Office of the
Auditor General
of Ontario

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January 28, 2025

Clerk of the Legislative Assembly
Legislative Building, Room 104
Queen's Park
Toronto, Ontario
M7A 1A2

Dear Trevor Day,

Please find attached a correction notice from the Office of the Auditor General of Ontario for the *2024 Annual Report* and follow-up reports, along with the revised pages.

Please ensure these revised pages are included with the printed copy of the *2024 Annual Report* received by the Legislative Assembly of Ontario on December 3, 2024.

Thank you.

Office of the Auditor General of Ontario
***2024 Annual Report* Correction Notice**

Ontario Place Redevelopment
This report was updated on December 4 to correct a factual error on page 104.
Ce rapport a été mis à jour le 4 décembre afin de corriger une erreur factuelle à la page 120.

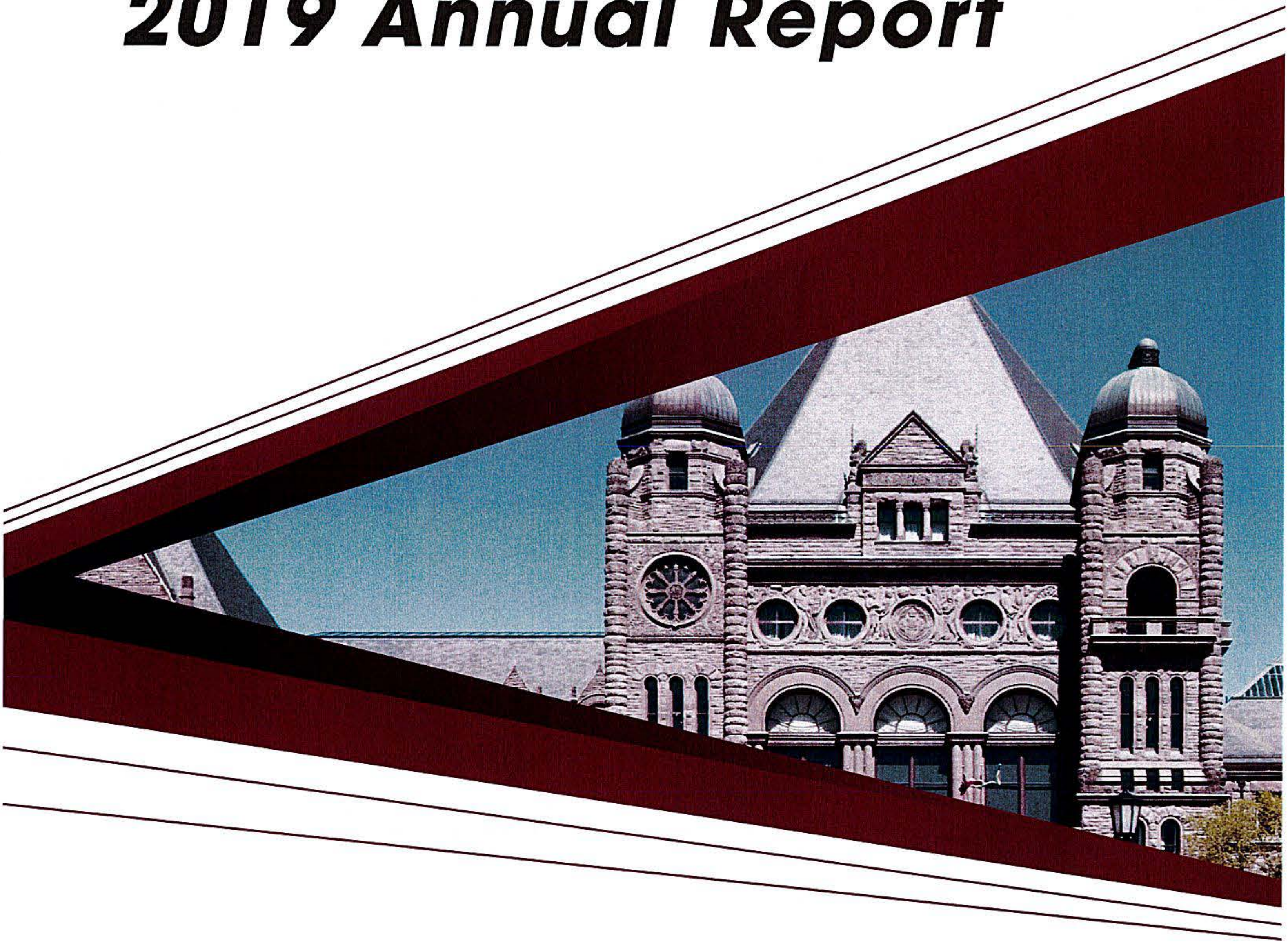
Municipal Zoning Orders (MZOs)
This report was updated on January 16 to correct factual errors on pages 44, 48 and 49.
Ce rapport a été mis à jour le 16 janvier afin de corriger des erreurs factuelles aux pages 50, 55 et 56.

Review of Government Advertising
This report was updated on December 4 to correct a factual error on print pages 676, 312, 316, 317, 952.
Ce rapport a été mis à jour le 4 décembre afin de corriger une erreur factuelle aux pages 760, 344, 349, 350, 1066.

Management of Hazards and Emergencies in the Environment – Follow-Up
This report was updated on December 4 to correct factual errors on page 2.
Ce rapport a été mis à jour le 4 décembre afin de corriger des erreurs factuelles à la page 2.

Continuous Follow-Up
This report was updated on December 4 to correct factual errors on pages 14, 41 and 42.
Ce rapport a été mis à jour le 4 décembre afin de corriger des erreurs factuelles aux pages 15, 45 et 46.

Status of Audit Recommendations from the *2019 Annual Report*



Office of the Auditor General of Ontario

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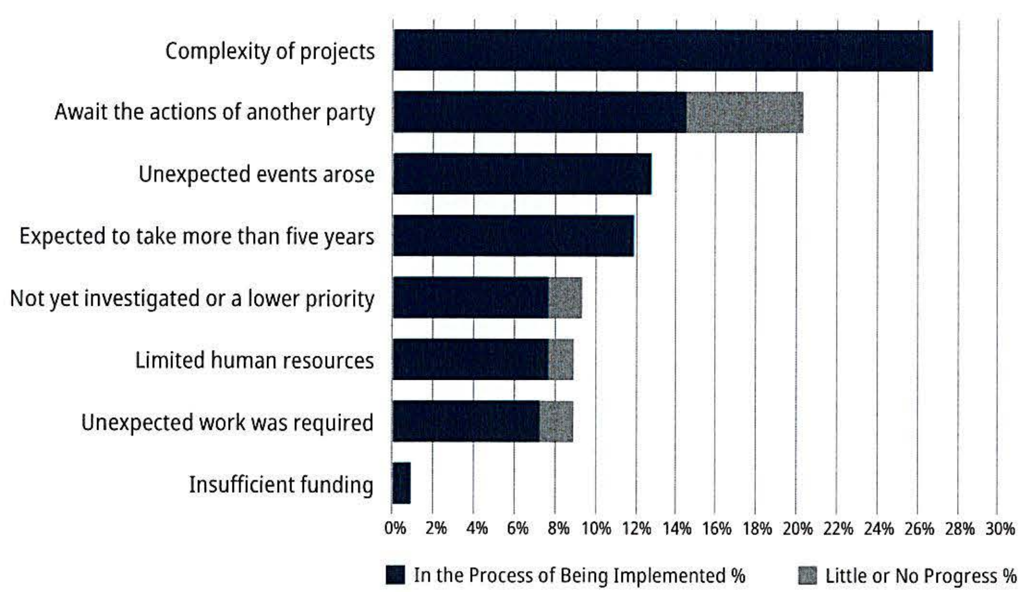
3.8 Slow Implementation Mainly Due to the Complexity of Developing/Changing Legislation, Regulations, Policies, Guidelines, IT Projects or Capital Projects

The most common reasons organizations gave for the slow implementation of our recommended actions were due to the **complexity of** developing/changing legislation, regulations, policies, guidelines, IT projects or capital **projects**, which require significant time to implement (see **Figure 5**).

Other reasons organizations identified as contributing to the slow implementation of actions were:

- the organization had to **await the actions of another party**;
- **unexpected events arose**, such as the COVID-19 pandemic or change in management's direction;
- the recommended actions were determined to be long-term or were **expected to take more than five years** to implement;
- the recommended actions were **not yet investigated or** were considered to be **a lower priority**;
- **limited human resources** were available;
- **unexpected work was required** such as research, consultations, stakeholder engagements, cost/benefit analysis, jurisdictional scans and training; and
- **insufficient funding** was available.

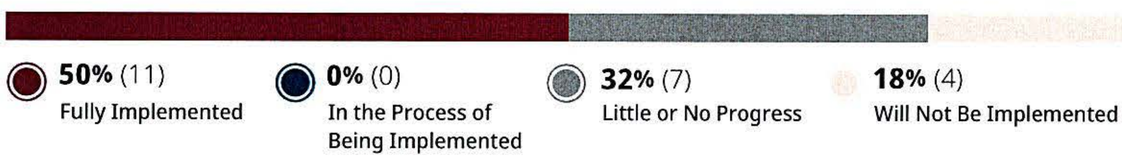
Figure 5: Organizations' Reasons for Slow Implementation of Recommended Actions
Prepared by the Office of the Auditor General of Ontario



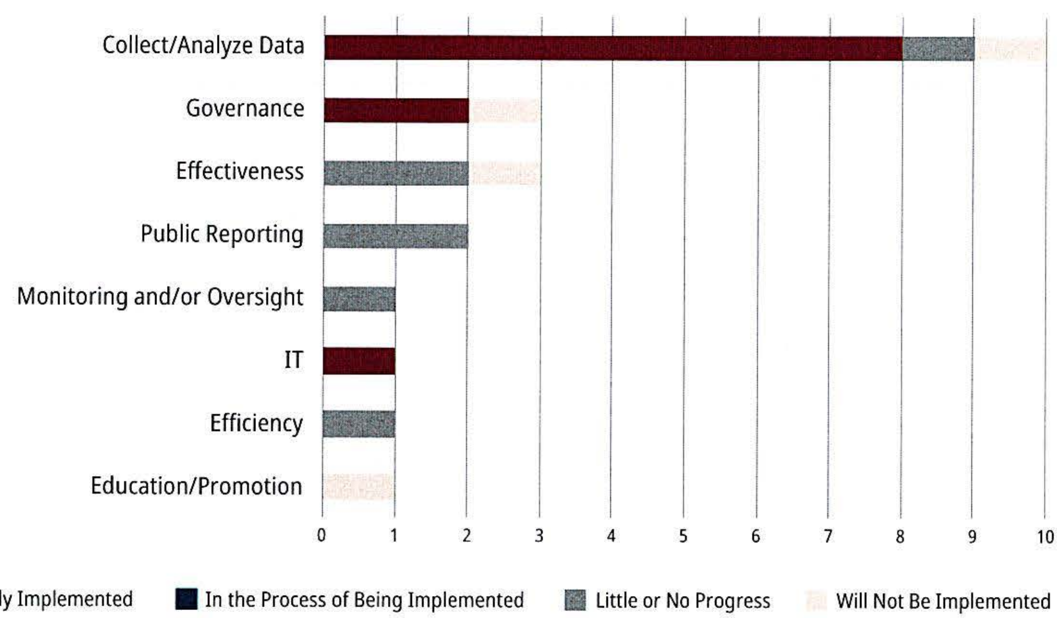
4.18 Climate Change: Ontario's Plan to Reduce Greenhouse Gas Emissions

As seen in the graph below, in our **Climate Change: Ontario's Plan to Reduce Greenhouse Gas Emissions** report, 22 recommended actions were issued to the Ministry of the Environment, Conservation and Parks and the Secretary of the Cabinet. Of those, 11 (50%) were fully implemented, seven (32%) have shown little or no progress, and four (18%) will not be implemented.

22 Recommended Actions



The category graph below illustrates the implementation status of the recommended actions, categorized by the specific areas they address.



Eight of the fully implemented recommended actions focused on the collection or analysis of data. For example, we recommended that the Ministry of the Environment, Conservation and Parks annually update its estimates of greenhouse gas emissions to reflect new information and changes to proposed initiatives, and to assess whether it is on track to achieve the targeted emissions reductions. Implementing this action helps the Ministry take into account complex interactions between energy, economics and emissions when selecting and designing emission-reduction initiatives, and helps provide the Ministry with more reliable emissions estimates.

Among the recommended actions still not yet implemented, two address the need for improved effectiveness. For instance, the Ministry of the Environment, Conservation and Parks was recommended to work with the Ministry of Agriculture, Food and Rural Affairs to include agriculture-specific initiatives in an updated climate change plan to reduce greenhouse gas emissions to meet the 2030 target. At the time of the original audit, the plan did not include initiatives to reduce emissions from the agriculture sector. Due to the delay in implementing this recommended action, emissions from the agriculture sector may not be taken into account when the Province designs emission-reduction initiatives to meet the 2030 target.

One of the recommended actions that will not be implemented is focused on governance. This recommended action required that members be appointed to the Climate Change Advisory Panel to review and provide advice on climate change planning and further refine the Ministry's climate change plan as needed. While the Ministry appointed panel members to provide advice to the Minister on implementing the climate change resilience commitments of the plan, there was no direction to the panel to provide advice on plans to reduce greenhouse gas emissions, which was the subject of the audit and intent of the recommendation. Not implementing this recommended action as intended could limit the Ministry's ability to have Ontario's climate change planning benefit from external expert advice.

Performance Audit

Ontario Place Redevelopment

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Appendix 2: Call for Development Process Timeline, 2019

Prepared by the Office of the Auditor General of Ontario

Year	Date	Event
2019	January 11	The Deputy Minister of MTCS requests that IO provides its expertise for the Ontario Place redevelopment project.
2019	January 14	IO issues a Request for Service to vendors for transaction advisory services for the Ontario Place redevelopment project.
2019	January 18	MTCS issues a news release stating the "Our vision for Ontario Place will make it an impressive attraction that could include exciting sport and entertainment landmarks, public parks or shopping." The MTCS Minister announces an Expression of Interest process will open in spring but interested parties can submit proposals before it opens.
2019	February 7	IO selects and contracts with a transaction advisor to facilitate the Expression of Interest process. A project team is formed of staff from MTCS, IO and the transaction advisors to lead the design and development of the Expression of Interest.
2019	February 28	The project team receives strategic direction on the design of the Expression of Interest during the planning process from the MTCS Minister's Office, the Premier's Office and the Cabinet Office.
2019	April 4	The Minister of Infrastructure issues a formal Letter of Direction to the Chair of IO to guide the Expression of Interest process.
2019	April 10	The government announces construction of the Ontario Line subway connecting Ontario Place to downtown Toronto and running northeast to the Ontario Science Centre.
2019	May 28	The government announces a CFD titled "Toronto Waterfront Opportunity" with a submission deadline of September 3, 2019.
2019	June 14	Participant D meets with staff from the Premier's Office.
2019	July 22	Legal counsel for Therme Canada holds a meeting with a VP at IO. During the open period, the legal counsel also exchanges nine emails with the IO VP.
2019	July 23	Participant B meets with staff from the Premier's Office.
2019	July 24	Therme Canada meets with staff from the MTCS Minister's Office and the Premier's Office.
2019	August 7	Transaction advisors email participants to tell them they can "request a confidential information meeting with senior level Government stakeholders to present any aspect of their development concept, or other areas of concern in respect of any of the requirements for their submission."
2019	August 10	CFD deadline for participants to ask clarifying questions.

Performance Audit

Minister's Zoning Orders

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relating to nine of these 21 MZOs (43%). The municipalities estimated that servicing the sites relating to these nine MZOs would take between three and 20 years. For the remaining 12 of these 21 MZOs (57%), the municipalities expected long-term servicing delays, but did not have an estimated time frame.

For 15 of these 21 MZOs, site servicing concerns were not identified and assessed in the information packages provided to the Minister's Office. We found examples of MZOs where system capacity is not available to accommodate the related development:

- O. Regs. 161/22, 162/22 and 165/22 in the Township of Southgate;
- O. Reg. 171/21 in the Town of Caledon; and
- O. Reg. 525/22 in the Town of Collingwood, also discussed in **Case Study 1**.

In these cases, expansions to treatment plants and piping infrastructure would be needed, requiring years of work at a significant capital expense. In some cases, such as MZOs made in the City of Kawartha Lakes (O. Regs. 771/22 and 40/22) or the City of Markham (O. Reg. 172/20), this will postpone development on the lands relating to the MZO by at least five years.

For the remaining six of these 21 MZOs, information packages provided to the Minister's Office identified servicing concerns but did not assess and describe the implications of these challenges on the overall project and its timelines.

For example, as described in **Case Study 3**, before one MZO (O. Reg. 40/23) was made for Seguin Township, Ministry staff determined that the municipality did not have a municipal water or sewage system and that Seguin Township planned to construct its own sewage system.

Ministry staff did not inform the Minister's Office how lengthy and expensive site servicing could be for a project of this magnitude. Seguin Township subsequently estimated that servicing the site could take up to 10 years. The MZO was made on March 17, 2023, and as of June 2024, the site does not have municipal water or wastewater servicing to enable development.

4.4.1 Many MZOs Made to Support Housing May Not Meaningfully Speed Up Development

The government has publicly stated that speeding up housing development is one of the key reasons it has made MZOs. We noted that 58 or 51% of the 114 MZOs made from 2019 to 2023 were primarily for housing developments. We also found that the proponents who requested these 58 MZOs commonly cited slow municipal planning processes as their reason for requesting an MZO instead.

- Seguin did not study the impact of the potential MZO on neighbouring municipalities. For example, Parry Sound's consultant estimated that the MZO would result in increased traffic congestion within Parry Sound, the need for road infrastructure expansion to accommodate the increased traffic and the additional capital investments needed beyond what the Town planned for.

Following these concerns, Parry Sound's Town Council passed a resolution requesting that Seguin undertake and provide Parry Sound with a number of studies relating to the proposed development.

Ministry staff prepared a preliminary information package on this MZO for the Minister's Office in January 2022. Ministry staff noted that Seguin did not have municipal water and wastewater servicing. Ministry staff also noted that the subject lands contain provincially significant wetlands and coastal wetlands (which are protected under the Provincial Policy Statement), as well as unevaluated wetlands and potential significant wildlife habitats and archaeological resources. The information package stated that impacts of development on lands adjacent to the wetlands and on the water quality of Richmond Lake had not been assessed. A preliminary environmental study by a consultant retained by the Township indicated that Richmond Lake was classified as highly sensitive to phosphorous contamination. Phosphorous contamination is higher with increased fertilization, sewage and stormwater runoff, and other containments associated with development, and the Ministry noted in an internal assessment that the majority of the lake shoreline would be unprotected.

Seguin's Mayor sent an email to the Ministry on February 15, 2022, reiterating support for the MZO and asking for the Ministry's support of the request, noting that Seguin will be meeting with the Minister's Chief of Staff at the Minister's office later in February 2022 to understand how Seguin's request can be expedited. According to a follow-up email from Seguin's Chief Administrative Officer (CAO) to the Ministry on May 2, 2022, the February meeting included the local MPP and that Seguin had been advised to engage with local stakeholders and Indigenous communities. The email contained a summary of Seguin's engagement to date and requested "immediate approval" of the MZO request. The CAO sent another follow-up email to the Ministry on October 19, 2022, confirming that a developer, who had recently purchased the majority of the subject lands, had been identified.

On January 9, 2023, the Deputy Chief of Staff asked Ministry staff to add this request to the "next batch of MZOs" to be prepared. Ministry staff noted in internal emails that they were not aware of what sparked the sudden interest in this MZO from the Minister's Office, but did not wish to ask questions to avoid receiving direction to further expedite the request. Over the next two weeks, Ministry staff presented options to the Minister's Office on how to accommodate Seguin's request in a way that included the affordable housing condition (as a regular MZO cannot include conditions), including the use of an eMZO and another similar planning tool called the Community Infrastructure Housing Accelerator (CIHA); however, both would have required additional time and further engagement with the municipality.

On February 28, 2023, the Chief of Staff sent an email to Ministry staff that the Minister's Office has met with Seguin's Mayor and CAO and that their preference was to use a regular MZO (which could not accommodate conditions) instead of a CIHA. Additionally, this email set a two-week deadline for the Ministry staff to prepare the MZO. In an email to the Minister's Office on March 2, 2023, Ministry staff recommended against the two-week deadline and recommended to process this request as an eMZO that included the municipal request for affordable housing. The Ministry received an updated MZO draft from Seguin on March 3, 2023, which excluded the affordable housing requirement and included additional permitted uses in the zoning parameters.

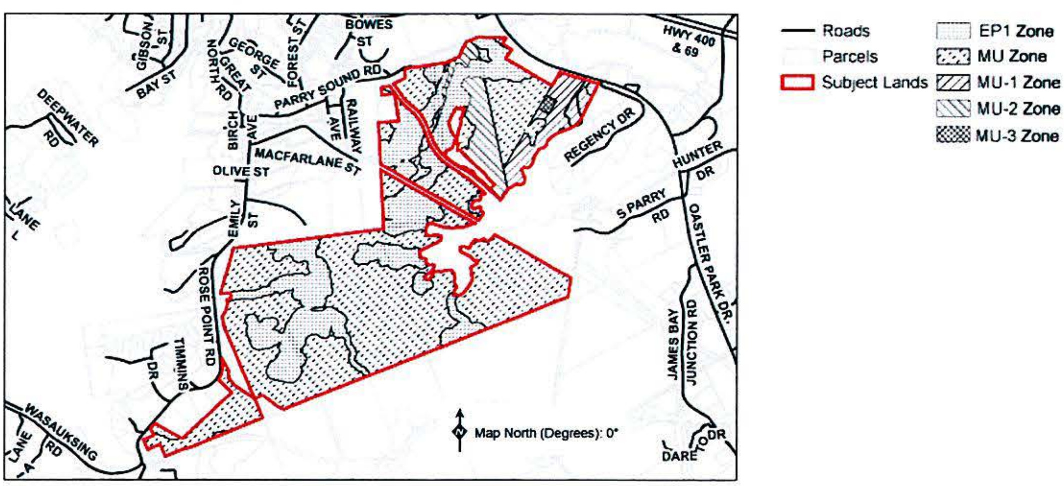
Between March 10 and March 16, 2023, Seguin's CAO sent five emails directly to the Chief of Staff with requests and reminders about the MZO request. On March 14, 2023, the Chief of Staff directed Ministry staff that this MZO needed to be done by the end of that week.

On March 16, 2023, Ministry staff provided the Minister's Office with the final information package for this MZO request, ready for the Minister's consideration. The information package noted Seguin's original request for affordable housing and the removal of this condition, in addition to Seguin's servicing challenges (which included Seguin's lack of a municipal water and wastewater system.) Ministry staff noted that Seguin was planning to construct its own municipal servicing system, but did not inform the Minister's Office that such an undertaking would be a significant capital expense for the municipality, nor did Ministry staff communicate how long it might take to service a project of this magnitude. Ministry staff also noted that no details had been provided regarding future development plans for the lands subject to the MZO request.

The MZO was made the next day, on March 17, 2023 (see **Figure 13**).

Figure 13: MZO Boundary in the Township of Seguin (O. Reg. 40/23)

Source: Ministry of Municipal Affairs and Housing



Review of Government Advertising

1. Highest Ever Recorded Government Spending on Advertisements, Totalling $103.5 Million

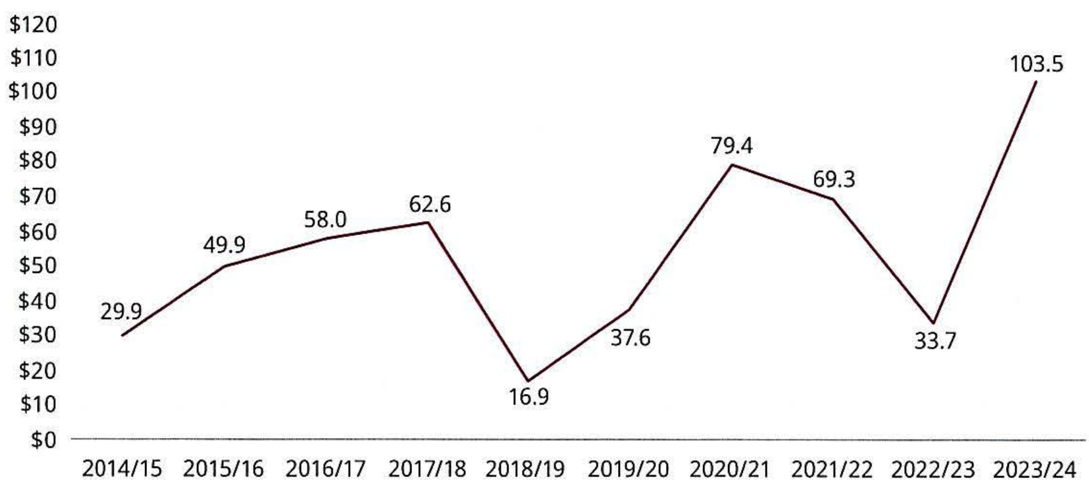
The Office of the Auditor General of Ontario (Office) has been reviewing government advertising spending annually since 2005, when the *Government Advertising Act, 2004* (Act) was proclaimed.

For the most recent fiscal year ending March 31, 2024, the Ontario government spent $103.5 million on advertising. This was over three times as much as what was spent in the previous fiscal year, $33.7 million, and the most the government has ever spent on advertising in a year.

Figure 1 shows the trend in government advertising expenditures over the past 10 fiscal years. As shown, spending follows a wave-like pattern that correlates with Ontario's provincial elections. Spending climbed to peak in 2017/18 and again in 2021/22, the years immediately preceding provincial elections (held in June 2018 and June 2022). Spending dipped significantly in 2018/19 and 2022/23, the years immediately following those elections. The trend in expenditures was also impacted by higher costs in 2020/21 for health-related advertising about the COVID-19 pandemic.

Figure 1: Ten-Year Trend in Government Advertising Expenditures ($ million)

Source of data: Ontario ministries and Advertising Review Board (now Supply Chain Ontario)



inspections. Recommended actions the Ministry will not be implementing relate to mitigating risks of dam hazards, erosion and sinkholes, and include:

- developing and maintaining a registry of all dams, both public and privately owned;
- developing a program to identify all high-risk dams, and conducting timely inspections accordingly;
- working collaboratively with other government ministries, agencies and environmental experts to identify and map properties located in areas susceptible to erosion, and developing a provincial map to assist in developing priorities and strategies;
- identifying and implementing community-based erosion-awareness and education programs, especially for residents in high-risk areas; and
- developing prevention and mitigation measures to prioritize and address at-risk areas for sinkholes, in conjunction with foresters and other experts.

The Ministry of Mines, with 11 recommended actions in total, has fully implemeted 9% of recommended actions, made progress in implementing 36% of recommended actions, made little or no progress on 46% of recommended actions and will not be implementing 9% of recommended actions. The Ministry has fully implemented our recommendation to determine the status of all abandoned mines. Examples of recommended actions where progress has been made include following a risk-based approach to selecting both abandoned and operational mines for inspection, and taking steps to ensure mine owners notify the Ministry when owners have fully rehabilitated their abandoned mines. The Ministry will not be implementing our recommended action to review online videos that encourage exploring abandoned mines in Ontario and then to take steps to have them removed from online access.

EMO, with six recommended actions in total, has fully implemented 50% of recommended actions, made progress in implementing 17% of recommended actions, and the remaining 33% of recommended actions were no longer applicable. Examples of fully implemented recommended actions include putting in place contingency arrangements to deal with the future potential that additional capacity will be needed in host communities, and implementing an oversight process that routinely assesses the quality and sufficiency of the emergency management programs in place.

The status of actions taken on each of our recommendations is described in this report (see **Appendix** for more details).