

Peter Bethlenfalvy
President of the Treasury Board
By Email Only: peter.bethlenfalvy@pc.ola.org

RE: Big Bold Ideas Initiative

September 21, 2018

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Dear Minister Bethlenfalvy:

I am writing with respect to your request for submissions to the “Big, Bold Ideas” initiative. These suggestions, on behalf of the 14,000 Ontario Public Service employees that AMAPCEO is proud to represent, provide opportunities to improve services delivered to Ontarians, while saving public funds and ensuring that those funds are used efficiently and effectively.

Privatization of Highway Maintenance

The threats of the privatization of public services have been on clear display in the past year. Most prominent, perhaps, was Carillion’s Canadian wing going into creditor protection following the move of its UK-based parent into liquidation. As the Auditor General’s Special Report of Winter Highway Maintenance reminds us, the government of Ontario began moving out of highway maintenance in the 1980s. It wasn’t until 1996, though, that highway maintenance began to move towards full outsourcing.ⁱ The goal of the government in this outsourcing was to reduce staffing. Through the reduced staffing, it was hoped that \$10 million/year would be saved. It took until 2000 for all highway maintenance operations to be outsourced.

Since outsourcing occurred, we know via the Auditor General, that:

- private contractors used less equipment, resulting in a deterioration of serviceⁱⁱ
- private contractors used less treatment material, resulting in a deterioration of serviceⁱⁱⁱ
- private contractors patrolled less often, resulting in service failures^{iv}

We also know that the “procurement process did not adequately factor in contractors’ ability to deliver required services” and that “contractors were unable to meet contract requirements.”^v Moreover, we know that Carillion was fined \$500,000 for not clearing the Queen Elizabeth Way during a November 2014 storm and fined an additional \$400,000 for inadequately clearing the same stretch in December 2014.^{vi} We know that Carillion was put under investigation again in 2016 for its workmanship.^{vii} We know that fines against contractors such as Carillion were often waived or reduced “with some contractors being able to take advantage of ministry leniency in their region.” The Auditor General found that of \$13.3 million in fines assessed through the winter of 2013/14, approximately \$4.8 million was waived.^{viii}

The government announced in late 2017 that Ontario and Carillion “mutually agreed” to end their current contract in 2019.^{ix} It seems reasonable to infer that this agreement flowed from Carillion’s performance issues.

Although the Ministry currently plans to issue Requests for Proposal for new service providers to step forward, the end of Carillion’s contract presents an excellent opportunity for the government to move highway maintenance back in-house. Such a move would no-doubt help the province “rebuild our public services and create an environment that has been the tradition in this province, of civil society, the fundamentals of which were attacked under the previous government.”^x

Recommendation:

Bring the provision of highway maintenance services back into the public service.

Community Benefit Agreements

The Community Benefits model is a feature of the 2017 Ontario Long Term Infrastructure Plan. Community Benefits Agreements are a formal mechanism to incorporate a public benefit into infrastructure investment, with a focus on community economic development and opportunities for historically disadvantaged and equity seeking groups. The Community Benefits movement began in Los Angeles, California, and has spread around the world.

The first major Community Benefits Memorandum of Agreement in Canada was signed right here in Ontario, as part of the construction of the Eglinton Crosstown LRT. The Crosstown Community Benefits Framework came about after years of advocacy from residents, the not-for-profit sector and skilled-trades unions to make sure that the communities along the Crosstown route get access to the positive economic impacts of the project, such as apprenticeships on the construction trades, social procurement and professional, administrative and technical jobs. The framework signed by Metrolinx, the contractor (Crosslinx), the Ministry of Advanced Education and Skills Development, Infrastructure Ontario, the United Way of Toronto and York Region, and the Toronto Community Benefits Network provides a simple but crucial mandate: to commit to the use of apprentices as part of construction, and to the recruitment of those apprentices from traditionally under-represented communities. Further, the commitment sets targets for social procurement, and promotion of social entrepreneurship as part of the construction project. This project is already delivering results.

Recommendation:

We want to encourage the government to act boldly to follow through on the community benefits model.

I look forward to continuing dialogue with you and a collegial relationship over the course

Sincerely,



Dave Bulmer,
President

Notes

ⁱ Auditor General, *Winter Highway Maintenance: Special Report*, April 2015, p. 4.

ⁱⁱ Auditor General, *Winter Highway Maintenance: Special Report*, April 2015, p. 15.

ⁱⁱⁱ Auditor General, *Winter Highway Maintenance: Special Report*, April 2015, p. 22.

^{iv} Auditor General, *Winter Highway Maintenance: Special Report*, April 2015, p. 23.

^v Auditor General, *2016 Annual Report of the Office of the Auditor General of Ontario*, p. 202.

^{vi} Keith Leslie, “Carillion Canada fined \$900,000 for not properly clearing QEW during two storms” *Canadian Press* 06 October 2015.

^{vii} Keith Leslie, “Carillion investigated again for not salting highways during Jan. 1 storm” *Canadian Press* 06 January 2016.

^{viii} Auditor General, *Winter Highway Maintenance: Special Report*, April 2015, p. 13.

^{ix} “Ontario Keeping Highways Safe in the Thunder Bay East Area” Ministry of Transportation, December 4, 2017 <<https://news.ontario.ca/mto/en/2017/12/ontario-keeping-highways-safe-in-the-thunder-bay-east-area-1.html>>

^x Ontario Legislature, Hansard, 2 November 2005, Hon. Kathleen Wynne.