Backgrounder: 2017 Teddy Waste Awards

Federal Nominees

The Canada Revenue Agency (Winner)

Nominated for: Most Unreasonable Relocation Expenses

Cost: $538,549

Access to information requests for the cost to relocate government employees were made by the Canadian Taxpayers Federation to several federal departments, including the Canada Revenue Agency (CRA). It turns out that in 2016, the CRA paid $538,549 and $113,608 to two different staff to cover moving costs within Ontario; from Richmond Hill to Belleville, and Mississauga to Ottawa, respectively.

The $538,549 moving expense included $522,960 for the sale of a house. Under CRA rules for Executive Cadre, Government in Council appointments and some other employees. For those people “CCRA will reimburse you the difference between the selling price of your home and its’ assessed market value, should the latter be higher. The maximum payment that can be made to you is 10% of the fair market value of your property.”

Further queries to CRA revealed that the approximately $340,000 of the payment was “price protection” while $168,000 was for realtor fees. Applying the “10% of fair market value” rule above and assuming the standard 5% real estate commission, it means Canadian taxpayers paid out more than half a million dollars to cover off the sale cost of a house worth approximately $3.4 million.

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Department of Canadian Heritage (Nominee)

Nominated for: Least Valuable Public Opinion Survey
Cost: $14,976.74

The department of Canadian Heritage commissioned Quorus Consulting Group to undertake three surveys released in 2016 regarding Christmas lights ($14,976.74), Canada Day ($29,709.08) and Winterlude ($39,987.88). The Christmas lights survey, conducted on December 2nd and 5th, surveyed 437 people on Parliament Hill. In addition to the 400,000 Christmas lights, there was also a pyrotechnics show and musical performances.

Shocking statistics from the survey include the following:

- 94% of visitors said they were overall “extremely” or “very” satisfied with the event;
- 98% said they “strongly” or “somewhat” agreed they would recommend the event to others;
- 94% said they “strongly” or “somewhat” agreed that the illumination ceremony or projection show contribute to the vibrancy of Canada’s Capital Region;
- 95% said they “strongly” or “somewhat” agreed that the illumination ceremony or projection show are worth seeing another time.

Sources:

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Agriculture and Agri-Food Canada (Nominee)

Nominated for: Best Pork for Actual Pork

Cost: $500,000

The Department of Agriculture and Agri-Food Canada (together the with Government of Manitoba) gave Maple Leaf Foods $500,000 to expand bacon production at its Winnipeg facility.

In 2015, Maple Leaf Foods had sales of $3.3 billion and net earnings of $42 million. And as of September 30th of last year had assets worth over $444 million. A Globe and Mail headline from January 24 described Maple Leaf Foods as "A company loaded with cash."

Sources:

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Public Services and Procurement Canada (Nominee)

Nominated for: Most Bungled Rollout of a Payroll System

Cost: $50 million and climbing

In July 2009, the "Initiative to Fix the Pay System" (Transformation of Pay Administration Initiative) was approved by the Treasury Board. This plan included consolidating pay services at the Public Service Pay Centre in Miramichi, New Brunswick, and to replace the 40-year-old pay administration system, ultimately consolidating the pay system and services of all government departments and agencies. The project had a cost estimate of $310 million.

On February 24, 2016, the Phoenix pay administration system went live for 34 federal government departments, followed by the remaining 67 departments on April 21, 2016. As of March 2016, the project was expected to be on scope and on budget, but in late April, reports started to surface that employees were not being paid correctly. A 'temporary' pay center was established to handle complaints and payment processing.

In July 2016, it was estimated that 88,000 government employees had been paid incorrectly. It was also estimated 720 employees had not been paid at all. The government announced a self-imposed deadline to have the outstanding cases resolved by October 2016.

In August 2016, Minister Judy Foote had estimated the costs to fix the failure to be $25 million. This was later revised to $50 million.

As of January 2017, the government website devoted to Phoenix issues, estimates there are 7,000 cases still outstanding.

In February 2017, reports surfaced that at least 27 people have been paid more than $50,000 by mistake including one employee who was paid a lump sum of $662,000. So far, the government has only been able to recover one-third of $68 million paid out erroneously.

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Amarjeet Sohi, Patty Hajdu and Public Services and Procurement Canada (Nominees)

Nominated for: Most Wasteful Office Renovations

Cost: $450,734 (Amarjeet Sohi), $1.1 million (Patty Hajdu) and $416,000 (Public Services and Procurement Canada)

Two ministers and one department spent huge sums on office renovations.

Infrastructure Minister Amarjeet Sohi spent $450,734 on his ministerial office renovations, including $243,000 on furniture.

Then-Minister for Status of Women, Patty Hajdu, spent $1.1 million to build a new suite of offices for herself and her staff, instead of renovating a different space across the street at a cost of just $400,000.

Public Services and Procurement Canada spent more than $416,000 renovating the Flaherty Building at 90 Elgin St in Ottawa, even though it had just opened in 2014. Costs included $5,000 for 56 coat hooks, $52,000 on a bike storage room and $59,451 on new furniture.

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Provincial Nominees

Ontario's Electric Vehicle Incentive Program (Winner)

Nominated for: Most Outrageous Subsidy for Luxury Cars

Cost: $14 million

FOIP documents obtained by the CTF show that the Ontario government has spent over $39 million on subsidies for electric vehicles over the past six years.

- $14,243,710 were for vehicles with a manufacturer's suggested retail price over $70,000
- $867,679 for cars that retail at over $100,000.
- $27,690 in subsidies went to several Porsche 918 Spyders. The Spyder is one of the most exclusive cars in the world, with only 918 ever built, and which retail for US$845,000. The average car in Ontario costs around $27,500.

The program was introduced in 2010 for plug-in hybrid vehicles (PHEVs) and battery electric vehicles (BEV). It was changed effective February 2016 capping subsidies for vehicles with MSRP from $75,000 to $150,000 at $3,000, and eliminated incentives for cars with an MSRP over $150,000.

After the policy change, electric car maker Tesla – whose Model S retails for $135,000 and had previously been eligible for an $8,500 taxpayer subsidy – registered a lobbyist at Queen's Park. Lo and behold, in February 2017, the government didn't just revert to old subsidy level, but actually raised it to $14,000 for cars between $75,000 to $150,000 - a 367% increase.

Sources:

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The Government of Nova Scotia (Nominee)

Nominated for: Most Expensive Subsidy for a Ferry Terminal – in Maine

Cost: $32.7 million

Nova Scotian taxpayers are bankrolling a money-losing ferry service to Maine, including upgrades to the Ocean Gateway terminal in Portland, Maine so the CAT ferry can dock there.

In March 2016, the Nova Scotia government signed a contract that would provide start up costs of $4.1 million for the ferry including terminal upgrades in both Yarmouth, NS and Portland. This was in addition to $19.6 million in operating money and $9 million to remodel the ferry. The province also agreed to cover any deficits incurred by the company each year it operates the ferry service and pay the company an undisclosed management fee, bringing the total subsidy from the provincial government to $32.7 million. The provincial government has also become the loan guarantor for the company, in the event they default on ferry payments.

In July 2016, after three weeks of service, it was revealed that the service was averaging just 307 passengers per week. The subsidy had been calculated based on an assumption of 500 passengers per *day.*

The ferry can carry 282 cars and 866 passengers and although it has the capacity for commercial trucks, it won't be allowed to because Portland doesn't want the truck traffic. Because the vessel is own by the US Navy and US-flagged, US law requires that the CAT use an American crew.

Tourism Nova Scotia says visitors who took the ferry spent approximately $52 million over the last three sailing seasons. In the same time-frame, the government spent $62.8 million in start up and operating costs.

Among other upgrades, the Nova Scotia subsidy will pay for painting the lines on pavement in the ferry staging area in Portland. Nonetheless, the contract only gives "non-exclusive but priority" of the staging area for a total of five hours a day and exclusive right to berth at the dock from 1:30-3:30 p.m.

Nova Scotia Opposition Leader Jamie Baillie stated "It's a very bad deal. Every day there is something new that makes it more expensive. More Portland jobs paid for by the taxpayers of Nova Scotia."

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The Government of Quebec (Nominee)

Nominated For: Best-Paid Employee Who Never Came to Work

Cost: At least $180,000

In 2012, when the Parti Quebecois (PQ) formed government in Quebec, then-President of the Régie du cinema, France Boucher, an appointee of the previous Liberal government, was “put on loan” to the Régie des installations olympiques’ Board in order to allow the PQ government to make one of its own political appointments. However, Madame Boucher never actually went to work at her new job. Instead, she began a 15-month “sick leave” that ended in the spring of 2014 when the PQ government was defeated and the Liberals returned to power. After a brief return to her workplace, Madame Boucher once again went on leave. Throughout it all, she kept collecting her $180,000 annual salary.

In February of 2016, shortly after news broke of her “unique” working arrangement, Madame Boucher was nominated as President of the Commission des transports du Québec, where she remains to this day (although it is unclear whether she has been showing up for work).

Sources:

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The Government of Saskatchewan (Nominee)

Nominated for: Most Overpriced Real Estate Purchase

Cost: At least $9.4 million

The Saskatchewan government short circuited its own land-buying policies and overpaid by millions for a property west of Regina.

The Global Transportation Hub (GTH), a provincially owned logistics and warehouse facility, paid $21 million early in 2014 for the land it wanted to use for expansion and for better highway and interchange access. However, the GTH’s own property appraisal done in the fall of 2013 valued the land at $12 million. Even worse, Saskatchewan’s Ministry of Highways and Infrastructure did an appraisal at the same time and valued the land at $6.7 million.

The CTF and others continue to investigate to find out why the Saskatchewan government’s purchase price was so much higher than the appraised value, but it’s clear taxpayers’ money was wasted.

“Mistakes were made,” said Saskatchewan Premier Brad Wall when asked about the questionable land deal.

Sources:

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Alberta Health (Nominee)

Nominated for: Most Luxurious Car Travel

Cost: $26,895 and counting

Marilyn Smith, the Chair of the Calgary and South Mental Health Review Panel, has expensive tastes in transportation with expense disclosures showing she billed $26,895 in one year on town cars to transport herself and other panel members from Calgary to hearings in Canmore, Claresholm, Lethbridge and Medicine Hat, all locations between one and three hours from Calgary.

Smith’s town car use cost taxpayers over $1,000 per trip for 13 of her 27 rides in 2014-15, including a return trip from Calgary to Lethbridge that cost taxpayers $1,199 and one from Calgary to Medicine Hat at a cost of $1,511.

When the CTF brought these outstanding expenses to the attention of Alberta Health in February 2016, a spokesperson responded saying that they have directed their staff to use less expensive modes of transportation when possible. At the government rate of 50.5 cents per kilometre, mileage reimbursement for a return trip from Calgary to Lethbridge would cost $174.97.

Yet, despite Alberta Health's statement, Smith's high bills continued throughout 2016, with Smith spending $3,846 on town cars in February, $2,010 in March, $2,741 in April and $3,326 in May.

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Municipal Nominees

City of Victoria (Winner)

Nominated for: Blue Bridge, Bluer Taxpayers

Cost: $105 million and counting

Victoria's Johnson St. bridge, also known as the 'Blue Bridge' because of its light blue paint, is a 100 metre span across the BC capital's harbour.

Built in 1924, the bridge needed some major work. A 2009 report showed the historic landmark could be refurbished for $23.6 million, and a new one built for $63 million. But City Council didn't want an old bridge spruced up, it wanted the fancy, new one. A year later, it released a report claiming a new bridge would cost $77 million, while fixing the old one would somehow cost $80 million.

Council voted to build a new Johnson St. bridge. A referendum in support of the city borrowing money to pay for the new bridge was held in November 2010 and passed 61%-39%.

In January 2013, Edmonton-based PCL Construction was awarded the contract to replace the bridge at a fixed price of $63.2 million.

In March 2014, PCL hired Jiangsu Steel, a Chinese company, to make the bridge's steel. Jiangsu began steel fabrication in March 2014, at which time PCL asked for an additional $9.5 million and a six-month extension on the project due to "city delays and design issues."

In July 2014, PCL's quality control subcontractor identified problems with the quality of the steel. Work was stopped and did not resume until new steel was ordered.

Steel fabrication recommenced in 2015 and was anticipated to have been completed by the end of January 2017. In April 2016, Victoria city council approved an additional $8.2 million for the project.

The bridge's budget is now $105 million and is three years behind schedule. It is currently projected to be open to some traffic in December 2017, and fully completed in spring 2018.

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City of Montreal (Nominee)

Nominated for: Most Expensive Fake Tree Stumps

Cost: $3.45 million

The City of Montreal has awarded a contract worth $3.45 million to supply and install 27 granite 'tree stumps' on Mount Royal for the city's 375th anniversary. The granite stumps can be used as benches and seats, and will have bronze decoration and feature poetic inscriptions or place descriptions.

Montreal mayor Denis Coderre defended the project, arguing ""It's not a stump. It is a piece of art," but three experts interviewed by the Montreal Gazette rejected the city's plan as a misguided intrusion on a landscape that was intended to appear natural. What's more, they say, it's a misinterpretation of the philosophy of the park's designer, Frederick Law Olmsted, and suggests a disregard for Mount Royal's important place among historic landscapes. Charles Beveridge, who has spent 50 years studying, lecturing and writing on Olmsted's career and design concepts, said in an interview from Virginia said: "It is their awkward, unnatural form that is most objectionable. They hardly have any appearance of being native to the place where they will be placed. They have the appearance of having landed from another galaxy."

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Warren Olsen, CAO, County of Richmond, Nova Scotia (Nominee)

Nominated for: Least Appropriate Travel Expenses

Cost: $96,448

In March 2016, after being contacted by residents expressing concerns, Nova Scotia's Office of the Ombudsman retained an accounting firm to complete a forensic audit of municipal staff and councillor expenses for the County of Richmond from April 2011 to March 2016.

Warren Olsen, Richmond's Chief Administrative Officer, was one of the subjects of the audit – and as CAO, was responsible for reviewing and approving Richmond expense claims, including his own.

The audit was released in September 2016, and reviewed $813,532 in expenses. It was in this forensic audit that the details of Olsen's spending (totalling $96,448) were exposed.

Many expenses had no detailed receipts. Dubious expenses included exaggerated mileage reimbursements, a $429 limousine ride from a business trip to Houston, double dipping for meal expenses where Olsen took both a per-diem and submitted a receipt, as well as $2,227 in "other expenses" described as relating to election expenses but with no supporting documentation.

Finally, the audit identified $582 relating to two expenses incurred by Olsen at 'D Houston' and 'SQ Entertain' Detailed receipts were not provided but from Internet searches the auditors easily identified both as adult entertainment clubs.

On October 31, 2016, Olsen resigned his position as Richmond's CAO.

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City of Montreal (Nominee)

Nominated for: Most Coddled Government Union Employee

Cost: Unknown

The City of Montreal took eight years to fire one of its workers, Manuel Montero, despite the fact he accumulated 26 disciplinary actions over that period, including absenteeism, aggressive behaviour, and a 35-day suspension for driving a snow plow after smoking marijuana.

After finally firing him in 2012, Montero challenged the dismissal and in 2014 an arbitrator – ruling that the city had failed to follow the proper disciplinary processes and not taken Montero's alcoholism into account as a mitigation factor – ordered the city to reinstate Montero and awarded him full back pay to 2012. The city then attempted to have the arbitrator's ruling overturned in Superior Court, but in May 2016, the Superior Court upheld the arbitrator's ruling.

Sources:

- http://www.journaldemontreal.com/2016/09/08/incapable-de-renvoyer-un-col-bleu
- Court documents

Simon Farbrother, Former Edmonton City Manager (Nominee)

Nominated for: Most Egregious Travel Expenses

Cost: $139,643

Former Edmonton city manager Simon Farbrother made 52 taxpayer funded trips over three and a half years in the job – all while approving his own expenses. Farbrother spent 212 days working outside the city, costing taxpayers of $139,643.34. He spent 24% of his final year on the job out of the city, traveling to Russia, the United States and Australia before he was fired in September 2015.

When major projects began to fall off the rails, Farbrother was often out of the city. The first time the Metro LRT line was delayed, he was in Phoenix, AZ; the third time it was delayed, he was in Fort Lauderdale, FL, attending a conference. When the Mayor of Edmonton announced he was giving up on specific timelines and was settling instead for "early 2015," Farbrother was in Australia on a 41-day worldwide junket for the city's (now abandoned) Commonwealth Games bid.

In his last month on the job, Farbrother accepted "full accountability" for the LRT delays – and then left the next day for Sydney, Australia, on a 12-day trip on "Commonwealth Games business," even though the bid had already been dropped. He was fired within days of his return. He received a $800,000 severance package (two years of salary plus benefits).

Sources:

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Lifetime Achievement Award: The Government of Ontario's handling of the energy file

Nominated for: Most Bungled Energy Policy

Cost: $37 billion and counting

The Government of Ontario has a long track record of mismanaging the province's energy policy, resulting in an expensive disaster for Ontario consumers. In her 2015 Annual Report, Ontario's Auditor General found that Ontario consumers paid an extra $37 billion above the market price for energy between 2006 and 2014, and estimated that current energy policies would cost them another $133 billion by 2032.

Such eye-watering numbers are not the result of any single policy mistake, but rather a series of ill-advised policy decisions, including:

2005: Ontario encourages private investment in new power generation by offering long-term fixed-price contracts at above-market rates. The following year, they introduce the now-infamous Global Adjustment charge to cover the difference between the market rate for electricity and what is paid to private electricity generators based on the fixed contracts.

2009: The *Green Energy Act* (GEA) was hailed as a landmark piece of legislation, designed to increase Ontario's production of renewable energy, such as wind, solar, biofuels and small-scale hydropower. The centrepiece of the GEA are feed-in tariffs, which are effectively subsidies that guarantee above-market rates for power generated by renewables, and which are funded through the Global Adjustment charge. By 2016, the Independent Electricity Systems Operation (IESO), the organization responsible for managing Ontario's energy system, estimated that for every $100 of usage that appears on Ontarians' electricity bills, just $23 is the actual cost of electricity use – the remaining $77 is the Global Adjustment charge.

2011: In the middle of a provincial election, then-Premier Dalton McGuinty announces that if re-elected, his government will cancel the building of a planned Mississauga gas plant. McGuinty is re-elected and follows through on his pledge, claiming the cost of cancellation will be $40 million. In her 2013 Annual Report, the Auditor General pegs the actual cost of cancellation at between $950 million and $1.1 billion.

2014: The Auditor General finds that the province's "Smart Meter" program cost $1.9 billion, nearly double the original estimate, with nearly one in six meters still not working properly. The main policy objective of the meters was also not met – the smart meters were supposed to reduce demand in peak periods, but by 2013 demand had actually increased slightly.

2016: The Auditor General uncovers the wasteful conversion of a Thunder Bay coal plant into a biomass facility. The Ontario Power Authority (OPA) advised the government against it after a review that showed the conversion wouldn't be cost effective, but was overruled. At $40 million per year and with 60 full time staff it only generates the equivalent of five day's worth of energy per year, at a cost of $1,600 per megawatt hour, which is approximately 25 times more expensive than electricity from the average biomass facility (which is perhaps not surprising given that the plant could only run on wood chips imported all the way from Norway)

2017: On January 1, Ontario implements its latest experiment in energy policy, a cap-and-trade system for carbon emissions which the government claims will "only" cost Ontarians around $80 per year. Once again, the Auditor General has poured cold water on this estimate, concluding that cap-and-trade will increase household electricity prices by between 23 and 25 per cent.

Sources:

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