a decision has been made by the minister, monitoring, reporting, implementation and the like?

Mr. Ken Nakahara: Sure. As the deputy said, we received all the applications through an online portal and then our team across the province evaluates them on the basis of the public evaluation guide and rubric. This information is rolled up for the minister’s consideration. Once a decision is rendered, we receive the selection rationale and the marching orders to go ahead and fund these projects at this level.

Then the team goes and engages with the proponents in order to start negotiating the transfer payment agreements. As I mentioned earlier, that includes determining eligibility of cost. Sometimes the proposals are written really well and it’s fully fleshed out; other times, there’s some information missing. The back-and-forth conversation with the proponent can help nail down the specifics. As well, we get into discussions around milestones and deliverables, KPIs—the things that we can then use to track the project and its success. These get formalized in the transfer payment agreement. Once that transfer payment agreement is executed, the project goes and starts reporting in regularly through formal means like reporting forms but also with the ongoing dialogue that we have between the staff and the project proponent. Through that process, we get to project completion over the course of 12 months.

MPP Mohamed Firin: Thank you.

The Chair (Mr. Tom Rakocevic): MPP Darouze.

MPP George Darouze: Mr. Chair, through you: Deputy and assistant deputy, thank you for being here. I understand you recently joined, only since April, but my question is going to be, can you describe the application process for the most recent round of the Skills Development Fund?

Mr. Jonathan Lebi: I think we talked a little bit about that, but maybe I can add some details. I’ll say first and foremost, maybe in reflection of the evolution of the Skills Development Fund over the years, to recognize that the objectives at the Skills Development Fund and the application process have improved as well and have changed over time. I think I spoke a little bit to this in my opening remarks: the objectives being, initially, a COVID-19 economic recovery program; then looking at those with dif-

ferentiated, disadvantaged and disproportionate needs; then moving towards ensuring government priorities are kept; and, most recently, looking at where we're at with respect to the US and economic tariffs and trying to make sure that the objectives reflect that.

Similarly, over time, we've learned, in terms of continuous improvement around the application process, as I talked about—from a very simple email system that accepted applications, to Transfer Payment Ontario, to the now CaMS system that allows us to track reporting of outcomes much more significantly, with staff training and reminders along the way to ensure they have the consistent capacity and opportunities. Applications are taken in through each of those streams.

Most recently—and I'll let Ken or Annette speak to that—through the latest round 6, which was just launched, as I mentioned, to respond to the US tariffs, we went through our CaMS system, which allows us to access Employment Ontario data and ensure that we can track all the sets of KPIs, from the targets around training all the way into employment as well. That is the system that our staff really use to leverage data integrity.

Ken, would you like to add to the application process?

Mr. Ken Nakahara: Sure. I've been here since round 4, so I've seen two rounds now, and they seem to go fairly similarly: The application window is of a similar length; the process is fairly similar. But, as the deputy said, for round 5, one of the big improvements was onboarding onto the CaMS system, the case management system.

It lets us track an individual through the process of the project and then do follow-ups so that we can know, six months after they completed the project, are they in a better place from an employment point of view? Do they have the same job but maybe they've been promoted? Or, do they have the same job but learned new skills? Or, did they go on and get a different type of job? Also cross-referencing with our other programs to see if they're getting help with our other initiatives. Overall, that's going to help develop those program-level KPIs that the Auditor General suggested that we bolster up.

I don't know, Annette, if you want to add anything to that process as well.

Ms. Annette Huton: Just in terms of the application process, guidelines are posted publicly, making it very, very clear to anybody who wants to apply or find out about the program what the expectations are, what the objectives are for the program, the criteria for evaluation. The rubric is also shared publicly so folks know what we're looking for.

As the applications come in, they're distributed across regional offices, and ministry staff evaluate based on that rubric and the criteria that's publicly published, and that's been approved—the objectives have been approved by the Treasury Board.

As mentioned earlier, once these evaluations are done, they're rolled up. A briefing note is done for evaluations. The technical scoring is shared with the minister and the minister's office, and they make their selections from there.

Mr. Jonathan Lebi: Maybe I could add three things. Number one is, I think, what you're noticing: I don't know

if Annette's microphone is working, which is neither here nor there with respect to applications. She did press the button, but we'll move that around.

Number two is just with respect to what the Auditor General said. We know that there are always ways to do better, to your point earlier, to continuous improvements, and we're committed to that. We've noticed, and I'm sure we'd be happy to talk about improvements made in addition to the ones we've committed to implement with respect to the AG. She did mention that the application selection processes are in compliance with provincial policies, program objectives and publicly released guidance, and that's still something to build off of.

Then you asked with respect to the most recent round, which we're in the middle of and continuing to work through. I think through this round, we've seen about 930 applications requesting almost \$1.3 billion, which I think reflects the fact that we're in a challenging space right now with respect to US tariffs and the economy. It's a program that, of course, we've committed today to continue improvements on, but it's also a program that really meets the government's objectives and the needs of the day.

Mr. Ken Nakahara: Maybe I can just add onto that. It's a very high-volume environment—900 applications coming in over a matter of weeks is a lot of work for the team to sort through.

That's why we place as much emphasis as we do in terms of training of the staff to know how to evaluate programs in as standardized a fashion as possible. We have various internal processes to make sure those reviews or evaluations are looked over by a manager, that we cross-reference to make sure there's consistency as much as possible. The projects are usually very unique, so the consistency thing is a hard thing to do, but we try our best to provide the government with the information on which to make their ultimate selections.

MPP George Darouze: Thank you.

The Chair (Mr. Tom Rakocevic): Further questions? MPP Cooper.

Mrs. Michelle Cooper: Thank you for being here and being part of this process.

Deputy, what internal controls are in place to ensure the integrity of the SDF application process for prospective applicants?

Mr. Jonathan Lebi: Thank you for the question.

Maybe before I answer that, I want to hearken back to what I said in my remarks and maybe the process here as well. I'm responsible for the public service: Integrity of the process is first and foremost in our minds—and fairness and transparency. These are taxpayer dollars, and we really, in earnest, care about outcomes for people who are actually quite in need, and value for money. Before I give you a bit of an answer and then turn to my colleagues for more details, I just want to say that I place a lot of trust, confidence and appreciation in the staff that work for me too.

Again, to Ken's point, we continue to train and work with them as well. There are ways we can improve, but the internal controls really are as strong as the staff, the systems we put in place and the processes. I have gratitude

and confidence for the team that I have that works with me.

The Chair (Mr. Tom Rakocevic): Ten minutes remaining.

Mr. Jonathan Lebi: We have controls in place every step of the way, from the preparation for applications; to the review of applications; to, as we determine, as Ken talked about, and roll up the critical information to inform the minister's decisions; to the controls in place around how do we ensure a transfer payment agreement is strong and structured and has the consistency and robustness as it needs to; to monitoring reporting, similar to the conversations we had.

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No matter the score, no matter the selection, we work very closely with project applicants to ensure that those systems are in place and, if we have concerns or risks, we have addressed reporting, monitoring, visits—oversight as well—to ensure that we're calibrating, really, for what we see as requirements of the program. And we have a system in place as well in terms of annual audits to ensure that, if there are concerns made, we can escalate them through the process that we have internally but also to Treasury Board and the like. So that's the sort of broader objective.

Ken, you probably could answer more lucidly some more of the details associated with that.

Mr. Ken Nakahara: Yes, thank you, Deputy.

I'd say I think you've already covered off very nicely the intake process—how we make sure that there's consistency there and good processes. I'll maybe talk a little bit about the administration of contracts.

Once they're decided to move forward, we have various mechanisms: activity reports; the CaMS system captures participant information so we can verify who's participating; expenditure reports so that we know that the money being spent is in accordance with the contract. We do have ongoing discussions between the staff and the project proponent to clear up any confusion or misunderstandings as needed.

But then we have an escalation process so that, if an issue comes up and it's not resolvable, it gets escalated up so that we're made aware of it. We can intervene at different levels of the organization. I have a great group of regional directors throughout the province that can get involved directly as needed. Then, ultimately, we have mechanisms like referrals to forensic investigation teams and so forth, but that's a very rare occurrence. Most of our projects go very, very well; some of them have issues that we can help them through in terms of reporting requirements. A lot of organizations are smaller employers who are not used to working with government in this sort of fashion, so for them, some of this stuff, like onboarding onto CaMS, is a bit of a leap and there's a learning curve, so we try to help people along so they can put in place good information.

Maybe the last thing I'll say is audited financials are something that we require to make sure that the organizations are in good financial health, and audited statements on the financial expenditures to make sure that we have a

third party verifying that the costs were in fact what they said they were.

Mr. Jonathan Lebi: And just on that last point, which I think is a critical point, there are a number of financial reports—of course, adjusted and managed, depending on the proponent to make sure that they're not overburdened—but estimates and expenditure reports of thresholds of above \$150,000, we require, as convention, the audited financial statements. We have quarterly activity reports to make sure that they're actually progressing. And then, as we see, if they're not, we have corrective measures we take in place as well.

Mr. Ken Nakahara: The two other ones I forgot to mention on the financial side is we have a term, "cash management." So if a project is having difficulties, we can sort of throttle the payments and say, "We'll get you back on schedule, but we need certain things fixed." So we can sort of manage them in that fashion.

And then there's always a 15% holdback. Even when the project's complete, before the final report is reviewed and assessed to be complete, we retain 15% for that purpose.

Mrs. Michelle Cooper: Thank you for answering that.

The Chair (Mr. Tom Rakocevic): Further questions? MPP Rosenberg.

MPP Bill Rosenberg: Thank you, Deputy and your team, for bringing and explaining your presentation in how the program has advanced.

My question for you, Deputy, is, how does the ministry monitor funded projects to ensure the funds provided are used properly and that the projects meet the outcomes set out in their applications?

Mr. Jonathan Lebi: Thank you for that question. I think Ken started to talk about it and, first and foremost, before you monitor projects, you have to make sure they're set up for success, which is a big part of what the team does. We negotiate transfer payment agreements to make sure that we're adjusting, we know what the program delivery outcomes are that we're tracking, to ensure that we understand the capacity, and if there are any risks or concerns that we've flagged during the scoring evaluation process, to make sure we're capturing them in the transfer payment agreements and in terms of our monitoring approaches.

We have regional staff in regional offices that work very closely with proponents and, as Ken mentioned, have regular reporting that they use to ensure that we're meeting program outcomes and the KPIs we've identified, whether that's the number of folks trained or just monitoring how they're setting up those structures. As we monitor that and monitor the financial reporting as well, we ensure that any concerns that we have are either directly addressed with the proponent and adjusted or escalated as well.

Ken, do you want to speak a little bit more to that and some of the other supports we've put in place?

Mr. Ken Nakahara: Sure. Activity reports are required once a quarter. That's a document where the proponent types out, in fairly rigorous detail, what's been going on the past few months, how the project is proceeding: Are

you aligned with the milestones in your contract? Have you encountered any issues? We make it a positive thing to report difficulties so that we can maybe help and intervene in a positive way. That's the activity reports.

Then there's the financial reporting. They're required to, again on a quarterly basis, report in on what monies have they spent, how have they spent them and how do they match the line items in their budget that is part of the contract. Again, if there's any concerns, we take it up with the proponent and try to figure out how to resolve them.

Through those two processes and a constant dialogue between the staff person and the project, most things are very resolvable.

The Chair (Mr. Tom Rakocevic): Further questions? MPP Smith.

Mr. David Smith: Thank you, Deputy Lebi, Ken and Annette.

The auditor's report makes it very clear that the KPI collections system is very strong, and it continued to show improvement after each round. Can you speak to why that is and how the ministry has worked to make that happen?

Mr. Jonathan Lebi: Thank you for the question. I appreciate it.

I think KPIs tie back to monitoring and some of the other questions that have been asked before. If we're not monitoring and paying attention to the outcomes that the government is funding through the program, we're not going to ensure that we're spending money wisely—value for money. We're not going to be able to see and make sure that the outcomes, which is training individuals or training them for employment opportunities, are achieved. So KPIs are fundamentally important.

I'd say two things; one was to the earlier member as well. Our approach to KPIs and to tracking continues to improve, and as per the AG's recommendations, we're also going to improve it further in terms of program-level KPIs as well. I think it's critical just to ensure, as I mentioned, that we're achieving those results.

I'll let Ken talk a little bit about what we've seen, but I just wanted to also reflect on your earlier point, which is, through those objectives and the measurement of the KPIs, the AG herself—

The Chair (Mr. Tom Rakocevic): Two minutes remaining.

Mr. Jonathan Lebi: —acknowledged that the outcomes we've seen through KPIs have themselves been improving from rounds 1 through 4, which I think is, again, a reflection that some of the systems we've put in place for monitoring have been effective as well.

Ken, do you want to talk about the system itself for tracking? I know CaMS has helped as well.

Mr. Ken Nakahara: Yes, it has. In 60 seconds, I guess I'd say something like, from the get-go, KPIs were an important part of the program. Initially, I think a lot of it was about collection of the volume of participants, the volume of people completing the projects, and then their outcomes at the end of the project. That was great, because what it told us is, the program was very much in need; lots and lots of people wanted to participate in the projects.

And they would take the time, I'm sure, out of busy lives, to complete the training, and they were seeing benefits at the end of it.

Where we're moving to now is to look for longer-term outcomes. Again, six months or 12 months after the project: Are you in a better place? How has it improved your lives? How has it improved the employer's ability to retain good employees with skill sets? The numbers that we've been sharing are things like 154,000 construction workers helped through the program and 124,000 manufacturing workers helped through the program. The KPIs are an abstract way of understanding how lots of different people have gone through the project and benefited, in very tangible ways, through the training efforts.

The Chair (Mr. Tom Rakocevic): Any further questions? We have 20 seconds remaining.

Mr. Jonathan Lebi: Maybe in the 20 seconds, not to squander it, I'll just add that, as mentioned by Ken, we've seen some of those KPIs and noticed improvements. I think the Auditor General in her report talked about, in terms of individuals who participated in projects, almost 475,000 individuals through the first four rounds, over 100,000 of which have gained employment in 60 days, which is important.

The Chair (Mr. Tom Rakocevic): Thank you. We're at time.

Mr. Jonathan Lebi: I'll continue later, then.

The Chair (Mr. Tom Rakocevic): We now move to the third party, beginning with MPP Fairclough. Please proceed.

Ms. Lee Fairclough: Thank you, Chair. I appreciate the opportunity. Thank you to the ministry staff for the explanations you've given so far. Again, to remind us: It's a \$2.5-billion program that we're talking about here today.

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I do just want to go back to the ranking questions. We know there were 1,014 selected applications; 46%, or 465, were ranked "high;" and then 54% of the funds went to those that were lower ranked.

I guess my first question is, why were more low-ranked applicants selected for funding than high-ranked applications?

Mr. Jonathan Lebi: Thank you for the question. I'm happy to start the response. Just to go back to what we said before, which is the role that the public service plays—which is an important one—which is that independence: consistent evaluation against criteria. It's not the role of the public service to make the selections, but to ensure that those selections are informed by robust analysis, so we put that forward.

Again, each and every application is evaluated around eligibility, and then each and every application, by round, is evaluated and assessed against those criteria. All the assessments inform that number and inform that information that's passed along. A key decision note, along with every single proposal, goes forward to the minister for a decision.

But it's my understanding that the government considers and the ministry considers that in the analysis, but other

needs as well in determining it. But we're not privy to those decisions; we're privy to the advice that we could put forward, so that's what we do. We provide that objective advice to ensure that it's as informed an opinion as possible.

I would, on the flip side too, just say to your point around regardless of where they're at—"high," "medium" or "low"—once a project is approved, we work very closely, as we just talked about, to make sure we can get maximum outcomes from each of those around KPIs.

Ms. Lee Fairclough: But it is a bit unusual though, wouldn't you say? That most of the funded projects in this case didn't meet the ministry's own criteria, as assessed by a third party to meet those criteria.

Mr. Jonathan Lebi: I would say the first assessment threshold is whether or not it's eligible. So when a project is not eligible, we don't put it forward to be assessed.

As I mentioned before, it is our role to ensure that, after eligibility, we're evaluating all the projects, flagging any concerns and risks, but doing a thorough undertaking and assessment—not to opine on what's chosen, but to ensure that the government and the minister, as the decision-maker, has the ability to have all the information in front of them.

Ms. Lee Fairclough: My last question is about the 670 high-ranked that weren't funded. I've been very curious about those. Again, were there any questions asked of the minister and the minister's office about why those 670 weren't funded, since they ranked very highly?

Mr. Jonathan Lebi: I'll say two things, and then maybe I'll see if Ken or Annette have anything to add because I don't have the full history as well, just as I mentioned.

I've said before what our role is, just around the analysis and the objectives, for sure. As of round 3, and moving forward as well, the minister and his office have provided a rationale for why certain projects were chosen. We've taken that rationale back to better understand, and also to try to adjust. That's what we've committed to do with some of the program criteria moving forward.

Ken, anything to add to that, or Annette?

Mr. Ken Nakahara: Maybe just a little bit: The minister provides rationale for his selections, and I think now, with the Auditor General's findings, we're going to take the opportunity to look forward and see how the evaluation process should change so it's closer to meeting the government's priorities because, clearly, things are being selected that are not high ranking.

Our evaluation rubric was done in order to provide good information and advice to the government. I think we also have the benefit of results from rounds 1, 2, 3 and now 4, so we can start looking at project outcomes, mapping them to the evaluation rubric and seeing what the best questions are in the evaluation process that led to really good projects. That's what we're doing with the Auditor General's findings: going back and diving into the data to figure out how the evaluation process can be continuously evolved to be closer to the government's priorities.

Mr. Jonathan Lebi: That's what we're doing right now, as well.

Ms. Lee Fairclough: I do want to go back to the AG's recommendations, then, at this point, because she had really made recommendations that ministry staff could, under the delegation of authority, actually enter into funding agreements less than \$5 million; that maybe we should just accept the highest-ranking applications are the most deserving of the access to the funds. And it's not clear to me that that has been accepted, actually, for the program moving forward; that we're going to ensure that there's this level of integrity around the review, and then we're going to actually allocate the public funds to those best applications.

I just wanted to ask for a clarification on that, because it feels like we're not going to adjust anything, and the minister is still going to be able to override the recommendations of a third-party panel or review process. Is that true?

Mr. Jonathan Lebi: Maybe a few things: One is that the way the program is designed is, as I mentioned, the staff provide their best recommendations—best advice, rather—and do the full assessment and thorough assessments to provide that over to the minister for decision-making. It's the minister's discretion. The program was designed for the minister to make those decisions. But there's a partnership, and we work with the minister and the minister's office to ensure we see those outcomes.

I think your question around program integrity—I take it very seriously. Part of the conversation here we've been talking about is clear improvements that we've made, but more that has to be made to ensure program integrity. I do think the AG spoke a little bit about the program integrity and fairness and consistency around staff work, which can again be enhanced. We continue to work on that, but I think we're committed to that. But the way the SDF is designed is that staff provide information, full assessment, analysis, and from a program integrity side, I have to make sure that staff have the ability to flag any concerns that they might have, too, and then the minister makes the decision.

Where we come in—to your question, as well—is around transfer payment agreement sign-off authorities, but I don't think—

Ms. Lee Fairclough: Yes, I understand that part. That's great.

I guess this is where I would just ask—I have worked with the public sector before on projects like this. I've administered projects like this. Certainly, I think if you get an answer back from the minister's office that's very different to what you've recommended, you would ask questions. I do just want to ask: Did the ministry staff, when they got this direction—and in the first two rounds, there wasn't any documentation provided as to why. Did the ministry staff go back and request that?

Mr. Jonathan Lebi: I think I'll just start, and then, Ken, you'll have to add with a bit more history.

As of round 3, we've received consistent rationales from the minister in terms of his decisions. I think going forward, as well, we're trying to not just bring closer alignment, as Ken talked about, through our predictive analysis, but also more standardized rationale templates and con-

sistency, so we could understand what the objectives are and how to remedy them.

Ken, you'll have to add from that.

Ms. Lee Fairclough: So the question wasn't asked at the time per se, and there wasn't an answer received at the time from the minister?

Mr. Ken Nakahara: I think if there was ever any confusion around the minister's rationale, then questions would naturally come up to make sure that we understood properly the rationale. But the rationale was accepted as the decision of the minister. Where I think the Auditor General's findings are helping us go to is in terms of figuring out how we can evolve our evaluation to provide the government with better information and advice to more closely reflect their priorities.

We need to look at how we can evolve our information to provide the government more advice to more closely reflect their priorities. I mentioned before geographic distribution as being one thing that we don't take into account that I could probably understand why a government would want to consider. Another example would be—let's say we had 100 projects and they all came in, and 90 of them were very high-scoring but they were from one industry. You could understand why a government might want to choose from a variety of different industries, to be able to properly support those employers.

Those are the kind of considerations that I think we need to reflect on, as well as just how to make sure that our information is giving the government the best opportunity to select the projects with the most impact, closely tied to government priorities.

Ms. Lee Fairclough: I think it would give the committee assurances to be able to understand what was actually funded in this and why. So if those are legitimate reasons why you think that other choices would be made, it would be great to be able to see that, to understand. Was it because of the 670, they were all in one sector? What was the rationale? I do wonder if you'd reconsider providing that list of what the projects were, how they did score and what funding they did receive.

I know the rationale for not has been that you didn't want to name projects, but even to redact the names and actually just provide that rationale, I think, would be a welcome input to this committee and really understanding what's happened here. Would you consider that request?

1500

The Chair (Mr. Tom Rakocevic): Just under 10 minutes.

Mr. Jonathan Lebi: First and foremost, I believe the government did release the names of the successful applicants and the funding that they've received, so that should be out there in the system.

Ms. Lee Fairclough: But not the 670 high-ranked that weren't funded, right?

Mr. Jonathan Lebi: But with respect to the scores before that I think my colleague mentioned, I think it's imperative for us to create a space where the government has an opportunity to listen to staff and staff feel empowered that they can share their advice. I think that's the nature of some of the conversations that are going on here, to make

sure that staff feel that if they have concerns, they can air them either through briefing notes or actually in conversation.

That's why scores aren't released. That's the nature of it, because they constitute advice to government, and they're protected legislatively that way as well. We take that seriously. I need to create an environment—so that's why I'm happy to talk about transparency, but there's a confidentiality piece too to ensure that staff feel comfortable providing that advice to a minister.

Ms. Lee Fairclough: I guess I would ask the question, then: When you do your risk assessment of projects and they were seen as high risk—for example, there was one ranked poor, could be really high risk that they would deliver—would you ever override a minister's office decision if the risk was high enough?

Mr. Jonathan Lebi: The way the program is constructed—I'm going to repeat myself a little bit, but then I'll get to something perhaps more novel—the staff, as you mentioned, provide their advice, analysis, including identifying risk concerns, benefits, positive and negative, and anything that might be high risk is captured. Then if something is approved by the minister that is high risk, where we go then—because it's the minister who's the decision-making authority in this—is to ensure that our monitoring regime, our transfer payment agreement approach, our approach to reporting and oversight addresses and mitigates that, and we take extra steps and efforts to ensure that if there are high risks, we are enhancing that approach and mitigating those.

Ken, anything you would add?

Mr. Ken Nakahara: Yes, that's exactly right. We just introduce a higher standard for monitoring. So we have an enhanced risk monitoring regime where we would keep closer eyes on the project, have more frequent interactions and make sure that whatever risk is known to us is mitigated.

Ms. Lee Fairclough: I guess what I'm trying to understand is, why would you choose to do that versus just fund high-ranked applicants? There were 670 other applications that could have been funded here that basically were chosen not to be funded. Why would you choose to not just fund them?

If we go to figure 8, we're going to get to some of the KPI results. We'll go there for a second. It's very clear that those organizations that were ranked high also delivered better overall for the program. I guess I'm really questioning, why wouldn't you take a chance on those 670 high-ranked instead of the 54% who weren't judged as good applications?

Mr. Jonathan Lebi: I'll just say I think I mentioned it before: We don't choose who is funded. We put our best advice forward in terms of flagging concerns, flagging risks and flagging also opportunities. It's the minister that makes the decision what gets funded.

Ms. Lee Fairclough: Okay. Thank you. I think I do just want to go back to, is it feasible to get that full list of all the assessments that were done for all of the applications, including those not funded, provided to the committee? Again, if you need to redact the names, that's fine. I think I'd just really like to understand a little bit more about why they weren't funded.

Mr. Jonathan Lebi: I'd say two things: I think we're continuing to enhance our understanding and trying to do that predictive analysis Ken talked about to ensure that we can create better alignment between the assessment that the team does and what gets selected.

My concern and my interest is ensuring that there is that ability for staff to provide their best advice and ensuring that they have that protection and cover. There's a balance between that transparency, which is why I think government released some of the funding, but also protection of scores, which is important to ensure that that advice to government is protected. I want to make sure I have an environment where my staff can raise those concerns if they have any.

Ms. Lee Fairclough: I'm going to turn it to my colleague here.

Mr. John Fraser: Thank you very much for being here. I appreciate it's not easy being on the other end of the table for a couple of hours with everybody questioning you.

I think it would be important for this committee to make my colleague's request—redacted. We've seen that FOI documents that have come out have actually released the scoring—for instance, Pace consulting, and I'm not sure whatever else. So I'm not quite sure that this advice is as secret as you're explaining it to us. I would suggest that the committee do this. I think it's important.

Now, I've had the good fortune to work with the Ontario public service in very different roles for about 20 years. I know they're very professional. I've depended upon them for advice; they've changed my mind a couple times when it needed to be changed. I've changed theirs. So what I see here when I think about sitting on the other side of the table is more than half of the advice that was given to the government wasn't taken, was ignored. From the perspective of just your workplace—and you were talking earlier about staff empowerment. It is a real challenge to keep good people.

So how has that been managed? Because I know that there have been some changes—I know that—having retention problems. So I just see it going forward as, if this is going to continue, you're going to have problems.

The other piece I want to say is, here, we're not just looking forward; we're looking backwards. And we need to do that.

Mr. Jonathan Lebi: Firstly, I appreciate your comments and appreciate your history and support in working with the public sector too. I think what this report also highlights is just the importance, to your point, of collaboration and dialogue and partnership that continues to improve with elected officials and the public service, which I think is really important, to ensure what actually it can deliver for the public, which is in all our interest.

I just want to say, I take that sincerely; we all do, and yourselves as well. That's why we're here.

Not just with respect to the program, but it's hard to find staff and keep them motivated. It's a challenging time. I have to say that in the conversations I've had with my staff, who are also most likely watching these proceedings or are reading the same reports and learning as well—but

also making improvements over time. They take exceptional pride in the work they do because it's important. It's important, and it's a hard time, and it's important. I think what we want to create and continue to do is make sure we can improve upon it, in earnest, working with the minister and his office.

Mr. John Fraser: It definitely needs improvement from the perspective of—look, I'm not going to say there are no good things that are happening. But all the bad things that happened make the good things appear to be less good. They become smaller.

The advice that's being given is based on a set of criteria that, for the most part, is supposed to be subjective. There are some changes around the organizational structure and innovation, which looked like we're going to make this thing more subjective—I'm not going to go into that right now. But specifically, we have the situation where Keel Digital Solutions was receiving money from the Skills Development Fund while it had already been flagged for forensic audit and then was under a forensic audit. So I just would like to know, were you made aware of that, and when were you made aware of that?

The Chair (Mr. Tom Rakocevic): Just over a minute.

Mr. Jonathan Lebi: I'll say two things: Firstly, to your earlier point, there are over a thousand projects that we've been funding, and the vast majority are projects that have achieved significant impact. We talked about the numbers. In the last minute—I'm not going to go through them so we don't squander your time, but there have been significant achievements.

I'll say with respect to Keel, which I said to MPP Bell earlier, there's an investigation under way. I will say, as soon as I found out about what was going on, I paused all payments, but anything more, I don't think is appropriate to say, because there's an investigation under way, and we have to respect that.

But to your point earlier, there are a significant number of projects here that have achieved significant KPIs and are working for people. I think that's what I talk to my staff about as well: How do we make sure more of that happens, and how do they provide that input, advice, not just information to the minister but subsequent to decisions, make sure that they can see results? Which I think are the most important thing for folks to see.

The Chair (Mr. Tom Rakocevic): Eight seconds.

Ms. Lee Fairclough: Thank you.

Mr. John Fraser: Thanks very much. I appreciate it.

Ms. Lee Fairclough: I'll look forward to the next round.

Mr. John Fraser: Next round—I've got one or two saved up, but anyway.

Mr. Jonathan Lebi: That's daunting, but thank you.

The Chair (Mr. Tom Rakocevic): We're out of time.

Final round for the official opposition, beginning with MPP Bell.

1510

Ms. Jessica Bell: Thank you very much for being here. Thank you for everyone's questions.

I want to just go back to a few things. It was mentioned in the previous comment by MPP Fraser that Keel Digital Solutions—you'd stop payment.

My question to you is, payment—but the application was originally approved. In your briefing note to the minister's office, did you flag the forensic audit that the Ministry of Colleges had conducted? It's a pretty simple question.

Mr. Jonathan Lebi: I think, again, back to everything related to Keel—and I shouldn't have said anything before. Back to everything related to Keel, there's an ongoing investigation that I want to be respectful of.

Process is important. We talked about process with respect to the SDF and improvement—and yes, some really wise questions. I also have to be respectful of the process under way right now and not put anything out there that will jeopardize that OPP investigation which, I think, right now, is paramount.

Ms. Jessica Bell: I'm not sure if this would jeopardize the OPP investigation. What I do know is that \$2.5 billion has flowed through this ministry and there's been some questionable applicants that have received the money, and that's why we're here today.

I want to get to the applicant, the Ontario Harness Horse Association. The Ontario Harness Horse Association received more than \$6 million in funding over several rounds of the Skills Development Fund, and at the same time as they got this money, the president, the general manager and the executive director gave \$43,000 to Conservative Party members.

My question to you is, when you're assessing risks and you're creating a briefing note for the minister's office, do issues around how much money this applicant has given to Conservative Party members ever come up in these briefing notes?

Mr. Jonathan Lebi: I'll turn to my colleague in a second for the specifics around the issue you raised, which is fine.

I'd say a couple of things just in terms of this. We have practices and processes in place that we put in place—and that I think the AG has highlighted can be enhanced as well—to ensure no preferential treatment is made. My paramount objective is ensuring that my staff can provide that objective advice and any risks are flagged—we've talked about that—and that, as the ethics executive for my staff, if there are concerns, that they have ample opportunity to flag that.

I think you had an opportunity to talk to the AG right before we came here, which must have been fantastic. She's wonderful. But we had conversations as well through the process to ensure that there are appropriate safeguards and whistle-blowing practices and the like. She was satisfied—and I am too—to make sure that the staff have that opportunity to flag risks.

Ms. Jessica Bell: Just to be specific, it's my specific question: Ontario Harness Horse Association received \$6 million in funding. At the same time as they got that money, they gave \$43,000 to Conservative Party members. Was this raised by ministry staff in your assessment that was given to the political office?

Mr. Ken Nakahara: No, it was not. Our team doesn't track political donations. It has no bearing on the technical scores or the evaluation of projects.

Ms. Jessica Bell: You would think that, if you're assessing risk, this is something that you would consider. It's not a question; I just think that that is something that you would consider.

I have another question, and this is related to the Church of Virgin Mary and St. Athanasius. This is a church that received a significant amount of money from the Skills Development Fund, and at the same time, they gave over \$90,000 to Conservative Party members while they were receiving this funding from the Skills Development Fund.

My question is around, if the church received this money, what jobs did they create with the funding that they received? And we talked a little bit about treasury priorities. Were these jobs in line with the treasury priorities that you're mentioning?

Mr. Jonathan Lebi: I'll give my colleague a second to look up some of the details. But once they pass that eligibility threshold and meet the criteria for in-demand jobs, then they are actually applying and asking for and seeking funding for jobs that have a need in the province in terms of the SDF requirements. So I know they've achieved lots of the outcomes, but in terms of the occupations and the like—and we've talked about this before as well, that once they've met that eligibility criteria and moved on, then the in-demand needs are there.

The significant, vast majority of the SDF applicants are in areas like construction and manufacturing, but there's a variety of needs across the province across different sectors as well.

Ms. Jessica Bell: Do you have specifics around what kind of jobs they've created? Just to be clear, they got \$2.8 million.

Mr. Ken Nakahara: Sorry, there are 1,000 projects, so I don't know them all intimately. I'm just trying to look up the information now: \$2.8 million—do you know which round that was?

Ms. Jessica Bell: I don't.

Mr. Ken Nakahara: Okay. But you did mention Coptic Orthodox Patriarchate of Alexandria.

Ms. Jessica Bell: It's the church of the Virgin Mary and Saint Athanasius.

Mr. Ken Nakahara: Yes, okay. Those three are the agreement holders for a round 3 project, which was focused on helping 210 newcomers in the health care field. I'd have to look into it more to understand the basis for the relationship between these organizations, but they did work with the Mississauga Career College—a placement in two of the largest senior homes in Ontario to train and eventually hire. It sounds health care-related in some respects, but I'd have to look into it further.

Ms. Jessica Bell: Sure. We can follow up. I am going to put in a formal request now. As an MPP, I would like the applicants' score, and I would also like the ministry to provide information on the outcome of each application in terms of jobs created. That's just a standing request. I don't need you to respond to that.

I have a question around what's happening moving forward. The Skills Development Fund is moving to round 6, correct?

Mr. Jonathan Lebi: Yes, we're in the process; we're in that space.

Ms. Jessica Bell: Okay. From my assessment, it seems like the Skills Development Fund is not really going to be changing its application process. It will still be the political staff that will be making the final decision on who gets the funding, political staff will continue to decide how much funding each applicant gets, and there's no requirement to prioritize higher-scoring applicants over lower-scoring applicants. Would that be a reasonable summary?

Mr. Jonathan Lebi: I think I mentioned in my opening remarks—we're in the process of round 6, as you asked. The applications have gone out, but we haven't done the assessments. We haven't put forward recommendations or analysis or anything, because we want to take the time right now to do that predictive analysis, to look at the criteria and weighting.

So I don't think it's correct. I think we're actually trying to take the AG's recommendations sincerely, to address the majority of the ones that we can. I think the ones that we said would wait for round 7 are largely related to the program-level KPIs. We have significant KPIs, but we're working on interim baselines.

Ms. Jessica Bell: Okay. So I'm going to—

Mr. Jonathan Lebi: But other pieces—sorry.

Ms. Jessica Bell: I'm going to take my time back. You'll have a chance to respond again. But just to be clear, it will still be the minister who decides who gets what funding. Is that correct?

Mr. Jonathan Lebi: The way that the SDF is designed is that the staff provide their information and the minister decides.

Ms. Jessica Bell: So that's not changing. And then the minister also gets to decide how much funding each applicant gets. That's not changing, correct?

Mr. Jonathan Lebi: My colleague talked about how that process happens in terms of how funding decisions, once they're made by the minister, can have their funding adjusted. But for the majority of the decisions and in that structure, yes, when an application goes up and is selected by the minister, that's the funding that is allocated.

Ms. Jessica Bell: So it's essentially not changing. The final piece is that the minister's office can continue to choose low-scoring applications over high-scoring applications in this next round, correct?

Mr. Jonathan Lebi: You said before that the program isn't changing, and I think the two things—

Ms. Jessica Bell: I'm just speaking about the high applications versus low applications.

Mr. Jonathan Lebi: That's not what you said before.

Ms. Jessica Bell: I know, but now—

Mr. Jonathan Lebi: Before you were asking about that—I think it's important, firstly, to reflect that the program has changed over time significantly, and that we've also accepted and are implementing changes for this current round as well.

To the question around who makes the decisions: Yes, the minister makes the decisions around the criteria and the weighting in terms of trying to narrow the gap. That's

what the evaluative, predictive analysis we're doing right now should help address.

Ms. Jessica Bell: Sure. But to be clear, the minister's office still has the authority to choose low-ranking applications over high-ranking applications. Is that correct?

Mr. Jonathan Lebi: I'd say two things: Number one, the way the program was designed, we provide our advice—the best advice forward—and then it's the minister, not the minister's office, who makes those selections.

Ms. Jessica Bell: Right. On those three points, they get to decide how much money, they get to decide who gets it, and they also get to decide if it's a low-ranking application over a high-ranking application. None of those key things are going to be changed with the next round of funding, which, I've got to say, given all that we've heard about this fund since we went back to the Legislature, you'd think that there would be some changes that would be made.

1520

I'll give you an example. If an applicant scores highly, then it's assumed that they would get funding over a low-scoring applicant. You would think that that's what would happen, and that's not necessarily what's going to happen in the next round.

The Chair (Mr. Tom Rakocevic): Ten minutes.

Mr. Jonathan Lebi: I think I identified before that there are changes being made with respect to the SDF with respect to reaching out to ensure that we have the staff that are assessing and have full information around who has applied, the use of consultants. Staff are reminded as well—the team that I'm responsible for—in terms of conflict-of-interest rules and the like, and we are undertaking a predictive analysis and assessment to try to ensure that the weighting and criterion of evaluations are enhanced.

I think things are changing for the better and have been changing for the better. As we talked about, from round 1 all the way through round 6 or 5 that was completed, from monitoring, from administrative, from an oversight function, from a tracking of KPIs, lots of changes have been made to the process.

Ms. Jessica Bell: Just because of the interest of time, I'm going to take back my time. Sorry about that.

I want to talk about job outcomes. When I listened to the Auditor General talk about how the jobs created were assessed, I got the impression that the applicant needed to say if the unemployed person had a job within 60 days—if they had a job in 60 days, then it was considered to be a job created—but that there is no assessment if it's a part-time job, a temporary job or a full-time job. The quality of the job is not factored in. I was pleased to hear that the ministry is looking at assessing whether that job remains after six months, nine months or 12 months.

My question is, can you go back to look at previous applications to assess them based on this new job creation criteria? It seems important to me, because if you're getting \$10 million in funding, you can put someone on payroll for 60 days, and then after day 61, they're off payroll but it still looks like they're doing a good job based upon these KPIs. I'm curious how you're going to address that loophole.

Mr. Jonathan Lebi: I'd say a couple of things. I think the AG has been clear that the KPIs have themselves improved from rounds 1 to 4, and we assess KPIs in a variety of factors, to the comment you made before: project completion, training completion, and then employment at three—I think it was three, six and 12 months, if I'm not mistaken, not nine months, just to correct—no big deal. I just wanted to be accurate. I think that training and ability to track is tied to our movement to the CaMS system. As we go forward, we can do that and enhance.

Ken, anything to add to that?

Mr. Ken Nakahara: I think the focus is on round 5 and going forward. We are doing some ad hoc surveys for round 4, where we were able to do surveys for participants to find out how they're doing at those same intervals, three, six and 12 months.

But without the detailed participant information that we are now collecting in CaMS, it's not always possible to find the individual, do the survey and expect them to respond, because for them, the training happened two years ago. They may have other, better things to do. The focus is on the go-forward in terms of round 5 in particular, where we think that will have really good results.

Mr. Jonathan Lebi: And to your question before, I think, from the last round, the program-level KPIs too will be remarkably important. It's not just the individuals but the bigger piece that we're implementing.

Ms. Jessica Bell: Okay. That's a related question that I have.

What I noticed in the Auditor General's report—and I've touched on this earlier—is that it seemed like the Skills Development Fund was very focused on assessing individual applicants, but there was less interest in looking at how the Skills Development Fund was helping address sector-specific employment issues or if there's an alignment with what the Ontario government wants to do overall when it comes to addressing employment and whether the Skills Development Fund aligns with that. To put that in layperson's terms, maybe the Treasury Board, for instance, has decided that we need to address shortages in nursing, construction and manufacturing, which means that you'd want the Skills Development Fund to prioritize that as opposed to churches, adult education clubs and horse harness racing.

My question to you is, is there a conversation being had right now to assess the Skills Development Fund from this big, macro perspective?

Mr. Jonathan Lebi: Yes. I think that's a great question.

We need to be able to do both. We need to be able to assess individual KPIs from a project-level basis to make sure we're spending money appropriately, with value for money, but we also need, to your point, to be able to step back and ensure that the overall program is achieving its needs across the systems and priorities, including, like you said, from a broader perspective.

We've committed to look at program-level KPIs and a dashboard. That's what we're doing. It's not to say we haven't looked at things before, but we want to do it comprehensively and consistently and look at both those things at once.

Ken, Annette, anything to add to that?

Mr. Ken Nakahara: I was just going to say we have been doing something akin to that. Even for round one, which was really a pandemic response, the focus was on how to get people into a better situation, considering all the events of the pandemic. For round four, some of the priorities were around housing and skilled trades, and so those kinds of projects would have been flagged to the minister as part of the evaluation process: "Here is the subset of projects that are particularly suited towards housing." And for this current round, it's tariff-impacted sectors. We know US tariffs are having a big impact in certain sectors. We try to highlight those projects for consideration so that if they're having those sorts of priorities in mind, they know which projects are going to be best to address them.

Mr. Jonathan Lebi: One more point, which is, we also have been consistently looking at under-represented groups as well, across, which is an important piece too to ensure that they get the supports they need beyond just on a project-by-project basis.

Ms. Jessica Bell: Okay, thank you for that summary. I'm curious. I'll be interested to see what the future applicants are and how they address the tariff issues that we're facing and looking at trade-impacted communities.

I noticed earlier you talked about the need, on occasion, to conduct forensic auditing on specific applicants. You mentioned that it was rare. Can you tell me how many applicants have been referred to forensic auditing and who they are?

Mr. Jonathan Lebi: I'll start.

Ms. Jessica Bell: I think it was Ken that answered that question earlier.

Mr. Ken Nakahara: Yes. I'm happy to respond. I can't comment on active or recent forensic investigations, because it would potentially interfere with their conclusions and so forth.

Ms. Jessica Bell: Could you give us a number, please?

Mr. Ken Nakahara: I'm sorry. I can't.

Ms. Jessica Bell: I didn't ask who. How many applicants have been referred to a forensic audit as a part of the Skills Development Fund program?

Mr. Ken Nakahara: I don't have that information right at my fingertips.

Ms. Jessica Bell: I am requesting that that information is provided to the committee, because he did suggest that it was more than one.

Mr. Jonathan Lebi: I think, as we said before as well, there's a process where things are dived into. We have a regular annual audit process within the SDF. But at the same time, when things need a deeper dive, they go into the forensics. That's part of the regular practice of all transfer payment programs. That's a normal course of events, and that's how TPs are operated to ensure we have the tools provided.

Ms. Jessica Bell: How much time do I have left, Chair?

The Chair (Mr. Tom Rakocevic): Almost two minutes.

Ms. Jessica Bell: Okay. I am going to conclude. I've got to say, I know you're in this—I understand. You're

caught between a rock and a hard spot. You're public servants. Your job is to administer a program. You've been very clear to us that you are not the decision-makers of this program, that it is the minister that is deciding who is getting the money, how much they're getting. And even if you're giving some of these applicants a high score, the minister, clearly over the majority of the time, is choosing to go with another applicant.

I think things need to change. It's pretty safe to say things need to change with the Skills Development Fund. The reason why I think it's important that things change is because it's a lot of money; \$2.5 billion is a lot of money. And the other thing is that we are going through tough economic times. There are over 700,000 people who are looking for work. So it's fair to say taxpayer money should be used in the most responsible way possible.

There are a few things that I'm just going to summarize with, that I'd like to recommend. One is that I think we need more information. I am requesting the scores of all the applicants, the public servant scores and their initial assessment, as well as the outcome of the work that they conducted.

I think it is important that we strengthen whistle-blower protections so that public servants can more freely speak out about potential illegal activity or corruption.

I think there needs to be stronger safeguards to ensure that government decisions are made in the public interest and not to directly benefit specific individuals.

I think it's important that we conduct a comprehensive overall review of the Lobbyists Registration Act, the Members' Integrity Act and the Public Service of Ontario Act with the goal of strengthening them, because this can't keep happening. This is not the first time this has happened. We had the greenbelt, and now we've got this, and I'd say this is bigger.

Moving forward in future rounds, it makes a lot of sense for high-scoring applicants to receive priority in getting funding than low-scoring applicants. It would be very concerning in round 6 and round 7 if we continue to see this trend of low-scoring applicants getting a whole lot of money and then giving a whole lot of donations to Minister Piccini's riding, which is currently what's happening. That shouldn't be happening.

1530

The Chair (Mr. Tom Rakocevic): We're now at time.

We now move to the second and final round for the government, beginning with MPP Dixon.

Ms. Jess Dixon: Thank you, Chair, and through you to the deputy: You've talked a little bit about the idea of changes and how the program has evolved over time. I know that in the history of the rounds, essentially those changes have been self-initiated by the ministry on review of the program and its success. We've also seen a number of recommendations coming out of the AG's report.

I'm wondering if you can talk a little bit about, between rounds, the changes that you were either already planning on making or in the process of making, prior to the AG's report being released. And do any of those overlap with the recommendations from the Auditor General's report?

Mr. Jonathan Lebi: Thank you for the question. I will answer, then I'll turn to Ken, so I can do the same thing he did, which is grab a glass of water.

I appreciate the fact and the framing, because there have been improvements made over time and there are improvements that the AG, in her four recommendations, has advised. And they do overlap, because we are in the process of continuous improvement as well. The improvements we've made really stretch the gamut:

- the tightening that we talked about around the criteria and objectives;

- our intake process and guidance moving from applications via PDF to the Transfer Payment Ontario system and the like;

- our due diligence, as we've talked about before, both in monitoring resources and guidance to oversight of audited financial statements and requests for over \$150,000; and

- our evaluation and selection processes. That's one where there is overlap with the AG, for instance, because we've talked, to the questions asked before, about that predictive analysis, to ensure that the criteria can be closer and closer aligned with what government is looking for. We've undertaken one predictive analysis, and we're doing another one as well. So it goes on in terms of monitoring, reporting and KPI.

I think there's overlap because the AG looked at the various areas of the program and the cycle of program delivery, and that's what we do between rounds as well to always continuously learn and build on it. So, in that nature as well, there's there is overlap.

Ken, can I ask you to just go into a little bit more detail and I'll steal a glass of water?

Mr. Ken Nakahara: Sure, for sure. Thanks for the question. I have here a table that helps me remember all the things that have been improved over the number of years, including before I joined. I joined in round 4.

The first category would be program objectives. So, as I mentioned, initially it started as a COVID response initiative, with objectives around helping workers and employers come out of that in the best possible fashion. Since then, there's been more emphasis on innovation and partnerships to make sure that we bring together employers with sector associations, with colleges, wherever it makes sense, to have really strong projects be proposed and be selected.

And increased support for under-represented groups: We mention youth, newcomers, Indigenous peoples, people with disabilities. We have a whole gamut of groups that we try to make sure are particularly supported through these projects.

Skilled trades have always been a big part of the program, but that's been bolstered through different rounds. We do this by—one simple way is in the application guide, just naming them as objectives.

As I mentioned, most recently, we've added response to the impact of the US tariffs. So now it says, "provide a targeted response to US tariffs as support for in-demand skilled trades and industrial sectors." So we try to elicit the right kinds of projects to come forward that we think are

going to be particularly helpful to meeting the government's priorities and helping Ontarians.

The second category would be the intake process. Again, partly because it was a COVID response measure, the program was stood up in an incredibly big hurry and the intake was through email. That was a big challenge for the team to manage, especially because it is a high-volume program. We've since sort of moved into what we call SP Connect and TPON, different online platforms that allow us to intake the applications, sort them through, score them, and later they become also the administrative platform for managing the projects.

The latest aspect of the IT side is this CaMS onboarding, the case management system, which we use for a variety of other programs, which now is part of SDF. It has meant a learning curve for some of our project proponents because you'd have to go in and type in every single individual, their social insurance number, their demographic information and particulars. But that gives us so much more to go on in terms of being able to do analysis about the impact and who's being helped, but also follow-ups at the right intervals to make sure that we know what the long-term impact is of the program.

The application guide and the application form have been continuously refined, partly to address these changes that we've been making to help people understand what the program is looking for and what the process is to apply and these kinds of things. But we've also tried to simplify the application form wherever possible over time, in the knowledge that many of the applicants who come to us are very busy organizations and individuals. We want to make sure that the program is there to support them, not to be a hassle for them to have to wade through.

I already mentioned CaMS.

In terms of due diligence and follow-ups, I think we've incrementally improved our risk management and our programming monitoring efforts. During COVID, we couldn't do on-site inspections, for example. As soon as that restriction was lifted, we had our staff be able to go on-site, talk to the employers, talk to the participants and get a real sense for how the project is working and where there are challenges, where we can help. But we've also helped on the back-office side, making sure our staff know how to monitor programs: what we've seen from previous rounds; what things to look out for; where you can be helpful; where to be alert that things might be going off the rails; if someone is not complying with requirements, what to do and how to escalate. These sorts of things have been improvements over time.

The application evaluation process has been improved over time as well. The rubric has been continuously enhanced. This predictive analysis that we are undertaking now will be following in the steps of the continuous evolution of the program. The idea is to make sure that the evaluation process is rigorous, is consistent and is useful to decision-makers. Wherever possible, we'll enhance the evaluation process to ask the questions of the proponents that are closest to what we know is the predictor of ultimate success. We now have four rounds of projects completed and a fifth in progress. We're starting to get a really

good sense of: This is what makes a winning project. And we can sort of bake that into the application process.

More transparency in terms of making sure, as of round 3, that the minister's rationale for selections is fully documented and understood—taking the AG's findings to heart, to make sure that we reflect on those and have further conversations with the government to make sure that the information we're providing is meeting their needs in terms of decision-making.

I've got a lot more, but maybe I'll pause with just one more in terms of staff training. We've got an incredibly dedicated group of civil servants throughout the province in almost 30 different local offices, so every part of our province is represented. They really do a great job in evaluating these applications. There is turnover in terms of, naturally, people moving on to other jobs. So we have a robust training platform that we use to make sure that the newer of our team members understand how to evaluate applications, how to administer projects and how to flag things when necessary. That's been something that we've been building on over the years.

Ms. Jess Dixon: Thank you. Your passion for the project shows through.

Thank you, Chair. I'll turn my time over to my colleague.

The Chair (Mr. Tom Rakocevic): Okay. MPP Firin.

MPP Mohamed Firin: Deputy, thank you to your team for answering the questions today.

What sort of improvements has the ministry begun to implement as part of responding to the Auditor General's findings?

Mr. Jonathan Lebi: I think Ken just highlighted a number of them which I think are quite helpful. I'll reiterate a few of them, and then I'll turn to him or to Annette, who's also quite experienced in terms of the delivery of the project.

I think maybe the different way to look at it than the previous question is to look at what the auditor's recommendations focused on. She had four, and they're really around establishing clear and consistent application assessment criteria, documenting funding decisions and rationales, strengthening oversight of funded projects and improving performance measurement in reporting.

As I mentioned before, we have taken steps along the way to make some improvements, but there's more work to be done. There's always work to be done, and I think it's helpful also to look at opportunities for improvement between rounds, not just in terms of how we can achieve better results but how we can make sure that the staff feel—to the point before—supported, to make sure that they have the space to do that.

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With respect to establishing clear and consistent application assessment criteria, as Ken mentioned before, that predictive analysis is really important. It's important to learn what's worked before. It's also important to learn from where we've had successes and where we've had challenges as well, to make sure that the criteria that the staff use can be as robust as possible, and then to really learn over time.

With respect to documenting funding decisions, the minister has been providing, since round 3, rationale on those decisions that he has been making. We want to template that and make sure there is that consistency to ensure that we could understand and also to ensure, once he has made a decision, that we can factor any opportunities for enhanced reporting into the transfer payment process. We're doing that right now as well, because that's also how we ensure value for money.

Strengthening the oversight of funded projects is always important. We talked in your earlier question as well, MPP, with respect to the different phases of oversight from reporting to monitoring, the ability to look at reporting around audited financial statements but also the quarterly reporting. We are also, on an ongoing basis, ensuring that staff have continuous training, as Ken talked about, with respect to that oversight, but also looking at proactively including language around conflicts of interest, consultants and the like, and future guidance as well to ensure we can capture some of the learnings that the AG recommended.

Lastly, with respect to improving performance measurement—not just KPIs, as we talked about before, on a project-level basis, but the program-level KPIs are an area where we are really sincerely looking at making those improvements. I think there's exceptional value to make sure we could understand how the program as a whole is working, because it is a program that needs to work for Ontarians. It needs to actually make sure we can actually calibrate and adjust to the needs.

Ken, I'm going to turn to you, as I often do, to talk about and round that out if you can.

Mr. Ken Nakahara: Sure. Maybe I'll just add a little bit more on the KPI side and then happy to let Annette chime in as well with any other thoughts. We actually collect a lot of KPIs; I think I mentioned maybe around 40, and they're grouped into six different categories:

- the number of participants;
- the number of participants that come from disadvantaged groups;
- the number of partnerships that are involved in projects;
- the types of projects, meaning research projects, workforce development projects and so forth; and
- the number of projects that are apprenticeship-related.

The idea here is that we've got lots of data. How do we make this stuff roll up into a program-level structure that can tell us how the program is impacting the economy and the workforce development priorities of the government? That's the work that the AG is spurring us on to do, which we are happy to. We were already going in this direction with the onboarding of the program with the CaMS. It will give us a data set that is valuable, and through that we hope that we'll continue to make the program impactful.

Annette, I don't know if you wanted to add here.

Ms. Annette Huton: I'm realizing I didn't introduce myself with my mike not working last time, so: Annette Huton, former director of the skills development and com-

munity response branch, working with Ken and Deputy Lebi.

The only thing I think I would like to add is that continuous improvement is a serious thing for us. After every single round, there is a debrief meeting where things that work well are identified and improved upon and where things that don't work so well are identified so that we can make changes to, for instance, evaluation criteria and training for staff. Training was mentioned earlier; I also want to mention that training happens at every single round for staff. We don't rely on people remembering for the next round, because things do change. So, that happens at every single round.

Mr. Jonathan Lebi: I'm going to add one small, additional point which also happens every single round, which is reminding staff of their obligations from a confidentiality perspective, but also from an integrity perspective—to the points before made around how we ensure that staff know they can raise concerns. I remind staff regularly, formally and informally—and so do Ken and Annette—because that's the important piece too. You can't do your job if you don't feel you have the safety to do your job and to raise concerns. Then, as their ethics adviser and executive, I could take that seriously. We have to make sure that they feel the appropriate safeguards are in place, so they're reminded regularly about that as well.

The Chair (Mr. Tom Rakocevic): Okay. MPP Darouze, you have six minutes remaining.

MPP George Darouze: Through you, Chair, thank you very much for the answer. I'm going to shift a little bit to the good of the SDF fund. I know that we've been talking about the process and the scoring and all that stuff, but the ministry is focusing on supporting marginalized communities through SDF-funded training opportunities.

Deputies, will you be able to provide a few good examples of that work and its outcomes in the communities and our government?

Mr. Jonathan Lebi: Thank you for the question. It's important, I think, as we talk about—and why we're here to talk about—improvements, that we also talk about the successes, like you talked about. I spoke about one in my opening remarks, but it's also important to reflect the fact that we can talk about successes both from a project-specific example—and I'll give you a few, or Ken might as well—to individuals, like I spoke about, because that's why the funding is there: to help people train and get better jobs as well.

Throughout the process, we've looked at disadvantaged and marginalized groups, under-represented groups, Indigenous populations, newcomers, women, as well as racialized individuals to make sure we're actually achieving results. For instance, on the Indigenous side, we have funded significantly. Over each and every round, the government has decided to fund, and has funded successfully, opportunities for Indigenous people.

I've got examples here around newcomer training. I've got examples here around women in trades as well. But, Ken, can you highlight a couple examples that you might want?

Mr. Ken Nakahara: Sure. Let me mention one by the District of Sault Ste. Marie Social Services Administration Board. This is one I actually got to visit, which was very neat for me. I was up in the Soo, visiting with them.

The idea of the project is they find a rundown home that's kind of like an eyesore in the neighbourhood that's causing issues—maybe there's also some petty crime happening on the front of the house because nobody's taking care of the location. The project buys a house, then helps identify individuals on Ontario Works who are looking for ways to break the poverty cycle and want to be trained up in an in-demand sector. So they get trained to do skilled trades work, to help rebuild the house to livable conditions.

I got there, on-site, and I went into the backyard expecting to talk to a couple people. They had like 20 or 30 people back there, because it takes a whole team of individuals to run a program like this. You have the people interfacing with the Ontario Works offices. You have the people scouting out for the real estate that's a bit of a fixer-upper. You have the individuals helping with supporting the trainees with mental health supports, life and career coaching—these kinds of things.

I'll tell you what I saw during the tour, but the tail end of this project is the house then gets provided at cost to a low-income family who's looking for a starter home or a place to live. It's a really nice way to provide not only employability benefits and skills to those individuals—the trainees that are coming through the program—but also the community gets an improvement in their neighbourhood and a young family, perhaps, gets a home to move into. That's the concept.

When I got there, as I said, there were 20 or 30 people in the backyard, all beaming, because they're very proud of this initiative and proud that the Skills Development Fund has made it happen. I went through and the two individuals who took me through the home were two of the trainees. One of them was an individual who had been on Ontario Works for a while—younger guy, but very passionate. He was telling me about how much he appreciated the opportunity to come in here, train with people who he saw now as mentors in terms of the carpentry skills, the plumbing skills, and saw for himself a future.

These were fairly basic skills just to get him started, but the fact that he could walk someone through his project, I think, gave him a real sense of pride and it came through to me as well. That's just one example of a project that the Skills Development Fund has helped.

I have some stats here: There were 129 participants total out of the project. The target was 120. I think this is one of those kinds of projects that doesn't suffer from lack of interest or lack of passionate people to support it; it just needs that spark, which I'm happy to say the Skills Development Fund was. Ninety-nine of those were kind of immediately employed, so the success, the conversion rate, was really good, and 30 of them went on to pursue further education or other training opportunities. So it's really the kind of project I love to see.

The Chair (Mr. Tom Rakocevic): One minute remaining.

Mr. Ken Nakahara: Maybe I'll just, with a minute remaining, read—because I have a few quotes from the participants and I think that might be helpful.

One of them said, “Through the employment supports I received, an employer has hired me, and I am currently working, and I am able to support and help myself.”

Another one said, “After we were done with this program, we still receive continuous support which is making our life better than it was before. I hope and trust this program is not going to be discontinued but rather expanded to more training such as heavy equipment operators, road conditions, designing, and many more to ... reduce the number of people on the street.”

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The last one was: “This program was very meaningful to us because we got to meet and know a lot of people working on the project. The relationships we built working together are very meaningful to all of us.”

I hope that gives you a sense for one of the projects that I got to visit, but there are lots of them and that's why our team is particularly proud to be involved in in this initiative.

MPP George Darouze: Thank you.

The Chair (Mr. Tom Rakocevic): Thank you. We're at time.

We move to the final round and the third party, beginning with MPP Fairclough. You have 20 minutes.

Ms. Lee Fairclough: I've got a number of questions to go through here, so thanks again for continuing to answer them for us.

The first one I want to start with is quite specific. The Auditor General's report noted that one of the recipients of funding from round 3 of the SDF training stream applied to provide training to one individual for a specific trade certification, and that it's an application that was ranked low. I think that it said it had a score of 41%, so can you just tell us which round three recipient that was?

Mr. Jonathan Lebi: Which—

Ms. Lee Fairclough: Yes, who was that? What organization was that, that got that?

Mr. Ken Nakahara: I don't have that information on hand.

Ms. Lee Fairclough: Would you be able to follow up to provide it to us?

Mr. Ken Nakahara: Well, you've disclosed the score, which makes me wonder about disclosing the applicant, because we're trying not to disclose the score so that we don't prejudice our advice to government.

Ms. Lee Fairclough: I see. Okay. Maybe I'll ask the question a different way then.

According to the Auditor General's report, the minister's office provided the ministry with written rationales for 91% of its selections in round 3, 4 and 5 of the SDF training—these are later rounds. What was the rationale the minister's office gave for why it granted this particular applicant?

Mr. Jonathan Lebi: I think the applicant—Ken, you're trying to find some of the details. I'll say that, again, I think you're maybe judging—not that erroneously—

Ms. Lee Fairclough: I'm just asking the question.

Mr. Jonathan Lebi: These applications come in all different sizes and shapes, including the number we're targeting. There were a number of applicants that were being supported. Sometimes it's really refined training that targets a smaller group, and sometimes—to the examples that Ken talked about before, just a few minutes ago—there's a broader group and it's more generalized training to support.

The example that you highlighted before, I think, was really around specialized training that's around—it was a flight training, specifically, that needed a sort of very specific type of training. That was the rationale for justifying just the one applicant.

Ms. Lee Fairclough: Okay. I guess maybe I'll just go then to another line of questioning, and then I want to come back on value for money and how this is factored in.

The other things that were included in the Auditor General's report were some comments related to registered lobbyists—those applications that had hired registered lobbyists and those that hadn't. In fact, I think that the report said that there were 64 low- and medium-ranked applicants that hired lobbyists and they received \$126 million in funding, which was a lot higher, actually. I do know that they also acknowledged that there were some high-ranked applicants who had lobbyists, but they received less than half that amount of the money.

So I guess my question is, what safeguards are in place to ensure that lobbying doesn't override merit-based selection processes when selecting applicants for funding? It feels like, in this case, far more money went to low-ranked with lobbyists.

Mr. Jonathan Lebi: I'll say a few things in response to that question, which is a fair question, so I appreciate it. One is, just to hearken back—not my whole answer, just around the importance of very independent, neutral analysis and advice. That is a very important harbinger of what goes forward in terms of analysis to inform the decision-making based on the criteria we talked about. That's one part.

The second part, I think, that's very important: to ensure no preferential treatment, which is I think the basis of your question—

Ms. Lee Fairclough: A little bit. It feels like the minister didn't fund the high-ranked, right?

Mr. Jonathan Lebi: Yes—is ensuring that my staff firstly understand that, should they have concerns, they can flag it, and not just in documentation but separately as well in terms of protections in place, which is important as well.

Ms. Lee Fairclough: Were any flagged in this situation, when they saw the low-ranked and they saw that there were lobbyists?

Mr. Jonathan Lebi: I'll ask Ken to comment on the specifics in a second, but I'm just going to—

Ms. Lee Fairclough: Sorry to interrupt.

Mr. Jonathan Lebi: No, not at all. Not at all.

A third piece as well is the ongoing work that we do in terms of working with the minister and the minister's office on ensuring that the lobbyist registry, which is the

system we put in place, is used effectively, is robust. I meet on a quarterly basis with the minister's chief of staff to ensure that it's used successfully, that the minister is putting in place his correspondence and all the different pieces, because that is the approved process to ensure that systems are in place.

Last thing—and then I'll turn to Ken—the AG spoke to other enhancements beyond that which we've agreed to implement, both in terms of proactively reaching out to find out for round 6 if there are applicants that have used a lobbyist, just to enhance the information available, and then moving forward to ensure that that field is captured as part of the future applications as well. So looking at what's there in place and also what's moving forward.

Ken, I'll turn to you to round that out as well.

Ms. Lee Fairclough: Can I just ask a quick question on that? I mean, again, I would be interested: Did the staff at any point have any concerns that they felt that there were lobbyists that were interfering with some of the decision-making around this?

Mr. Jonathan Lebi: As far as I know, no, but Ken and Annette—

Mr. Ken Nakahara: No, we don't—well, we don't track consultant or lobbyist involvement in projects, per se. Sometimes we become aware of consultants being involved, not so much lobbyists; it's simply not part of our technical evaluation.

Ms. Lee Fairclough: So you wouldn't have looked at it at all.

Maybe I'll move to another question. When you receive these applications, when you're assessing risk, do you do an assessment of how successful this applicant might have been in other ministry programs across the government?

Mr. Ken Nakahara: We recently—I think it might have been for round 5—started doing a process whereby once a selection was made, we would go around to other ministries to ask, "Is there anything we need to know about this applicant or this proponent before we enter into a contract?"

Ms. Lee Fairclough: Sounds like that's a good idea, given what we're seeing coming out of this.

And then I guess my—

Mr. Jonathan Lebi: Sorry, just to add to that—I apologize—

Ms. Lee Fairclough: Yes.

Mr. Jonathan Lebi: —in addition to looking beyond and across within our ministry, both other programs but also past funding as well.

Ms. Lee Fairclough: Past funding that they've received through the SDF itself?

Mr. Jonathan Lebi: Yes, that's right.

Ms. Lee Fairclough: And when you assess these applicants, do you look at, all around, whether or not they or any other recipients have made donations to political parties or anything of that sort?

Mr. Jonathan Lebi: No.

Ms. Lee Fairclough: Okay, thank you.

I guess my next set of questioning is really around some of the spot-checking that you do for these programs. When

the Auditor General released her report, she said that ministry had done spot-checking of SDF training stream recipient projects.

Can you just tell us, briefly, what's the typical spot check by the ministry of the SDF program? What does that consist of?

Mr. Ken Nakahara: Yes, I might ask Annette to expand on this a little bit, but I think spot checks means maybe our on-site checks. We're not required to do them, but wherever possible, we try to make sure that staff go out to the training venue and talk directly to the individuals—the participants and the individual doing the training service.

Ms. Lee Fairclough: And who chooses where you go? Has the minister's office chosen which projects are spot-checked?

Mr. Ken Nakahara: No, that's done at a divisional level. Our local offices, through their regular interactions with the proponents, would make that call.

Mr. Jonathan Lebi: It's also calibrated: If we have a suspicion or a concern with respect to performance, then that also influences who gets selected. Obviously, we want to use our finite resources appropriately and try to adjust it. It's part of the corrective actions as well.

Ms. Lee Fairclough: For round 1, for example, with the stream, how many of those projects would have been spot-checked?

Mr. Ken Nakahara: Round 1, because it was during the pandemic, I don't think we had any on-site visits, although I wasn't here.

Ms. Lee Fairclough: And for the 242 projects in round 2, how many did you do?

Ms. Annette Huton: I'm really not sure because I wasn't here for round 2 either.

Ms. Lee Fairclough: I'll ask the same question of the 209 projects in round 3. How many spot checks were done?

Mr. Ken Nakahara: I don't think we have these stats on hand, in terms of the number of on-site visits.

Ms. Lee Fairclough: Can you confirm that there have been some done?

Mr. Ken Nakahara: Yes, aside from—

Ms. Lee Fairclough: And would it be 10%, would it be 50%, 90%, approximately? Would we have any sense for any of the rounds?

Ms. Annette Huton: I don't want to guess and guess wrong, but what I can say is that it is an expectation that regional office staff visit the project, and if they're not able to visit the project, for whatever reason—it might be that, for instance, something is being managed out of the Kingston office but the project is being run in, I don't know, Tweed. I'm making things up right now. But it's difficult geographically to get to places. This is especially so in the north, where there are wide swathes of geography that are covered.

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But on top of those spot checks that happen in person, the monitoring, there are monthly reports that come in on

activities and financial reporting. All the way along there's monitoring that's happening for every single project.

Ms. Lee Fairclough: Maybe just as a follow-up, then, I'll request that for each round, how many spot checks there were. The purpose of the spot check would be to confirm that those reports that come in reflect what's actually happening at those organizations. Is that fair to say?

The Chair (Mr. Tom Rakocevic): Under 10 minutes.

Ms. Annette Huton: Just to check in—but we're not going to go in to speak with a partner assuming they're doing something wrong. It's to check in with them and see, "How is everything going? Is there anything you need from us?"

But also, of course, we're checking that the activities are happening the way that has been agreed to in the transfer payment agreement. It gives us an opportunity, as well as the funding recipient an opportunity, to ask any questions that they might have.

Ms. Lee Fairclough: Okay, thank you. I'm going to switch gears, if it's okay—sorry.

Mr. Jonathan Lebi: My understanding, though, is that we put in place a process—and it's already been in place the last couple of rounds—where every project requires, at least as a baseline, one monitoring. Then, in addition to the paper-based monitoring, we enhance that should we have suspicions or concerns as well. But that's a bit of a baseline for you.

Ms. Lee Fairclough: So you'll give me that for each of the other rounds, then.

I do want to move to the criteria because there were comments in the AG report about the change in the criteria that projects were assessed by. There was the addition of the criteria. I'm looking at figure 4 and figure 8, which is the weighting around some of those criteria. In round 2, you added a demonstrated innovation criterion. Then in round 5, we added the in-demand sector and the cost sharing. But that meant some trade-offs, it seems. Basically, you changed the weighting on organizational capacity to actually deliver on the program and put more of the weighting around demonstrated innovation.

Maybe my first question is, how did that change happen? What was the key thing? Was that directed by the minister, that that would be the new criteria and the weighting that would be applied?

Mr. Ken Nakahara: For round 2, you mentioned?

Ms. Lee Fairclough: Round 2, yes: If I'm reading the table correctly, the criterion changed in round 2, on figure 4. Now it was equal weight to the organizational capacity to actually deliver on a project.

Mr. Ken Nakahara: I think that was before our time. I'd say, in general, criteria are discussed with the minister's office, and we get some sort of consensus around what the weighting should be across all the different things.

I was here when we added in-demand sector and cost sharing, for example, for round 5. That was with the thought that that could help enhance the advice coming up. And when you add a criterion something else has to drop down, so there's an inevitable trade-off.

Ms. Lee Fairclough: Then I guess on figure 8, this is now when we look at the KPI results for high-scoring versus low-scoring, then also some of the predictors around those criteria: Which are more likely to be successful and which are not?

First of all, it seems that for sure higher-ranked proposals overall did better at achieving targets. Is that a fair comment?

Mr. Jonathan Lebi: I think also the AG has noted, over all the four rounds that we've had results for, all KPIs have improved over time. I think the information in front of you is taken from—she's had complete information from our programs, but I think there have been successes on each of them and each over time.

Ken, anything to—

Ms. Lee Fairclough: I just want to push a little bit. It's clear to me that high-ranked do better than low-ranked. This particular criterion on organizational capacity is particularly important for the success. Will you be adjusting the weight of some of these as you make decisions further into the project as we go ahead? Because it feels like those low-ranked aren't delivering what you need for this program, relative to the high-ranked.

Mr. Jonathan Lebi: I think that's part, exactly, of what we're trying to do through the predictive analysis we've talked about. I think you're right to note that organizational capacity is essential to deliver results. I think you were right to note earlier as well that there are trade-offs that take place as you adjust criteria. Part of the organizational capacity is ranked at the beginning; part of organizational capacity is also assessed as staff do monitoring and work with them, and that's what we're trying to learn and enhance. But of course, project success depends on those who are delivering the project.

Ms. Lee Fairclough: It does. I think that's been a change since round 2. It's sort of a shame that it wasn't recognized a bit earlier that maybe that was a bit of an issue.

Mr. Jonathan Lebi: I think we have opportunities, as we talked about, for ongoing improvements, and I think that's exactly why we're doing the predictive analysis.

Ms. Lee Fairclough: Okay. I guess the other thing I would say, then—I want to come back to this question around value for money. I think what we don't have in front of us is how much was given to these proposals; what did they achieve for that amount of money; and, if you look at the KPIs in the future, how are they going to include this value-for-money assessment and the number of people trained versus employees versus dollars spent. Again, in one application, it was one person, and I'm curious to know how much that application got, but just more generally.

Mr. Jonathan Lebi: I think I'll make a couple of general observations, and as you've seen already, I think my colleagues have good insights into what's actually occurred through the rounds and can probably enhance that.

The whole nature of the AG's audit is a value-for-money audit and how we make sure that we have systems

in place and the processes in place to ensure value for money. Part of the assessment that the staff do is, across those criteria, to ensure we have value for money and to ensure that there will be success with the money, the taxpayer spending that's allocated. That is the nature of it and achieving those outcomes. Not every project is the same—we talked about that as well—so we have to be willing to support projects that are of a different nature, depending on what you get out of it. But that's also part of the value-for-money process.

I will say what's really impressive that's not captured here is the experience that the team has, the employment training consultants and coordinators that we have who actually work very closely and understand which sectors and which applicants have demonstrable experience in doing that.

Ken, anything you want to add around value for money and why we weigh it?

Mr. Ken Nakahara: Yes. I think it's a really important line of consideration, value for money. I think it's something that we're going to keep trying to refine, our understanding of how to place it amongst all the different other priorities the government needs to consider, because it's a fundamental.

What makes it challenging is that rural, northern and urban all have different cost considerations, and then there's strategic elements. Even the project I mentioned before, somebody coming off of Ontario Works: Does that value get captured in the strict SDF proposal?

Ms. Lee Fairclough: Fair enough.

Mr. Ken Nakahara: Or might a government want to emphasize a sector, like the auto sector or steel, even though, perhaps, it's maybe more expensive than some other sector that doesn't have as much of a perceived future in the province? There are all these considerations, which makes it a bit complex.

Ms. Lee Fairclough: For what it's worth, it seems to me like a very easy thing to do would be to prioritize allocating money to high-ranked proposals. That would manage that risk pretty easily, based on the data that we're seeing here.

The Chair (Mr. Tom Rakocevic): Two minutes.

Ms. Lee Fairclough: Two minutes? I'll turn it to my colleague. Sorry, I thought we had more time. Poor John.

Mr. John Fraser: That's okay.

Actually, one very straightforward question: In terms of the analysis of any proposal, does the ministry look at the principles in an organization—the people involved with an application? We found out that it was not till round 5 that you started doing that for dealing with other ministries. But in terms of things like reputational—previous dealings with government that didn't go well or OSC violations, those kinds of things that would increase the risk of a project being successful because the characters involved in it did not have a great track record. Would the ministry do any analysis with regard to that as part of that organizational structure?

Mr. Jonathan Lebi: I know, starting—and then I'll turn to my colleagues as well. I get where you're going, MPP. We look at, first and foremost—what we look at has

improved, and the buckets of things we look at has grown. Early on, it was mostly looking at past performance within the ministry—not only within the SDF but at other programs, because we have a variety of programs and it's our obligation to look across and learn and share. Now we've looked at what other ministries' dealings were as well to also understand that.

Ken, do you want to—

Mr. Ken Nakahara: Yes. I'd say we try to do that to the best of our ability. Again, 900 proposals came our way for the most recent round, and we've got a matter of weeks to review them. So, the team where they have that knowledge, they have that insight—maybe from a past dealing, previous round or a colleague in a different local office that they're in touch with—they do try to provide any flags.

Mr. Jonathan Lebi: Can I add one more? I know you want to add one more.

Ms. Lee Fairclough: I want to get a question in here.

Mr. Jonathan Lebi: I'll be very fast.

Our expectation is any risks that they've noticed or observe are captured and fully transparently transmitted up. That is an obligation that we take seriously.

Sorry. I just wanted to point that out.

Ms. Lee Fairclough: Thank you for that.

I guess my last question, because we're going into report writing: Is there anything that—

The Chair (Mr. Tom Rakocevic): Sorry. We're at time.

That concludes the time for questions this afternoon. I would like to thank all of you for appearing before the committee. You are dismissed. Thank you.

We will now pause briefly as we go into closed session, so the committee can commence report writing.

The committee recessed at 1611 and later continued in closed session.

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