

ORDER MO-1882

Appeal MA-040113-1

York Region District School Board

NATURE OF THE APPEAL:

Under the *Municipal Freedom of Information and Protection of Privacy Act* (the *Act*) the York Region District School Board (the Board), received a request for access to records relating to the use of a single school property for language instruction services by two differently named users. The Board identified records responsive to the request and denied access to them in full, relying on the mandatory exemptions under sections 10(1) (third party information) and 14 (personal privacy) and the discretionary exemption under section 11 (economic interests of an institution).

The requester (now the appellant) appealed the Board's decision. It was determined in the course of mediation and was understood and agreed that the rationale behind a ruling on a representative sample of records would govern the broader scope set out in the appellant's original request.

The appeal did not resolve at mediation and the matter moved to the adjudication stage.

This office sent a Notice of Inquiry to the Board and affected parties, initially, seeking representations. Only the Board and one affected party (affected party number 1) responded. The representations of affected party number 1 consist of a statement that the release of the records will cause competitive harm, with no reference to any factual or legal basis for this assertion.

This office then sent a Notice of Inquiry to the appellant, together with the representations that had been received. The appellant provided his representations in response.

The Board submits that the exemptions set out in sections 10(1) and 14 of the *Act* applies to all the Records and the exemption in section 11 applies to Records 2 and 3. As reflected in the representations that the appellant filed, the focus of the appellant's search for information appears to be whether the rates and fees charged for the use of the school facilities were competitive or below market rates.

Finally, an argument was raised in this appeal to the effect that the facility permit, described as Record 4 below, pertains to the use of the facility by an entity related to the Board.

Although this issue is dealt with in the body of this appeal, for the purposes of this decision, I will refer collectively to the users of the facility set out in the Records as the affected parties.

RECORDS:

As agreed to at mediation, the narrowed request relates to the following records:

Record 1 Facility Permit for [affected party number 1] at [the school] for September 2003 to June 2004

Record 2 Invoice issued to [affected party number 1] for September 2003 to June 2004

- Record 3 Customer Rental Amendment Statements (10) for [affected party number 1] for September 2003 to June 2004
- Record 4 Facility Permit for [affected party number 2] at [the school] for September 2003 to May 2004

DISCUSSION:

General principles

Sections 10(1)(a), (b) and (c) 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; or
- (c) result in undue loss or gain to any person, group, committee or financial institution or agency.

Section 10(1) is designed to protect the confidential "informational assets" of businesses or other organizations that provide information to government institutions. Although one of the central purposes of the *Act* is to shed light on the operations of government, section 10(1) serves to limit disclosure of confidential information of affected parties that could be exploited by a competitor in the marketplace [Orders MO-1706, PO-1805, PO-2018, PO-2184].

For section 10(1) to apply, the institution and/or the affected parties 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 10(1) will occur.

Part One: Types of Information

Analysis

The types of information listed in section 10(1) of the *Act* have been discussed in prior orders, and commercial and financial information have been defined 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].

For the purposes of part one of the test, I find that all the Records contain information that qualifies as commercial and/or financial information under the Act. These Records include information about the rents, fees, costs, hours of use and aggregate cost for use of the facilities or changes to these items and/or the state of accounts between the affected party and the Board. In my view, all of this information satisfies the requirements of the first part of the test under section 10(1) as it is commercial and/or financial information.

Part Two: Supplied in Confidence

In order to satisfy part 2 of the test, the Board and/or the affected parties must establish that the information at issue was "supplied" to the Board in confidence, either implicitly or explicitly.

Supplied

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 [Orders PO-2020, PO-2043].

In Confidence

In order to satisfy the "in confidence" component of part two, 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 [Order PO-2043].

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 Board 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 affected parties prior to being communicated to the Board;
- not otherwise disclosed or available from sources to which the public has access;
- prepared for a purpose that would not entail disclosure [PO-2043].

The Representations of the Board

In its representations, the Board submits that it is obligated to respect the business confidentiality of its clients as a basic business premise. It says the rates and fees for the use of the schools are publicly accessible, so all potential users have equitable access to this information.

The Board states that any individual, group or organization wishing to use school board facilities is required to complete an application form (a sample of which was enclosed with the Board's representations). The Board states that this notice informs the users that all information they supply will be treated in confidence and the Board treats this information in confidence.

The Board submits that at the commencement of the business relationship and throughout, users supply the Board with their financial and commercial information. They say that all the information collected and any communication of information to the Board is afforded the same degree of confidentiality and protection as personal information, not only at the time it is supplied but also during all transactions related to permits and facility bookings. This includes the establishment of the permit, invoicing, and subsequent amendments to the permit. Amendments to permits are communicated in a confidential manner and requests from the permit holder to amend the permit require the contract and customer numbers before the amendment can occur. As a result, the Board says, this particular piece of information must be kept confidential. They submit that should the customer number be publicly known it could be used by anyone to purposely cause confusion and difficulties for the permit holder and the Board, or be fraudulently used to influence the terms of the booking. The Records are not posted in the school facility or made publicly available in any other manner.

With respect to information contained on an invoice, the Board points out that its Accounting Services Manager has advised that all inquiries from third parties for invoicing information are denied as a matter of routine.

The Representations of the Appellant

The appellant agrees that the Community Use of School User Guide and Fee Schedules are publicly available and that the fees and costs can be found there. He submits that insurance and other costs are standard and non-negotiable and the business hours and programs of the affected parties' are contained in promotional fliers so the rents, fees and costs can be estimated by matching them to the hours of operation. Hence they are not confidential.

Relying on the rationale in Orders MO-1706 and PO-2018, the appellant submits that since there is no negotiation, the information provided on Records 1, 2 and 4 should be treated as mutually generated rather than "supplied" for the purposes of this aspect of the test, even where the contract substantially reflects terms proposed by a third party. The appellant asserts that with respect to Record 2, invoices are not supplied in confidence by the permit holder, but rather generated by computer based on the terms of the use of the facility and are given by the Board to the permit holder. As a result, this information cannot be viewed as being supplied by the Permit holder to the Board.

Analysis

As discussed by Adjudicator Morrow in Order MO-1861, many previous orders of this office indicate that the terms of a contract involving an institution and a third party will not normally qualify as having being "supplied" for the purpose of section 10(1). The provisions of a contract, in general, have been treated as mutually generated rather than "supplied" even where the contract is preceded by little or no negotiation [Orders MO-1706, PO-2018].

Like in Order MO-1861, I have not been provided with a copy of the completed contract but it appears, based on the submissions, if the rates and fees were not unilaterally set by the institution as posted and then accepted by the affected parties (resulting in them not being supplied by the affected parties) then the rates and fees for the use of the facilities, were arrived at by mutual agreement through negotiation. Furthermore, unless unilaterally set by the Board (again, resulting in them not being supplied by the affected parties) the actual hours of use of the facilities and any changes reflected in the Customer Rental Amendment Statements (Record 3) are arrived at through a process of offer and acceptance, initiated by the affected parties or the Board, and subject to the availability of the facility on the specified dates, again a process of mutual agreement. In the result, I find that this does not satisfy the requirement in section 10(1) that the information be "supplied" by the affected parties. As a result it is not necessary to address whether the information was supplied in confidence.

Finally, in his submissions, the appellant argues that section 10(1) does not apply in this appeal because affected party number 2 is "related to" the Board and should not be treated as a separate entity.

Whether or not affected party number 2 is related to the Board, the conclusions I have reached in this appeal would be the same. The requirement that the information be "supplied" to the Board might have been impacted by this argument, but I have concluded on other grounds that the information was not "supplied" and this exemption therefore does not apply.

As all three parts of the test under section 10(1) must be met in order for the exemption to apply, I find that section 10(1) has no application to the undisclosed information. The application of section 11 of the Act to the undisclosed information is considered next.

ECONOMIC INTERESTS OF AN INSTITUTION

Sections 11(a), (c) and (d) of the *Act* state:

A head may refuse to disclose a record that contains,

- (a) trade secrets or financial, commercial, scientific or technical information that belongs to an institution and has monetary value or potential monetary value;
- (c) information whose disclosure could reasonably be expected to prejudice the economic interests of an institution or the competitive position of an institution;
- (d) information whose disclosure could reasonably be expected to be injurious to the financial interests of an institution;

For the exemption in section 11(a) to apply, the Board must demonstrate that the information "belongs" to it. In the case of the exemptions at sections 11(c) and (d) the Board must establish that disclosure of the information "could reasonably be expected to" lead to the specified result. To meet this test, the Board must provide "detailed and convincing" evidence to establish a "reasonable expectation" of harms set out in those sections. [See generally, *Ontario (Workers' Compensation Board) v. Ontario (Assistant Information and Privacy Commissioner)* (1998), 41 O.R. (3d) 464 (C.A.)].

The Representations of the Board

In its representations the Board states that Records 2 and 3 belong to the Board and have monetary value or potential monetary value to the Board. In support of this assertion, the Board points to the aggregate amounts on the invoice (Record 2) to demonstrate that the revenue from the bookings of these facilities is significant and offsets the costs of other programs offered by the Board which may not be sufficiently funded. They submit that loss of these revenues would profoundly impact student programming.

The Board submits that disclosure of the information would be a new precedent. This would prejudice the economic interests and the competitive position of the Board, by affecting the business relationship between the Board and current and prospective permit holders. The Board submits that if it is unable to assure the confidentiality of this business process, there will be a "backlash" from current permit holders who entered into agreements with an understanding of inherent confidentiality. The Board submits that there is a real risk that they will not reapply, which it says is seriously detrimental given that the bulk of their permit holders are ongoing

- 7 -

users. They submit that potential new permit applications would drop as well. Further, it says, the Board would have to change its processes and all related documentation in the face of reduced revenues on top of that loss, while the unused schools continue to generate fixed expenses. The Board submits that it has over 200 buildings that must be heated and serviced at all times. If the facilities are being used it helps justify the costs to maintain them.

The Board submits that organizations like the facility users in this appeal try to charge their clients competitive rates and look for facilities that are well located in their target communities. As the facility users in this appeal are engaged in a highly competitive market, their edge in the marketplace would suffer harm should the financial and commercial particulars of their operations and/or of the facility where they operate be made publicly known. The Board submits that the affected parties can charge a competitive fee to their clients because they pay a reasonable fee for the use of the Board facilities. This, they say is an operational advantage. The Board submits that making public knowledge detailed pricing information, or the financial and commercial particulars of affected parties operations, would empower competition in a detrimental way because the competition could then offer the same services at rates just low enough to lure business away from the affected parties.

As well as being contrary to the confidential relationship the Board establishes with each of its clients throughout the community use of schools process, the Board states that it would be poor business relations for it to disclose financial and commercial information for these "limited and choice facilities" to their competitors. Since the Board tries to place a user in a facility located in a community which best suits the users' clients, to lose access to this facility because of increased competition brought on by the disclosure of information by the Board would amount to direct and specific harm to the affected parties. If the Board was to disclose permit details, and in particular financial details, to the competitive detriment of the permit holder, they say they would seek facilities elsewhere. Other school boards' facilities, local halls and privately run facilities would be used, taking business away from the Board. This, they say, would negatively impact the financial interests of the Board.

The Representations of the Appellant

The appellant submits that the information contained in Records 2 and 3 is not financial or commercial information that "belongs" to an institution. He submits that the information in Record 2 is generated by the use of the facility and the information in Record 3 results from changes initiated by the permit holder. The appellant submits that the Board does not have any proprietary interest, in a traditional intellectual property sense, in protecting the information from misappropriation by another party. As the Invoice (Record 2) and Customer Rental Amendment Statements (Record 3) do not have intrinsic value, disclosure of the information in those Records would not deprive the Board of the monetary value of the information.

The appellant does not agree that harm to the Board would result from disclosing the information.

The appellant submits that the Board is a non-profit organization and does not charge the "highest" possible rate for the use of its facilities, keeping any rate increase low in the past ten

years. Based upon a Proposal for Fee Structuring for Community Use of Schools prepared and presented by the Board, the appellant asserts that making a profit from facilities renting is inconsistent with the reasons presented by the staff on the Proposal, which was subsequently approved by the Board, at a meeting on March 9, 2004. The business of the Board is education, the appellant says, not renting facilities for profit. The appellant asserts that the mission and objective of the Board, which is available from the Board's web site, clearly supports the appellant's contention that revenue from renting facilities is meant to only cover the cost of the facilities and maintenance, not to turn a profit.

The appellant submits that the Board is not competing with "local halls and privately run facilities" because tutoring services, like those of the affected parties, would not use that type of facility. The appellant submits that facilities in each school are unique and that the Invoice (Record 2) does not contain particulars of operations of the users of the facilities, but even if the information in the Invoice (Record 2) can be considered the financial and commercial particulars of their operations, its contents would vary from month to month, and the "operations" set out in them would not be repeated by the permit holder, nor be able to be "copied" by other permit holders for their operational advantage. The appellant submits that, technically, no one can take "business" away from the Board and the Board would suffer no competitive disadvantage from disclosure of the information contained in the Records.

The appellant takes issue with the Board's assertion that, "Each tutoring service has their target communities and are well located in their target communities". In his opinion, the Board does not need to "protect" the affected parties, ensure that they are located in their target communities nor that they endeavour to charge its clients competitive rates. The appellant submits that "staying competitive in rates" is not the Board's mandate. Furthermore, the appellant submits that even if there were "competitors" of the Board, these "competitors" can simply use the Fee Schedule published by the Board to establish their cost. Records 2 and 3 do not provide additional valuable information to the Board's "fictitious" competitors.

The appellant further submits that tutoring services operating on public school facilities charge very similar rates to their clients. Disclosing Records 2 and 3 will not increase the costs of the Board, increase the rental costs nor reduce potential new applications. Since the Board publishes a Fee Schedule, and the Board would not charge more than the published fees, all other facility providers can set competitive fees, in any event. Competition between the affected parties and others are on the basis of the quality of its study materials and teaching methods, not the fees paid for use of the facilities. Furthermore, the appellant submits that as the current permit holder would have to approve requests for the use of the facilities by any prospective competitors, the current user would not lose access to the use of the facility in current or future years to its competitors.

In his representations the appellant refers to Order M-460, which ordered the disclosure of rental agreements pertaining to three identified commercial properties rented out by the municipality in that appeal. The rental agreements included the amount for rent, parking, utilities, the length of the lease and/or the termination dates. He submits that as the records in Order M-460 did not qualify for exemption, the records at issue in this appeal should not as well.

The appellant also points to Order M-848, which required the municipality in that appeal to disclose invoices submitted by a named company for work it performed. He submits that only the hourly rates charged was not disclosed, because, he says, the hourly rates were determined by the affected party that provided the services. He submits that in this appeal, by contrast, the Board determines the hourly rate set out in Record 2.

The appellant also relies on Order MO-1706 as a classic case on the types of information that arise in a contractual context that are subject to disclosure. He asserts that the information that is sought in his request is the same as that dealt with in Order MO-1706, because it arose out of lengthy negotiations between the affected party and the school board in that appeal. In his opinion, many of the arguments documented in Order MO-1706 apply to this appeal before me.

Analysis

In my view there is nothing to prevent the Board from recovering its expenses and/or make a profit from renting its facilities.

However, in my opinion, it is too far a stretch for the Board to say that the information at issue in Records 2 and 3 is the type of information that section 11(a) is supposed to protect, because it "belongs" to an institution. In Order PO-1763 [upheld on judicial review in *Ontario Lottery and Gaming Corporation v. Ontario (Information and Privacy Commissioner)* (April 25, 2001), Toronto Doc. 207/2000 (Ont. Div. Ct.)], Senior Adjudicator Goodis reviewed the phrase "belongs to" as it appears in section 18(1)(a) of the *Freedom of Information and Protection of Privacy Act*, which is similar to section 11(a) at issue in this appeal. After reviewing a number of previous orders, he summarized the status of the relevant previous orders as follows:

The Assistant Commissioner [Tom Mitchinson] has thus determined that the term "belongs to" refers to "ownership" by an institution, and that the concept of "ownership of information" requires more than the right to simply to possess, use or dispose of information, or control access to the physical record in which the information is contained. For information to "belong to" an institution, the institution must have some proprietary interest in it either in a traditional intellectual property sense - such as copyright, trade mark, patent or industrial design - or in the sense that the law would recognize a substantial interest in protecting the information from misappropriation by another party. Examples of the latter type of information may include trade secrets, business to business mailing lists (Order P-636), customer or supplier lists, price lists, or other types of confidential business information. In each of these examples, there is an inherent monetary value in the information to the organization resulting from the expenditure of money or the application of skill and effort to develop the information. If, in addition, there is a quality of confidence about the information, in the sense that it is consistently treated in a confidential manner, and it derives its value to the organization from not being generally known, the courts will recognize a valid interest in protecting the confidential business information from misappropriation by others. [See, for example, Lac Minerals Ltd. v. International Corona Resources Ltd. (1989), 61 D.L.R. (4th) 14 (S.C.C.), and the cases discussed therein].

It is contradictory to assert that the fees and rates are publicly available and then state that the institution has some proprietary interest in it either in a traditional intellectual property sense - such as copyright, trade mark, patent or industrial design - or in the sense that the law would recognize a substantial interest in protecting the information from misappropriation by another party.

In my opinion, the providing of the information in Records 2 and 3, or the creation of Records 2 and 3, through the use of a negotiated or predetermined fee schedule, without more, does not fall within the definition set out above or result in the Board acquiring legal or equitable ownership of the information in the sense of having copyright, trade mark or other proprietary interest in the information, nor does it appear from the evidence that the information is worthy of protection resulting from the expenditure of money or the application of skill and effort to develop the information. Simply put, the information does not have the quality of confidence that would result in the application of section 11(a).

As that is the case, I am not satisfied that the exemption at section 11(a) has any application here.

Based on my review of the representations in this matter, and Records 2 and 3, I am also not satisfied that, in relation to sections 11(c) and (d) of the *Act*, the harm alleged if the information is disclosed is anything but speculative. For example, the Board alleges that the harm it will suffer will in essence be the loss of its clientele to facilities that charge lower fees and/or the loss of clients who do not wish the fees or charges they pay to the Board to be disclosed. The first proposition assumes that the facilities that are currently in use by the affected parties are easily replaceable for others available on the market. This contradicts the statement made by the Board in its representations when addressing the harm that the affected parties would suffer that these are "limited and choice facilities". The second proposition assumes that if the information is disclosed an entity in the position of the affected parties will leave the premises. Again, if these are as the Board asserts, "limited and choice facilities", that would likely not be the case.

In the result I find that, in the circumstances of this appeal, the exemptions set out in sections 11(a), (c) and (d) do not apply.

PERSONAL INFORMATION AND PRIVACY

The Representations of the Board

In its representations, with respect to its assertion that the information in the Records contains personal information that should not be disclosed, the Board submitted that it has Permits and Facilities Booking Records listed in the Personal Information Collections (P.I.C.) section of its Directory of Records and Personal Information: Public Reference Guide (a copy of which it enclosed with its representations). It submits that the Permits and Facilities Bookings P.I.C. entry includes Users (Caretakers, Principals, and Administrators of Community Services) and Uses (negotiations, approvals, processing and maintenance of permits and bookings).

It submits that it does not consider records created and maintained relative to each Facility Permit application, including the Records now under appeal, to be public and protects them as confidential and personal. Indeed, it says, the responsible department, Education and Community Services, utilizes a confidential process for managing permits at all times. It submits this is because a permit holder may be an individual person providing strictly personal information, for example a wedding ceremony. For efficiency of service and to lessen the risk of error or misjudgment, the Board states that the same degree of security and confidentiality is afforded all permit applicants and holders regardless of whether they are an individual or an organization or group. Prior consent for public disclosure is not sought as part of the process and there is no intention at any time to create a public record out of this information.

The Board relies on section 14(1)(f) and asserts that the disclosure of the Records would constitute an unjustified invasion of personal privacy. The Board submits that in addition to the third party information found on each Facility Permit, Invoice and Customer Rental Amendment Statement, there are the customer numbers, discussed above. This identifying number, it says, is unique and akin to Personal Identifying Numbers (PIN) used by banking institutions. The Board states that it is used to confirm the identity of the third party and to prevent fraud.

The Representations of the Appellant

The appellant submits in response that the Records at issue do not contain personal information as defined in section 2(1) of the *Act* nor qualify for the mandatory exemption at section 14(1)(f). In support of this assertion he points to his earlier arguments and to Privacy Complaint number PC-030006-1, which provides that recorded information about an identifiable individual means that of a natural person and does not apply to information about other entities such as corporations, partnerships, sole proprietorships or business organizations. He submits that as the affected parties engaged in commercial activities as distinct from activities undertaken in a personal, non-commercial capacity, the information falls outside the defined term.

The appellant also refers to Order M-558. He submits that the adjudicator in that appeal held that disclosing the amount of money paid to a police chief on his resignation would not constitute an unjustified invasion of personal privacy under section 14(1) of the *Act*. The appellant's position is that the records at issue contain no more or less personal information than was dealt with in Order M-558. The appellant disagrees with the Board's submission that contract numbers (or customer numbers) are unique identifiers akin to PIN numbers used by banking institutions.

Analysis

It is not necessary to embark upon a detailed discussion of whether or not the assigned contract number is equivalent to a PIN number. Section 14 prohibits the disclosure of "personal information". Only if the contract number assigned to the affected party and found on the Records qualifies as personal information, would it be covered by the *Act*.

Under section 2(1) of the Act, "personal information" is defined to mean "recorded information about an identifiable individual." It can include the individual's name if it appears with other

personal information relating to the individual or where the disclosure of the name would reveal other personal information about the individual (section 2(1)(h)).

As a general rule, information associated with an individual in a professional, official or business capacity will not be considered to be "about" the individual [Orders P-257, P-427, P-1412, P-1621, R-980015, MO-1550-F, PO-2225], but even if information relates to an individual in a professional, official or business capacity, it may still qualify as personal information if the information reveals something of a personal nature about the individual [Orders P-1409, R-980015, PO-2225].

The completed application that commenced the commercial relationship between the Board and the affected parties, if any exists, was not provided to me. I do not know whether the affected parties entered into any such agreement in their individual capacity (as a sole proprietorship or otherwise), as a partnership, corporation or some other entity. A review of the Records at issue shows the name of individuals associated with the name of an entity, and there is nothing before me to suggest that the individuals are named other than as a contact person. In any event, there is no indication that the individuals named acted in other than a "professional" capacity. The customer number identifies the entity that contracted with the Board and the same analysis applies.

Accordingly, it has not been established that the Records contain personal information as defined under section 2(1) of the Act. As that is the case, it is not necessary to linger any further on this issue.

As a result of my determination that none of the claimed exemptions apply, it is not necessary to address the application of section 16 of the Act.

ORDER:

- 1. I order the Board to disclose the Records to the appellant by sending him a copy by **January 21, 2005**, but not earlier than **January 17, 2005**.
- 2. In order to verify compliance with this order, I reserve the right to require the Board to provide me with a copy of the Records disclosed to the appellant in accordance with paragraph 1 above.

Original signed by:	December 15, 2004
Steven Faughnan	
Adjudicator	