



News Release

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2015 Pan Am/Parapan Am Games a Success, But Cost Ontario More than Initially Planned, Auditor General Says in a Special Report

(TORONTO) The 2015 Toronto Pan American and Parapan American Games (Games) unfolded successfully, but Ontario had to contribute \$304 million more than initially committed for organizing and hosting the Games, Auditor General Bonnie Lysyk said in a Special Report released today.

“Excluding the Athletes’ Village, the Ontario government had originally committed \$500 million to the Games in 2009, but ended up paying \$804 million or 61% more than expected,” Lysyk said.

These additional costs were for provincial services that had lower or no estimates in the bid budget, such as creating a secretariat to oversee delivery on the province’s behalf, transportation plans, additional security, funding toward the Tim Hortons Field and the Goldring Centre for High Performance Sport, and other costs associated with promotion, celebration and legacy plans.

“Nonetheless, Ontarians can take pride in these Games,” Lysyk added. “They took place on time and without major incident, and Canada had its best-ever Pan Am and Parapan Am medal counts. Ontario also gets new world-class athletics facilities for its citizens to enjoy after the Games.”

The Games were primarily funded by the three levels of government. Our audit shows that the total cost of the Games (including organizing and hosting the Games, and the Athletes’ Village) was about \$2.529 billion, and when compared to our adjusted bid budget of \$2.187 billion, the Games came in at \$342 million or 15.6% over budget. However, only Ontario committed to cover most of the budget overruns and additional costs associated with organizing and hosting the Games, which ended up being about \$304 million.

Among the Report’s findings:

- **Organizing and Hosting the Games**—The bid budget originally estimated that \$1.429 billion would be spent on capital (excluding the Athletes’ Village), operating and legacy costs for the Games primarily by all three levels of government. On three different occasions, the budget was updated. By October 2014, the bid budget had increased by 31%, reaching \$1.867 billion. We estimated that the actual costs will be about \$1.794 billion. The considerable increase in the 2011, 2013 and 2014 budgets of \$438 million, as approved by Ontario’s Treasury Board, helped make it possible for the Games to eventually come in under the final 2014 budget of \$1.867 billion.
- **Athletes’ Village**—The province originally committed to invest \$1 billion to build the Athletes’ Village on a portion of the West Don Lands. This included \$242 million related to site remediation and flood protection work for all of the West Don Lands, which had been undertaken independently of the Games. The bid budget excluding this cost is \$758 million, and in 2010, the Village budget was reduced to \$709 million. The Village actually came in at about \$735 million, after reducing the number of people the Village could accommodate to 7,200 from 8,500, and cancelling plans to install advanced green features and certain onsite athletic facilities.

- **Venues**—Most venues were delivered on time and on budget for the Games, but some missed their target completion dates. Some venues continue to have significant deficiencies. It is possible that additional costs could still be incurred in order to resolve the deficiencies.
- **Capital Construction Projects**—Bundling of construction projects negatively impacted the ability of venue owners to deal with poor contractor performance, because the same contractor was also working on other projects in the same bundle.
- **Bonus for Executives of TO2015 (the Games’ organizing committee)**—In addition to the annual performance bonuses totalling \$10.5 million, TO2015 agreed to pay 53 senior employees \$5.3 million in completion bonuses based upon: staying until their contracts were completed (50%), and meeting the organization’s net operating (25%) and capital (25%) budgets.
 - TO2015’s original net operating budget was set at \$379 million, included in the July 2011 overall Games budget. In September 2014, TO2015 asked the province for and received a \$74-million increase in its net operating budget to address cost pressures. Despite this increase, TO2015 chose to pay the full bonus anyway.
 - The 25%-portion of the bonus for meeting the capital budget was also fully paid out to senior employees, even though TO2015 was responsible for directly managing less than 2% of the capital budget. Infrastructure Ontario and venue owners such as municipalities and universities were responsible for directly managing the remainder.

The Auditor General’s report notes some lessons learned, including good practices from the Games’ experience, that the province should keep in mind when planning future major events of this size.

The Games, held over July and August 2015, drew 10,000 athletes, coaches and officials from 41 countries. Competition and training were spread out over 44 venues in 16 municipalities in the Greater Toronto and Greater Golden Horseshoe areas.

Ontario was the official host province of the Games, and overall responsibility for the organization and operation of the Games was given to TO2015, a not-for-profit corporation.

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To view the report, please visit www.auditor.on.ca.

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