



**HOUSE OF COMMONS  
CANADA**

**CHAPTER 2, G8 LEGACY INFRASTRUCTURE  
FUND, OF THE 2011 SPRING REPORT OF THE  
AUDITOR GENERAL OF CANADA**

**Report of the Standing Committee on  
Public Accounts**

**David Christopherson, MP  
Chair**

**MARCH 2012**

**41st PARLIAMENT, 1st SESSION**



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**41st PARLIAMENT, 1st SESSION**

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# **THE STANDING COMMITTEE ON PUBLIC ACCOUNTS**

has the honour to present its

## **FOURTH REPORT**

Pursuant to its mandate under Standing Order 108(3)(g), the Committee has studied Chapter 2, G8 Legacy Infrastructure Fund, of the 2011 Spring Report of the Auditor General of Canada and has agreed to report the following:

## INTRODUCTION

Periodically, Canada hosts summits of international leaders. Canada has hosted the Group of Eight (G8) Heads of State Summit on four previous occasions—July 1981 in Montebello, Quebec; June 1988 in Toronto, Ontario; June 1995 in Halifax, Nova Scotia; and June 2002 in Kananaskis, Alberta. In the past, federal funds have been made available to the regions hosting these events. For example, in April 2001, Québec City received about \$4.5 million for the Summit of the Americas, and Kananaskis received \$5 million for the June 2002 G8 Summit.

In June 2008, the federal government announced that it would host a meeting of the Group of Eight Heads of State at a summit on June 25 and 26, 2010 in Huntsville, Ontario. In February 2009, the government announced the creation of a \$50 million fund for the host region, Parry-Sound Muskoka.

In its *Spring 2011 Report*, the Office of the Auditor General (OAG) presented a performance audit on the G8 Legacy Infrastructure Fund. This audit examined how the fund was established and funded, and how projects were selected.<sup>1</sup>

On October 5, 2011, the Interim Auditor General presented to the House of Commons Standing Committee on Public Accounts (the Committee) the findings of this audit, as well as other audits included in the *Spring 2011 Report* and the *2011 Status Report*. He was accompanied by Wendy Loschiuk, Assistant Auditor General, and Ronnie Campbell, Assistant Auditor General. Members of the Committee asked a number of questions about the audit of the G8 Legacy Infrastructure Fund during this meeting.

The Committee held a specific hearing on this audit on November 2, 2011. Appearing before the Committee were the Honourable Tony Clement, President of the Treasury Board, and the Honourable John Baird, Minister of Foreign Affairs. They were accompanied by Michelle d'Auray, Secretary of the Treasury Board of Canada,

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<sup>1</sup> Auditor General of Canada, Chapter 2, "G8 Legacy Infrastructure Fund," in *Spring 2011 Report*, (Ottawa, 2011).

Treasury Board of Canada Secretariat (the Secretariat); Yaprak Baltacioglu, Deputy Minister, Department of Transport; John Forster, Associate Deputy Minister, Infrastructure Canada; and Richard Dicerni, Deputy Minister, Department of Industry.

## **PARLIAMENTARY APPROVAL OF FUNDING**

In February 2009, the then Minister of Industry, the Hon. Tony Clement, announced that the federal government would provide funding to the 2010 G8 Summit host region for infrastructure related to the summit. Minister Baird told the Committee that, “Up to \$50 million was available.”<sup>2</sup>

The Deputy Minister of Transport, Infrastructure and Communities, Yaprak Baltacioglu, explained to the Committee that officials from the department had recommended that the then Minister of Transport, Infrastructure and Communities, the Hon. John Baird, use the Border Infrastructure Fund to fund G8 projects due to the limited time available. She said:

[W]hen the new money came into the department, the department did not have that much time to get the program up and running. The projects had to start within weeks. Therefore, departmental officials tried to find the most expedient way to administer this program. Getting new funds and programs off the ground, and getting all of the authorities and approvals done from scratch, often takes anywhere between four to six months. So the idea of using the border infrastructure fund came up as a way to administer the program appropriately but in a more expedient approval time process. New money was added into the border infrastructure fund, with separate terms and conditions around this legacy fund. Again, as we said, that was what was deemed to be a wise way of proceeding at that time. Within months of that, the officials were thinking that we should have done a stand-alone fund, because we could have gotten the approvals probably in the same timeframe; a lot of flexibilities came in with the economic action plan in terms of getting the memoranda to cabinet approved, Treasury Board submissions approved, etc. At the time, they didn't know. They looked at the past process, and that was the recommendation that was made to the minister.<sup>3</sup>

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<sup>2</sup> House of Commons, Standing Committee on Public Accounts, *Evidence*, 1<sup>st</sup> Session, 41<sup>st</sup> Parliament, November 2, 2011, Meeting 12, 1545.

<sup>3</sup> Meeting 12, 1700.



On the recommendation of public servants, the government decided that the Border Infrastructure Fund would be used as the vehicle to administer and deliver funding for this initiative, and that summit-related infrastructure projects would be exempt from the terms and conditions of the Border Infrastructure Fund. The government established new terms and conditions for G8 Legacy Infrastructure projects.

In November 2009, the *Supplementary Estimates (B), 2009-10* were tabled in Parliament. The document included an \$83 million item for the “Border Infrastructure Fund relating to investments in infrastructure to reduce border congestion.”<sup>4</sup> Of this amount, \$50 million was intended for G8 Summit projects. The OAG concluded that the government was not transparent about its purpose when it requested Parliament’s approval of the funds because Parliament was not provided with a clear explanation of how the funds were to be spent.

As not all of the funds were spent in 2009–2010, the government included, in the *Supplementary Estimates (A), 2010-11*, a \$10 million item for “Funding for Border Infrastructure Fund related to projects in support of the 2010 G8 Summit.”<sup>5</sup> Although this description does indicate that the funds are related to projects in support of the 2010 G8 summit, the OAG concluded that the wording used by the government was also not sufficiently clear because it suggested that the projects somehow related to border infrastructure, which was not the case.

The OAG recommended that the Secretariat should review the practice for determining the information presented to Parliament in the estimates, and that it should amend its processes to ensure that Parliament is presented with clear and accurate information about how funds will be used. The government has accepted and agreed to this recommendation. The Treasury Board of Canada Secretariat’s response is as

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<sup>4</sup> Treasury Board of Canada, *Supplementary Estimates (B), 2009-10* (Ottawa, 2009), p. 237.

<sup>5</sup> Treasury Board of Canada, *Supplementary Estimates (A), 2010-11* (Ottawa, 2010). p. 152.

follows: “For similar circumstances, the Treasury Board of Canada Secretariat will undertake to provide increased transparency of such programs in the Estimates.”<sup>6</sup>

The Secretary of the Treasury Board, Michelle d'Auray, told the Committee that the reason the funding for the G8 Infrastructure Fund was not clearly identified in the supplementary estimates was due to the Secretariat's processes:

[It] is a technical process we have that when a subprogram is a subset of a program, in this instance the border infrastructure fund, we roll up all of the subprogram elements into the main program heading. It's a technical aggregation, and in that sense, it is appropriate for us to do that. We have done that for over a hundred years. It is simply an aggregation of a subprogram element into a main program. There is no element of error. It is essentially a technical process that we go through. We recognize that in some instances that aggregation may be at a too-high level.<sup>7</sup>

The Secretariat agreed with the OAG's recommendation, as set out earlier in the report. In its response, the Secretariat said that, for similar circumstances, it will undertake to provide increased transparency in the presentation of the estimates. The Minister of Foreign Affairs and former Minister of Transport, Infrastructure, and Communities, the Hon. John Baird, emphasized the government's commitment to addressing the issue, stating, “The Auditor General has said we should have been clearer to Parliament when we presented those estimates. While this had been done for many years, she's right, it should have been, and next time it will.”<sup>8</sup>

The Secretary of the Treasury Board described the actions taken by the Secretariat to respond to the OAG's recommendation:

We have instituted two things within the Treasury Board Secretariat based on the Auditor General's advice. First, for initiatives of a horizontal nature, we have described with greater detail in the estimates. We are also for the first time, as you will see shortly, providing information on horizontal initiatives from previous estimates as well as the current estimates, so that the tracking of funds can now be done. That's a new development. We have also instituted some very clear guidelines inside our organization,

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<sup>6</sup> Chapter 2, p. 45, response to recommendation 2.15.

<sup>7</sup> Meeting 12, 1630.

<sup>8</sup> Meeting 12, 1625.

because we're the ones that provide departments with their estimates sheets for them to sign off. Where there are specific subprogram elements that provide different parameters or additional parameters to existing programs, those will now be listed separately. We have had a tradition of aggregating them, and we recognize that may not be as transparent or as clear. We recognize that. As a result, where there are subprograms with different parameters or additional parameters, those will then be identified distinctly. They will still be under the heading of the main program so that the funds can be tracked under the program authorities all the way through. The program elements are also reported in departments' performance reports. They are also reported in the public accounts. Members of Parliament can see them all the way through--from the main estimates, to the supplementary estimates, to the departmental performance reports, to the public accounts.<sup>9</sup>

The Committee agrees with the OAG that it is important that the estimates present clear and accurate information. Without adequate information, it is difficult for Parliament to closely examine the government's spending plans outlined in the estimates and subsequently review how it spent funds, as set out in the public accounts. The Committee recognizes the government's commitment to accountability and transparency and believes that the actions taken by the Secretariat will sufficiently improve the clarity and transparency of information presented to Parliament in the estimates with respect to subprograms.

## **PROJECT SELECTION**

Municipalities, communities and stakeholders submitted 242 projects for funding under the G8 Legacy Infrastructure Fund. Of these, 33 projects were put forward by the Minister of Industry to the Minister of Infrastructure; 32 projects were approved by the former Minister of Infrastructure for funding, and one project was withdrawn by a municipality.

The OAG attempted to examine how project submissions were reviewed and selected, but departmental officials told the OAG that they were not involved in the application intake or the identification of priorities for funding, and thus they were not able to provide information or documentation on the selection process.

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<sup>9</sup> Meeting 12, 1705.

The Minister of Foreign Affairs, the Hon. John Baird, testified that he was the only minister with the legal authority to approve projects:

As the Minister of Infrastructure Canada, I was the only one who had the legal authority to approve projects. By all means, projects were selected by my colleague, identified, recommended, but he did not have any approval process; only I, as Minister of Infrastructure, had that authority.<sup>10</sup>

Minister Clement played a coordinating role as outlined by the Deputy Minister of Infrastructure Canada, Ms. Yaprak Baltacioglu:

Those words do matter in the selection process. Minister Clement, as he outlined in his opening remarks, working with the local communities and the leadership, identified priority projects for funding consideration. These identified priority projects were given to Infrastructure Canada. Infrastructure Canada did an assessment of these projects against the terms and conditions of the program, and we did provide advice to Minister Baird for his approval of the 32 projects and also for him to sign the contribution agreements. Minister Baird signed the contribution agreements and any other documentation that's required, as the minister legally responsible for the fund.

Minister Clement, as the recommending minister, has also signed documents, but his involvement from our perspective was symbolic. In our view, these things were approved according to the procedures.

Following that, the documents were sent to the various proponents, and they signed. Following that, the involvement of the ministers ended there, and we ended up administering the program. We communicated with the proponents in terms of their bills and how to pay them, etc.<sup>11</sup>

The President of the Treasury Board and former Minister of Industry, the Hon. Tony Clement, told the Committee that he primarily played a coordination role for the intake of projects; that is, he was an interlocutor between the federal government and the local community. He stated several times that he was not involved in project selection. The Minister explained the process:

Now, since there were far too many project ideas for available funds, and since some of the ideas clearly fell outside federal jurisdiction, I then proposed to the mayors a simple, straightforward process through which

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<sup>10</sup> Meeting 12, 1555.

<sup>11</sup> Meeting 12, 1555.

they could focus on the project proposals that really mattered to them and the region. I suggested that they, amongst themselves and with their councils, identify their top priorities and, based on their own judgment, weed out those proposals they considered to be of low need or outside federal jurisdiction. Since other mayors didn't want to submit proposals via the Huntsville mayor, I offered my constituency office in Huntsville as a depository where proposals could be dropped off and from there forwarded to federal officials. These suggestions received a positive reception by the mayors and community leaders, and they worked cooperatively to identify their top priorities. Essentially, each mayor reviewed the proposals for his or her area and brought forward only those they considered a priority.<sup>12</sup>

The Minister explained that there was no documentation for the review of the 242 projects because the mayors reviewed the projects themselves and only 32 projects were submitted to Infrastructure Canada.

The Interim Auditor General told the Committee that he thought adequate documentation to support decisions is important. He said, "I am very concerned that documentation was not available within the federal government to explain how or why these 32 projects were selected. Supporting documentation is important for transparency and for accountability."<sup>13</sup> He went on to say, "In my opinion, the lesson learned from that is quite simple. There is a role for public servants to play and they should be allowed to play it to ensure proper processes are followed and that the programs are administered transparently."<sup>14</sup>

The Interim Auditor General also expressed his view that more rules are not necessary, stating:

I don't think this is a situation that requires more rules. I believe the rules are there. This office has taken the position in the past, and I absolutely support that position, that we don't need more rules. What we need is consistent application of the existing rules. I'm not waiting for the

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<sup>12</sup> Meeting 12, 1535.

<sup>13</sup> House of Commons, Standing Committee on Public Accounts, *Evidence*, 1<sup>st</sup> Session, 41<sup>st</sup> Parliament, October 5, 2011, Meeting 6, 1535.

<sup>14</sup> Meeting 6, 1645.

government to say it put a new rule and procedure into place, because I don't think it's necessary in this case.<sup>15</sup>

The President of the Treasury Board acknowledged that the process could have been better. He said, "In hindsight, it may have been better for infrastructure officials to review all 242 initial proposals and not simply encourage the local mayors to collaborate and focus their requests in the interests of efficiency and time."<sup>16</sup>

The Committee agrees, as appropriate processes and documentation are important for accountability and transparency, which help maintain Canadians' trust that public funds are spent prudently and with probity. The Committee recommends:

### **RECOMMENDATION 1**

**That the Government of Canada ensure that all decisions on the intake and selection processes for infrastructure funds be appropriately documented.**

Notwithstanding improvements that could be made in the selection of projects, it is important to note that the audit found that, for the 32 approved projects, Infrastructure Canada had set up mechanisms to administer the contribution agreements. The Interim Auditor General told the Committee that, "once the projects were selected and handed over to Infrastructure Canada, Infrastructure Canada officials did a good job in administering those projects and ensuring that the government received what it paid for under those agreements."<sup>17</sup> He also commented, "I can say that Infrastructure Canada administered the contribution agreements for each of these projects in a prudent and responsible manner."<sup>18</sup>

The Deputy Minister of Transport told the Committee that the department had completed its due diligence regarding the G8 infrastructure projects. She said, "The department ensured that all of the bills that were submitted were reviewed, and we

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<sup>15</sup> Meeting 6, 1610.

<sup>16</sup> Meeting 12, 1540.

<sup>17</sup> Meeting 6, 1540.

<sup>18</sup> Meeting 6, 1645.

accounted for everything that we paid for. As well, we ensured that actual results were achieved in terms of building public infrastructure as a result of this fund.”<sup>19</sup>

## **CONCLUSION**

The OAG concluded that the government could have been more transparent in the way that it presented the request for spending authority for the G8 Legacy Infrastructure Fund in the supplementary estimates. The OAG was also concerned by the lack of documentation for the selection of 32 projects for funding from the initial 242 projects submitted.

The Committee agrees that improvements need to be made, and the government has committed to making changes. The Committee trusts that subprograms will be better identified in the supplementary estimates and that the project selection process for infrastructure programs will be properly documented.

The Committee also notes that all of the 32 projects submitted for funding were reviewed by departmental officials for eligibility. The officials subsequently monitored the administration of the projects and determined that all funds were accounted for and spent appropriately. In the end, the government received what it paid for, and a lasting legacy was left for the residents of Parry Sound—Muskoka. As the Interim Auditor General told the Committee, “The public servants did a good job in administering the agreements once the projects had been selected and ensured that Canada got what we paid for in those projects.”<sup>20</sup> Additionally, John Forster, Associate Deputy Minister at Infrastructure Canada, said, “in the end the fund was approved for \$50 million; about \$45.7 million was approved for projects, and the final expenditures were \$44.8 million. All bills and claims have been paid out and verified with reports.”<sup>21</sup>

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<sup>19</sup> Meeting 12, 1545.

<sup>20</sup> Meeting 6, 1540.

<sup>21</sup> Meeting 12, 1545.

# APPENDIX A LIST OF WITNESSES

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<b>Organizations and Individuals</b>	<b>Date</b>	<b>Meeting</b>
<b>Department of Industry</b>	2011/11/02	12
Richard Dicerni, Deputy Minister		
Yaprak Baltacioglu, Deputy Minister		
John Forster, Associate Deputy Minister, Infrastructure Canada		
<b>House of Commons</b>		
John Baird, Minister of Foreign Affairs		
Tony Clement, President of the Treasury Board		
<b>Treasury Board Secretariat</b>		
Michelle d'Auray, Secretary of the Treasury Board of Canada		



# REQUEST FOR GOVERNMENT RESPONSE

Pursuant to Standing Order 109, the Committee requests that the government table a comprehensive response to this Report.

A copy of the relevant Minutes of Proceedings (41st Parliament, 1st Session: [Meetings Nos. 12, 25 to 27, 29, 30 and 34](#)) is tabled.

Respectfully submitted,

David Christopherson, M.P.

Chair

**“The G8 Legacy Infrastructure Fund”**

**Overview**

1. The Office of the Auditor General’s (OAG) spring 2011 audit report on the G8 Legacy Fund is one of the most consequential publications to come out of the OAG in recent years. The OAG report detailed the administration of a \$50 million slush fund for the 2010 G8 Summit concentrated exclusively in Minister Clement’s Parry Sound—Muskoka riding. Similar Summits received one tenth of the federal funding the Muskoka Summit received.
2. The Conservative members of the Public Accounts committee have declined to bring a representative from the OAG to Public Accounts committee to discuss this chapter specifically. This is an insult to the accountability and transparency that this committee stands for.
3. We agree with the Interim Auditor General’s comments on the Legacy Fund’s administration, where he said that “rules were broken”<sup>1</sup>. However, the Conservative members of the Public Accounts Committee have produced a report that contains fundamental flaws and disregards any real accountability. Their duty is to go beyond partisan lines and seek out answers for the Canadian public they serve. Their inaction is jeopardizing the committee’s legitimacy as the overseer of government spending.

**Background**

4. The \$50 million dollar fund that would become the G8 Legacy Fund was first presented to Parliament in the November 2009 Supplementary Estimates (B). The government used the \$83 million budget line “Border Infrastructure Fund” as a “vehicle”<sup>2</sup> to distribute the money quickly. The OAG concluded that this “did not clearly or transparently identify the nature”<sup>3</sup> of the Legacy Fund.
5. When the government added \$10 million in Supplementary Estimates (A) 2010-2011 to the Border Infrastructure Fund they labeled it “Funding for the Border Infrastructure Fund related to projects in support of the 2010 G8 Summit.” The OAG concluded this was “still not clear because it suggests that these projects were somehow related to border infrastructure, which was not the case.”<sup>4</sup>
6. The Conservative government was in a minority parliament. They would have needed the support of at least one party to pass any legislation, and had they been forthright about the nature of the funding, it is obvious an unnecessary vanity project in the middle of an economic downturn would never have passed. This is why we believe their unclear labeling was used multiple times.

### **The Summit and Project Selection**

7. The dates and location of the G8 Summit were announced on November 1, 2008. The Legacy Fund was announced on February 6, 2009. As early as August 2008, Minister Clement had been soliciting local area mayors to propose projects for federal funding.
8. Clement's constituency and political staff were actively involved in these projects. His constituency office was the collection point for proposals; his Ministerial staffers provided advice and wrote rejection letters to the towns. Clement's use of exempt staff was intended to sidestep Federal Access to Information (ATI) laws. It is only through Municipal Freedom of Information (FOI) requests that the NDP was able to discover their intense involvement in the Fund.
9. The OAG's report stated that officials from Infrastructure Canada were unable to provide them with documentation showing how the projects were reviewed and selected; through ATI releases we now know that Infrastructure officials had a list of all 242 projects prior to the report's publication. A memo from the Chief of Staff of the Deputy Minister of Industry reads: "FedNor officials transferred the catalogue of projects to Infrastructure Canada officials. All 242 project proposals were sent; this included the 32 projects which were recommended by Minister Clement."<sup>5</sup>
10. The OAG report also stated that the Summits Management Office (SMO) had no documentation to show their involvement "in the review or selection of the 242 projects."<sup>6</sup> A senior SMO official was a member of the Clement-chaired Local Area Leadership Group (LALG), whose meetings focused on the review and criteria for Legacy funding.<sup>7</sup>
11. After soliciting his local area mayors to return to him with project ideas right before the writ dropped on the 2008 Federal election, Tony Clement's constituency office received a total of 242 project proposals. While Clement claimed on June 20, 2011 that the area mayors "said they agreed that 242 was [sic] too much and they suggested 32 or 33, which they conveyed to me,"<sup>8</sup> there is no documentation that supports this. We know many projects that were considered high priority by the mayors themselves—such the crumbling fire hall in Minett—were still rejected. Letters of rejection were issued for 210 unsuccessful projects by Clement's exempt ministerial staff.<sup>9</sup>

### **Conclusions**

12. It is now clear that not all materials pertinent to the project review and selection were given to the Auditor General's office. In the words of the interim Auditor General: "We did approach the Minister's office to request any documentation that was available in the Minister's office or in the

Dissenting opinion of the New Democratic Party  
Presented to the Standing Committee on Public Accounts

constituency office to explain how the projects were selected. We received a small amount of documentation, which wasn't directly relevant to the question of the project selection and we therefore concluded as we did in the audit.”<sup>10</sup> However, we know that both Industry Canada and Infrastructure Canada were in possession of all 242 project proposals before the audit was conducted.<sup>11</sup>

13. The importance of a functioning checks and balance on government expenditures cannot be overstated. Neither can the significance of Parliamentary committees being able and willing to enforce these checks and balances. The Conservative members of the Public Accounts Committee, by refusing to pursue solid answers and real recourses regarding the Legacy Fund, have abdicated their responsibilities to the Canadian public to whom they answer.

**Recommendations:**

14. In light of the concerns outlined above, the NDP recommends that:

- All documents in Industry Canada and Infrastructure Canada must be given to the OAG.
- All documents related to the G8 Legacy Fund must be tabled in the House of Commons
- The Standing Committee on Public Accounts must perform a complete review of the Spring 2011 Auditor General report.
- The Standing Committee on Public Accounts must allow the Auditor General to testify at committee to this specific chapter of the Auditor General report.

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<sup>1</sup> Fekete, J. “Rules were broken’ over G8/G20 summit spending: Auditor-General’. The National Post. October 6, 2011.

<sup>2</sup> Hon. John Baird. Hansard, Standing Committee on Public Accounts. November 2, 2011. (1620)

<sup>3</sup> The Office of the Auditor General of Canada. Spring 2011 Report. Chapter 2 (2.22).

<sup>4</sup> The Office of the Auditor General of Canada. Spring 2011 Report. Chapter 2 (2.14).

<sup>5</sup> Halucha, Paul. Memorandum to the Deputy Minister. November 2, 2011. Released through Access to Information December 9, 2011.

<sup>6</sup> The Office of the Auditor General of Canada. Spring 2011 Report. Chapter 2 (2.17).

<sup>7</sup> 2010 G8 Summit Local Area Leadership Group meeting minutes. <http://bit.ly/GV4LRs>

<sup>8</sup> Hon. Tony Clement. Hansard, Standing Committee on Government Operations and Estimates. June 20, 2011. (1645)

<sup>9</sup> Letter from David Pierce to Walter Schmid, July 9, 2009. “G8 Documents”. <http://bit.ly/H9eOpt> p.9.

<sup>10</sup> Wiersema, John. Hansard, Standing Committee on Public Accounts. October 5, 2011.

<sup>11</sup> Email from Tom Dodds to France Pégeot, January 13, 2010. “Infrastructure Canada request for G8 Project Proposal Information.”

# “G8 Legacy Infrastructure Fund,” Chapter 2 of the 2011 Spring Report of the Auditor General of Canada

## **The Liberal Party of Canada’s Dissenting Report to the Conservative’s Majority Report**

It is regrettable but necessary that the Liberal Party of Canada must present to the House of Commons for its consideration a dissenting report concerning the government’s handling of the infamous G8 Legacy Fund as investigated by the Auditor General of Canada.

This minority report is necessary due in large part to the concerted effort by Conservative members of the Committee to completely whitewash this affair and to minimize the findings and recommendations of our Auditor General.

The first indication that the government was attempting to whitewash this affair became evident early in the proceedings when they used their majority in the Standing Committee on Public Accounts to deny both the interim and the current Auditor General of Canada an opportunity to appear before the Committee to present their findings. In doing so, the Conservatives shut down any possibility of having a discussion with the OAG about what should be done and prevented additional questions from being asked. Even the Auditor General of Canada noted that such a decision was contrary to the past practice of the Committee and, in his expressed opinion, contrary to best practices in achieving parliamentary accountability through the operation of public accounts committees.

The issue considered by the Auditor General was the spending of a \$50 million budget for gazebos, picnic tables, artificial lakes and other facilities supposedly in support of the G8 Summit meetings that were to be held in Muskoka, Ontario in 2010.

The OAG found that the authorization for the \$50 million budget was obtained through a mis-information campaign and in complete contradiction to parliamentary oversight and approval.

Right from the outset, there were serious issues arising out of the administration of this program including, but not limited to,:

- 1) The government using an existing program known as the Border Infrastructure Fund even though none of the projects that used taxpayer’s funds had anything to do with border infrastructure. In fact, most of the spending occurred hundreds of kilometers from any border crossing.
- 2) The government’s suggestion that they needed to use an existing, unassociated program fund to disperse the money was due to impending start date of the G8 Summit. The Auditor General disagreed saying that if administrative and Parliamentary approval had been sought for such a fund, it could have been achieved within the necessary timeframe.

- 3) Senior departmental officials from Transport Canada, Industry Canada, Foreign Affairs and other key government departments told the OAG that they had nothing to do with the process of determining the budget level for the G8 Legacy Fund which is a serious matter in and of itself. The fact that the final budget was nearly ten times the money of any similar fund compounded this concern. Politics was clearly trumping policy and accountability.

Ultimately, the OAG explicitly concluding that Parliament was deceived when it asked to approve \$50 million for additional border infrastructure instead of what the Conservatives intended to use it on, such as gazebos and fake lakes for Minister Clement's riding.

Additionally, there is the issue of deciding how the ill-begotten money would be used. Minister Tony Clement set up what most would consider a private application and approval process for the funds. Government bureaucrats were not allowed to be involved in the selection of projects which would benefit from taxpayers money. Instead, applications were directed to minister Clement's own MP constituency office in Muskoka.

To this day, Parliament has no idea how projects were selected. Ministers Clement and Baird indicated it was the community at large who self-approved spending of the funds. Apparently, it was the dozens of Mayors from the area who were involved in this process and who apparently took their original quarter of billion dollars in "asks" and collectively reduced it to just under \$50 million in requests without so much as a guiding hand of any federal government officials. All the projects that were submitted to ministers Clements and Baird were 100% approved. It is still unclear, however, how many bridges the ministers thought could be bought and sold through this process.

The facts, and the government's response, are more than troubling. More questions than answers remain about this sordid affair. And part of the reason why a dissenting report was required is because Conservative Committee members refused to include specific quotations and references from the Auditor General in any report that they would support. They suggested that context in which the statements were made could not be clearly understood. In response, the Conservatives were reminded repeatedly that had they allowed the Auditor General to appear before the Committee to explain his statements and recommendations, the government could have presented questions and become better informed of the Auditor General's position. They refused to allow the Auditor General to appear and then used it as an excuse as to why substantial sections of testimony should be stricken from the report. This, quite frankly, is offensive and can not go unreported.

The Harper government has attempted to whitewash the entire G8 Legacy affair. The administration and parliamentary contempt surrounding the fund was bad enough. Now, the whole situation is made worse by the cover-up.