

Information and Privacy Commissioner,
Ontario, Canada



Commissaire à l'information et à la protection de la vie privée,
Ontario, Canada

ORDER PO-3253

Appeal PA12-213

Infrastructure Ontario

September 12, 2013

Summary: The appellant appealed IO's decision to disclose a complete copy of an executed contract between itself and the Ontario Realty Corporation that was awarded following a bidding process in response to a Request for Proposal. The appellant claimed that certain portions of two appendices to the contract were exempt under section 17(1) (third party information) of the *Act*. In this decision, the adjudicator finds that section 17(1) does not apply to the information at issue and upholds IO's decision to disclose the contract in full.

Statutes Considered: *Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c. F.31, as amended, section 17(1).

Orders and Investigation Reports Considered: MO-1706, MO-2682, PO-2435, PO-2453, PO-2963

OVERVIEW:

[1] Infrastructure Ontario (IO) received a request under the *Freedom of Information and Protection of Privacy Act* (the *Act*), for the following information:

... copies of all executed contracts between the Ontario Realty Corporation (ORC)/[named consultant] and the successful proponents of the Request for Proposal (RFP) for the ORC Elevating Devices Maintenance Contract

(Submission closing date: December 21, 2010). We understand from your letter that two (2) contracts were awarded in response to this RFP, both of which were executed on June 23, 2011.

[2] After notifying two third parties, IO issued a decision granting partial access to the two responsive records and claiming section 17(1) (third party information) of the *Act* to withhold the cost breakdown information contained in Appendix B of both contracts.

[3] The requester appealed IO's decision and appeal PA11-543 was opened.

[4] During mediation, the mediator contacted the third parties to seek their position on the disclosure of the information at issue. One of the parties verbally consented to disclosure, but never provided written consent. As a result, IO issued a revised decision granting full access to the requester and appeal PA11-543 was closed. The other third party provided written consent to the disclosure of some information, objecting to the disclosure of Appendix A and to the cost breakdown portions in Appendix B.

[5] Subsequently, IO reconsidered its position on the disclosure of the information at issue and issued revised decisions to the requester and the third parties advising that full access would be granted to the requester, subject to any appeals by the third parties.

[6] One of the third parties (now the appellant) appealed IO's revised decision to provide full access to this office and this appeal, PA12-213, was opened.

[7] During mediation of this appeal, the mediator contacted the original requester who confirmed that he seeks access to the undisclosed information in Appendices A and B. The requester also submitted that there is a public interest in the disclosure of the information at issue, thereby raising the possible application of section 23 of the *Act*.

[8] The appellant takes the position that both Appendix A and the cost breakdown portions of Appendix B fall within the exemptions set out in sections 17(1)(a), (b), (c) and (d) of the *Act*.

[9] The parties were unable to resolve the appeal through mediation and the file was transferred to the adjudication stage for a written inquiry.

[10] The adjudicator originally assigned to conduct the inquiry invited the appellant to make representations on the application of sections 17(1) and 23 to the information at issue. The original requester and IO then made representations in response to the appellant's representations. Subsequently, the appellant made reply representations in response to the original requester and IO's representations. The original requester and IO then made further sur-reply representations.

[11] Following the completion of the inquiry, this appeal was transferred to me to complete the order. In the discussion that follows, I find that section 17(1) does not apply to the information at issue and dismiss the appeal.

RECORDS:

[12] The information remaining at issue consists of Appendix A and the cost breakdown information in Appendix B of the Contractor Agreement between the ORC/named consultant and the appellant.

DISCUSSION:

A. Does the mandatory exemption in section 17 apply to the records?

[13] The relevant portions of section 17(1) state:

A head shall refuse to disclose a record that reveals a trade secret or scientific, technical, commercial, financial or labour relations information, supplied in confidence implicitly or explicitly, where the disclosure could reasonably be expected to,

- (a) prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization;
- (b) result in similar information no longer being supplied to the institution where it is in the public interest that similar information continue to be so supplied;
- (c) result in undue loss or gain to any person, group, committee or financial institution or agency; or

[14] Section 17(1) is designed to protect the confidential "informational assets" of businesses or other organizations that provide information to government institutions.¹ Although one of the central purposes of the *Act* is to shed light on the operations of government, section 17(1) serves to limit disclosure of confidential information of third parties that could be exploited by a competitor in the marketplace.²

¹ *Boeing Co. v. Ontario (Ministry of Economic Development and Trade)*, [2005] O.J. No. 2851 (Div. Ct.), leave to appeal dismissed, Doc. M32858 (C.A.).

² Orders PO-1805, PO-2018, PO-2184, MO-1706.

[15] For section 17(1) to apply, the institution and/or the third party must satisfy each part of the following three-part test:

1. the record must reveal information that is a trade secret or scientific, technical, commercial, financial or labour relations information; and
2. the information must have been supplied to the institution in confidence, either implicitly or explicitly; and
3. the prospect of disclosure of the record must give rise to a reasonable expectation that one of the harms specified in paragraph (a), (b) and/or (c) of section 17(1) will occur.

Part 1: Type of Information

[16] The appellant submits that the information at issue contains trade secret, commercial and financial information about its elevating devices maintenance services and that this information is very sensitive, thereby satisfying the first part of the test under section 17(1).

[17] IO submits that the information at issue can be considered commercial information and/or financial information.

[18] The original requester submits that the appellant failed to demonstrate that the information at issue falls within one of the acknowledged types of information covered by section 17(1).

[19] Based on my review of the record, I am satisfied that they contain commercial and financial information for the purposes of the first part of the test for exemption under section 17(1) of the *Act*.

[20] The meaning and scope of these two types of information have been discussed in past orders of this office, as follows:

Commercial information is information that relates solely to the buying, selling or exchange of merchandise or services. This term can apply to both profit-making enterprises and non-profit organizations, and has equal application to both large and small enterprises (Order PO-2010). The fact that a record might have monetary value or potential monetary value does not necessarily mean that the record itself contains commercial information (P-1621).

Financial information refers to information relating to money and its use or distribution and must contain or refer to specific data. Examples of this type of information include cost accounting methods, pricing practices, profit and loss data, overhead and operating costs (Order PO-2010).

[21] I adopt these definitions for the purposes of this appeal.

[22] The information at issue is contained in a contract between the appellant and ORC/[named consultant] for the provision of elevating devices maintenance services. In my view, the information qualifies as commercial information because it includes some of the elements of a commercial services arrangement between the appellant and ORC/[named consultant]. Accordingly, I find that the records contain commercial information for the purposes of part 1 of section 17(1).

[23] I am also satisfied that the information at issue contains financial information. The record contains information regarding the fees for the services to be provided by the appellant, as well as cost breakdown information for the contract. Therefore, I find that the information at issue contains financial information for the purposes of part 1 of section 17(1).

[24] I will now consider whether the appellant's commercial or financial information was "supplied in confidence" to IO under part 2 of the test.

Part 2: Supplied in Confidence

[25] In order to satisfy part 2 of the test under section 17(1), the appellant must provide evidence to satisfy me that it "supplied" the information to IO in confidence, either implicitly or explicitly.

[26] The requirement that it be shown that the information was "supplied" to the institution reflects the purpose in section 17(1) of protecting the informational assets of third parties.³

[27] Information may qualify as "supplied" if it was directly supplied to an institution by a third party, or where its disclosure would reveal or permit the drawing of accurate inferences with respect to information supplied by a third party.⁴

[28] In order to satisfy the "in confidence" component of part 2, the parties resisting disclosure must establish that the supplier had a reasonable expectation of confidentiality, implicit or explicit, at the time the information was provided. This expectation must have an objective basis.⁵

³ Order MO-1706.

⁴ Orders PO-2020 and PO-2043.

⁵ Order PO-2020.

[29] In determining whether an expectation of confidentiality is based on reasonable and objective grounds, it is necessary to consider all the circumstances of the case, including whether the information was:

- communicated to the institution on the basis that it was confidential and that it was to be kept confidential;
- treated consistently in a manner that indicates a concern for its protection from disclosure by the appellant prior to being communicated to the government organization;
- not otherwise disclosed or available from sources to which the public has access; and
- prepared for a purpose that would not entail disclosure.⁶

Representations

[30] The appellant submits that the information at issue was supplied to the institution with the expectation of confidentiality. The appellant submits that it supplied the information on its own and that the information was “clearly” not mutually generated by the institution and the appellant. Further, the appellant submits that it expected that the information would remain confidential in accordance with what is the normal practice in the bidding process.

[31] Both IO and the original requester reject the appellant’s position in this regard.

[32] IO submits that the information at issue was not supplied in confidence as required by section 17(1) of the *Act* because the information was part of a proposal submitted by the appellant to IO in response to a Request for Proposal and the proposal was accepted by IO as the “successful” proposal. IO submits that in Order PO-2435, the IPC made it clear that accepted proposals submitted by potential vendors are negotiated because the government either accepts or rejects the proposal. As such, IO submits that it does not consider the information at issue to constitute information that is exempt under section 17 of the *Act*. To the contrary, IO submits that, as a matter of practice, it usually treats the majority of information contained in proposals received in response to Requests for Proposals in a manner consistent with IO’s obligations under the *Act*, which is to operate in an open, transparent and accountable manner.

⁶ Orders PO-2043, PO-2371 and PO-2497, upheld in *Canadian Medical Protective Association v. John Doe*, [2008] O.J. No 3475 (Div. Ct.).

[33] The original requester submits that the records were not "supplied" by the appellant and refers to previous orders of this office, including PO-2963, which found as follows:

The contents of a contract involving an institution and a third party will not normally qualify as having been "supplied" for the purpose of section 17(1). The provisions of a contract, in general, have been treated as mutually generated, rather than "supplied" by the third party, even where the contract is preceded by little or no negotiation or where the final agreement reflects information from a single party.

[34] The original requester submits that there is "clear evidence" that the information at issue was negotiated between the parties and no single bidder was awarded a contract based on its entire bid. The original requester submits that the Request for Proposal required all bidders to provide cost breakdown information for four different areas of the province. The original requester provided me with an excerpt from the appellant's submissions in response to the Request for Proposal showing its bid with regard to the four areas. The original requester submits that the parties to the contract then entered into negotiations, with the appellant ultimately being awarded three of the four areas specified in the Request for Proposal. The fourth area was negotiated with, and awarded to, another company. The original requester submits that had negotiations not taken place, only one contract would have been awarded for all four areas listed in the Request for Proposal.

[35] The original requester further submits that even if the third party information contained in the bid was incorporated into a contract without any changes, this office has found that the type of information at issue is not "supplied" as required by section 17(1) of the *Act*.

[36] Finally, the original requester submits that the appellant failed to show that the information satisfies the "in confidence" component of part 2 of the test. The original requester submits that the only submission made by the appellant on this point is that it supplied the information at issue "as part of the bidding process with the expectation of privacy".

[37] In reply, the appellant submits that it supplied the information to IO with an implicit expectation of confidentiality. The appellant submits that the information at issue was provided without any input from the institution or any other private or public body and was "not subject to any negotiation whatsoever". The appellant also submits that the information is very sensitive commercially. It argues that the information falls within the exception to the supplied in confidence requirement referred to as "inferred disclosure". The appellant submits that disclosure of the information at issue would permit accurate inferences to be made with respect to underlying non-negotiated confidential information supplied by the appellant.

[38] Both IO and the original requester provided sur-reply representations, referring to Order PO-2435, in which this office stated that accepted proposals submitted by potential vendors are treated as if they were negotiated because the institution either accepts or rejects the proposal. Applying Order PO-2435, IO and the original requester submit that even if the information at issue was not negotiated, the information is part of a proposal that was later accepted and as such, the information is considered to be negotiated.

[39] In addition, the original requester refers to the appellant's argument that the information fits within the "inferred disclosure" exception to the "supplied in confidence" requirement in part 2 of the section 17 test. The original requester submits that the appellant failed to provide anything more than an assertion that the inferred disclosure exemption applies and a restatement of the definition of the exception. The original requester submits that the appellant has provided no evidence that this exception applies to the disputed information and notes that this office addressed this issue in Order MO-2682 as follows:

... [there is] no evidence before [the adjudicator] that would suggest that disclosure of any of this information would permit a person to make an accurate inference with respect to underlying non-negotiated confidential information supplied by the third party appellant.

[40] The original requester submits that, without any evidence, the appellant's argument regarding the "inferred disclosure" exception is only speculation and should be rejected by this office.

Analysis and Findings

[41] In Order MO-1706, Adjudicator Bernard Morrow found that:

... the fact that a contract is preceded by little negotiation, or that the contract substantially reflects terms proposed by a third party, does not lead to a conclusion that the information in the contract was "supplied within the meaning of section 10(1) [the municipal equivalent to section 17(1)]. The terms of a contract have been found not to meet the criterion of having been supplied by a third party, even where they were proposed by the third party and agreed to with little discussion (see Order P-1545).⁷

[42] Therefore, agreed-upon essential terms of a contract or agreement are generally considered to be the product of a negotiation process and not "supplied", even if the "negotiation" amounts to acceptance of the terms proposed by the third party.⁸

⁷ MO-1706.

⁸ Orders PO-2384 and PO-2497.

[43] In Order PO-2435, Assistant Commissioner Brian Beamish considered the Ministry of Health and Long-Term Care's argument that proposals submitted by potential vendors in response to government requests for proposals, including per diem rates, are not negotiated because the government either accepts or rejects the proposal in its entirety. Upon consideration of the records at issue and representations, Assistant Commissioner Beamish rejected that argument and concluded that the government's option of accepting or rejecting a consultant's bid is a form of negotiation.

[44] Similarly, in Order PO-2453, Adjudicator Catherine Corban found that the terms outlined by the successful bidder in a request for quotation process formed the basis of a contract between it and the institution, and were not "supplied" within the meaning of the second part of the test under section 17(1). By choosing to accept the affected party's bid, it was found that the information contained in that bid became "negotiated" information to which the ministry agreed. Accordingly, the terms of the bid quotation submitted by the affected party became the essential terms of a negotiated contract for services.

[45] Consistent with the findings and reasoning described above, I find that the information provided by the appellant to the institution in response to the Request for Proposal, which ultimately led the parties to enter into an agreement for the provision of elevating devices maintenance services, was not "supplied" by the appellant to the IO within the meaning of section 17(1). Instead, the information at issue reflects the negotiated agreement between the appellant and IO and it does not, therefore, meet the "supplied" requirement of part two of the section 17(1) test.

[46] The submissions of the original requester that describe the bidding process for this Request for Proposal and the fact that the appellant was ultimately awarded three of the four areas of service, rather than all four, offer further evidence that the information at issue was a product of negotiations between the appellant and the institution. The fact that IO chose particular areas for the appellant to provide its services supports my finding that the information at issue is "negotiated" information to which IO (or ORC and its consultant on its behalf) agreed. Therefore, I find that the information at issue was not "supplied in confidence" and fails to meet the evidentiary requirements of part 2 of the section 17(1) test.

[47] I note that the appellant raised the possible application of the "inferred disclosure" exception to part 2 of the section 17(1). The appellant's entire submission regarding the application of this exception is as follows:

This information falls within the exception of "inferred disclosure". It is [the appellant's] position that disclosure of the information in Appendix A and B would permit accurate inferences to be made with respect to

underlying non-negotiated commercial information supplied by [the appellant].

[48] In its representations, the appellant simply asserts that the information at issue falls within the exception of “inferred disclosure” and restates the test for the exception. The appellant has not provided me with any evidence to show what inferences may be made with respect to the underlying non-negotiated commercial information it supplied to the institution. The appellant has also failed to provide me with any examples of the non-negotiated commercial information that may be revealed if the information at issue is disclosed. Without sufficiently detailed evidence from the appellant explaining the application of this exception, I cannot find that the information at issue falls within the “inferred disclosure” exception.

[49] As the appellant has failed to establish that the information at issue was “supplied in confidence”, it has not met part 2 of the test for the application of section 17(1). This is sufficient to conclude that the information at issue is not exempt under sections 17(1)(a), (b) or (c). However, for the sake of completeness, I will address the arguments put forward by the appellant with respect to the “harms” that could reasonably be expected to arise as a result of disclosure of the information at issue.

Part 3:

[50] To meet this part of the test, the appellant must provide “detailed and convincing” evidence to establish a “reasonable expectation of harm”. Evidence amounting to speculation of possible harm is not sufficient.⁹

[51] The failure of a party resisting disclosure to provide detailed and convincing evidence will not necessarily defeat the claim for exemption where harm can be inferred from other circumstances. However, such a determination would only be made on the basis of anything other than the records at issue and the evidence provided by a party in discharging its onus in exceptional circumstances.¹⁰

[52] The need for public accountability in the expenditure of public funds is an important reason behind the need for “detailed and convincing” evidence to support the harms outlined in section 17(1).¹¹

[53] Parties should not assume that harms under section 17(1) are self-evident or can be substantiated by submissions that repeat the words of the *Act*.¹²

⁹ *Ontario (Workers’ Compensation Board) v. Ontario (Assistant Information and Privacy Commissioner)* (1998), 41 O.R. (3d) 464 (C.A.).

¹⁰ Order PO-2020.

¹¹ Order PO-2435.

¹² *Ibid.*

[54] The appellant makes the following submissions on part 3 of the section 17(1) test:

[The appellant] will clearly be harmed if the documents are released. The successful bidding of contracts is critical to the success of [the appellant] since a large portion of our business is generated through success [*sic*] bidding on contracts. If our competition has confidential information about [our] bidding process, [we] will be out bid by our competition. [We] will suffer financially both in the short term and long term. For the public, if [the appellant] is driven out of the business, this will lessen competition. In addition, if this information is disclosed to our competition, [the appellant] and other companies will be very reluctant to bid on contracts thereby reducing the competition. A reduction in competition harms the public.

[55] In its reply representations, the appellant made the following representations on part 3 of the test under section 17(1):

In addition, the prospect of disclosure of the records gives rise to a reasonable expectation of harm. It will harm [the appellant] commercially if our competitors gain access to this information. The contract term ends shortly, [date], and this contract will be up for renewal. This information, if obtained by our competitors prior to the bid for renewal, will give our competitors an unfair advantage over [the appellant]. Our competitors will have access to extremely sensitive commercial information belonging to [the appellant] while [we] will not have access to similar information on our competitors.

.... [The appellant] will be harmed if our competitors are able to obtain information on our pricing. It is impossible for [the appellant] to actually demonstrate harm before it happens. It will only be after this information is disclosed that [the appellant] will be able to demonstrate the harm to [the appellant] and the damage will already be done.

[56] In their submissions, both IO and the original requester argue that while the appellant provided speculation of possible harm, it has not provided sufficiently "detailed and convincing" evidence establishing a reasonable expectation of the harms in sections 17(1)(a), (b) and (c). Both parties note that the appellant itself submits that it is difficult to demonstrate the harms before they are incurred. However, IO and the original requester submit that orders issued by the IPC have made it clear that the provision of detailed and convincing evidence is necessary to satisfy the harms portion of the third party information test under section 17.

[57] I agree with IO and the original requester.

[58] As the party claiming the application of section 17, the appellant bears the burden of proving that there is a reasonable expectation that one of the harms in section 17(1) would result from the disclosure of the information at issue. Previous orders of this office have made it clear that the party bearing this burden must provide "detailed and convincing" evidence establishing a reasonable expectation of harm. Based on my review of the appellant's representations, I find that it has not provided me with sufficiently "detailed and convincing" evidence of the harms under part three of the test under section 17(1). In Order PO-2435, Assistant Commissioner Beamish stated as follows:

Lack of particularity in describing how harms identified in the subsections of section 17(1) could reasonably be expected to result from disclosure is not unusual in representations this agency receives regarding this exemption. Given that institutions and affected parties bear the burden of proving that disclosure could reasonably be expected to produce harms of this nature, and to provide "detailed and convincing" evidence to support this reasonable expectation, the point cannot be made too frequently that parties should not assume that such harms are self-evident or can be substantiated by self-serving submissions that essentially repeat the words of the *Act*.

[59] Although the appellant asserts that it will "clearly" be harmed if the information at issue is disclosed, it offers no evidence to support this outcome. The appellant does not describe in detail the types of harms that could arise if the information at issue is disclosed. In fact, the appellant states that it is "impossible" for it to "actually demonstrate harm before it happens". Previous orders of this office have found that parties resisting disclosure are required to provide "detailed and convincing" evidence to demonstrate that there is a reasonable expectation that one or more of these harms will arise as a result of the disclosure.

[60] Based on my review of the appellant's representations, I find that I have not been provided with the type of evidence that would enable me to link the disclosure of the information at issue to the harms alleged by the appellant under section 17(1). The appellant did not provide me with evidence that satisfies the "detailed and convincing" requirement and appears to argue that the harms are self-evident. While the appellant submits that it will "suffer financially both in the short term and long term" from the disclosure of the information at issue, it does not provide me with any details as to how the disclosure would cause these harms nor does it elaborate on the possible types of harms that could result. The appellant does not provide me with representations on the manner in which the information at issue could be used by its competitors nor did it provide the detailed and convincing evidence necessary to establish that disclosure of the record could reasonably be expected to result in the harms set out in section 17(1) of the *Act*. In addition, the information in the records

themselves do not lead to this conclusion. In my view, the appellant failed to satisfy the requirements of part 3 of the test under section 17(1) of the *Act*.

[61] I find further support for this finding in Order PO-2435, in which Assistant Commissioner Brian Beamish examined the application of section 17(1) to certain consulting contracts entered into by the Ministry of Health and Long Term Care's Smart Systems for Health Agency. In that decision, he addressed the importance of transparency and public accountability when evaluating the application of the exemptions contained in the *Act*:

The need for public accountability in the expenditure of public funds is an important reason behind the need for "detailed and convincing" evidence to support the harms outlined in section 17(1). This principle, enunciated by the Commissioner in Order MO-1947, is equally applicable to this appeal. Without access to the financial details contained in contracts related to the ePP, there would be no meaningful way to subject the operations of the project to effective public scrutiny. Further, there would be insufficient information to assess the effectiveness of the project and whether taxpayer money was being appropriately spent and accounted for. The various commercial and financial details described in each SLA and summarized in records 1 and 2 are a reflection of what one would anticipate in any public consultation process. Consultants, and other contractors with government agencies, whether companies or individuals, must be prepared to have their contractual arrangement scrutinized by the public. Otherwise, public accountability for the expenditure of public funds is, at best, incomplete.

While I can accept the Ministry's and SSHA's general concerns, that is that disclosure of specific pricing information or per diem rates paid by a government institution to a consultant or other contractor, may in some rare and limited circumstances, result in the harms set out in section 17(1)(a), (b) and (c), this is not such a case. Simply put, I find that the institutions have not provided detailed and convincing evidence to establish a reasonable expectation of any of the section 17(1)(a), (b) or (c) harms, and the evidence that is before me, including the records and representations, would not support such a conclusion.

I also accept that the disclosure of this information could provide the competitors of the contractors with details of contractors' financial arrangements with the government and might lead to the competitors putting in lower bids in response to future RFPs. However, in my view, a distinction can be drawn between revealing a consultant's bid while the competitive process is underway and disclosing the financial details of contracts that have been actually signed. The fact that a consultant

working for the government may be subject to a more competitive bidding process for future contracts does not, in and of itself, significantly prejudice their competitive position or result in undue loss to them.

[62] I adopt this reasoning for the purposes of this appeal. As noted above, the appellant did not provide me with sufficiently detailed and convincing evidence to establish a reasonable expectation of the harms in section 17(1). I further note that while the appellant claims that the disclosure of information will harm its competitive position, it did not provide representations explaining how the harm would occur. It merely asserts that it will suffer the harms in section 17(1). Applying PO-2435, I find that the fact that disclosure of the information at issue may result in a more competitive bidding process in the future does not result in significant prejudice to the appellant's competitive position or result in an undue loss to it.

[63] Although this office has found that the failure of a party resisting disclosure to provide detailed and convincing evidence will not necessarily defeat the claim for exemption where harm can be inferred from other circumstances,¹³ I find that a review of the information in the record and the appellant's representations do not lead me to the conclusion that there is a reasonable expectation of the harms in section 17(1) resulting if the information at issue is disclosed.

[64] Accordingly, I find that the appellant failed to satisfy the burden of proof with respect to the harms aspect of section 17(1). As a result, I find that the exemption does not apply and uphold IO's decision to disclose the information at issue.

ORDER:

1. I uphold Infrastructure Ontario's decision and order it to disclose the information at issue to the original requester by **October 18, 2013** but not before **October 11, 2013**.
2. In order to verify compliance with provisions of this Order, I reserve the right to require IO to provide me with a copy of the records disclosed to the appellant.

Original signed by: _____
Justine Wai
Adjudicator

September 12, 2013

¹³ Order PO-2020.